

February 12, 2026

The Honorable Mike Crapo
Chairman
Committee on Finance
U.S. Senate
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
U.S. Senate
Washington, D.C. 20510

Re: "The U.S.-Mexico-Canada Agreement: Evaluating North American Competitiveness"

Dear Chairman Crapo and Ranking Member Wyden,

On behalf of the 13 million people who make things in America, the National Association of Manufacturers (NAM) welcomes and appreciates your leadership in holding this timely hearing on the U.S.-Mexico-Canada Agreement (USMCA) and its contribution to North American competitiveness.

The NAM is the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states. The strength and vibrancy of the U.S. economy depend on the competitiveness of U.S. manufacturing. Every job in manufacturing creates four others, while every dollar invested in our sector adds more than two-and-a-half dollars to the broader economy. More than half of all private-sector research and development in the U.S. happens on the factory floor. The success of manufacturers depends in part on smart trade policy that expands opportunities to sell products around the world and secure access to the critical inputs that fuel American factories.

The USMCA is the most pro-U.S. manufacturing trade agreement in history. Built on the highest standard provisions with our closest geographic neighbors, the USMCA forms the backbone for manufacturing growth at home by expanding sales opportunities in the large North American market and advancing the global competitiveness of manufacturers in the U.S. The numbers speak for themselves:

- North America accounts for nearly one-third of global GDP – nearly double China's contribution. Annual trade among the three countries reached \$1.5 trillion in 2024, the equivalent of \$2.8 million in transactions every minute.
- Canada and Mexico buy more than one-third of all U.S.-manufactured goods exports – more than the next 12 U.S. trading partners combined. Most manufacturing sectors count Canada and Mexico as their top sales markets, and 16 of 21 manufacturing subsectors grew their exports to Canada and Mexico **significantly faster than their exports to the rest of the world** over the past 10 years.
- Half of U.S. purchases from Canada and nearly 70% of U.S. purchases from Mexico is trade that is conducted by businesses wholly or partially owned by the **same parent company**. This is a fundamental feature of production clusters, such as in the electrical equipment, automotive, and aerospace sectors, that are regional across North America.
- **These imports fuel manufacturing at home.** Seventy-two percent of imports from Canada and 63% of imports from Mexico are industrial materials, parts, and components that directly

feed into further manufacturing in the U.S. as well as machinery and equipment installed on American factory floors.¹

Put simply, this is the most complementary and symbiotic set of trade relationships we have in the manufacturing sector, and they were built on the foundation of the USMCA.

USMCA is successful because it enhances geographically natural trade flows, because we have different strengths and resources to pool, and because we agreed to the highest standards in the world across the many dimensions of the agreement. **This co-production model ensures that manufacturers in the U.S. outmatch any competitor around the world.**

As the U.S., Mexico, and Canada prepare for the first joint review of the agreement, the NAM strongly encourages the three countries to focus discussion on making fine-tuned improvements to further unleashing North American manufacturing excellence while retaining the core integrity of the agreement.

The NAM provided recommendations to this effect to the Office of the U.S. Trade Representative,² which are summarized below for the Committee's consideration.

- **Assure Operational Continuity:** Geographic proximity with Mexico and Canada provides a unique combination of reliability and resilience for American manufacturing and its supply chains. In grappling with geopolitical risks and the mounting impacts of nonmarket unfair trade practices, manufacturers prioritize security and reliability of supplier networks over low-cost considerations. These networks take years, often decades, to build—and they represent major, long-term investments by manufacturers. As the three countries seek to make improvements through the USMCA joint review, assuring continuity should be a priority.
- **Make Process Improvements:** The USMCA joint review should focus on ensuring meaningful commercial benefits for manufacturers in the U.S. who utilize the agreement. Such improvement does not always require changing the rules and can often be achieved through utilizing the existing provisions of the agreement. Priority improvements for manufacturers include cutting red tape at the border, reducing compliance costs, making modest adjustments to rules of origin, securing stronger commitments on the behavior of state-owned enterprises, and ensuring better protections for U.S. investments in Mexico, particularly in energy.
- **Establish Continuous Feedback Loops:** The USMCA includes many standing working groups to address topics such as customs cooperation, regulatory issues, and other key aspects of the agreement. These working groups have been under-utilized. To stay best in class, the parties should not rely on annual reviews but rather ensure these working groups both meet regularly and engage with private sector stakeholders to discuss the day-to-day functioning of the agreement.
- **Pursue North American Critical Minerals Cooperation:** Manufacturers utilize critical minerals extensively, deploying them in a wide array of manufactured products throughout the U.S. economy—including in aircraft and defense systems, in automotive parts and vehicles, in electric grid components, in robotics and industrial automation, in personal electronics, and much more. The NAM supports efforts by both Congress and the Trump Administration to

¹ Data resources available at <https://nam.org/issues/trade/usmca-2026/>

² NAM letter to USTR available at https://nam.org/wp-content/uploads/securepdfs/2025/11/NAM_Comments-on-USMCA_For-Submission.pdf

enact permitting reform and to right-size regulations; we also welcomed recently announced initiatives to pursue international cooperation on critical minerals. These reforms will empower the industry to ramp up domestic mining capacity. The USMCA should be leveraged to advance these efforts, including launching a critical minerals initiative under the North American Competitiveness Committee.

- Promote a North American AI Platform: The race for global AI dominance is on, with manufacturing at the center – from the graphics processing units and servers that fill AI data centers to the electrical generation, transmission, and transformers that power these models. Building on the strong digital provisions in the agreement, the USMCA parties should explore initiatives, including internationalizing elements of the administration’s AI Action Plan, to promote a North American AI platform.
- Build a Regional Approach to Economic Security: Manufacturers continue to face challenges from the negative impacts of unfair practices by non-market economies. The USMCA contains the most advanced provisions of any free trade agreement in the world to address these issues, but more can be done. The NAM recommends building on USMCA to form a united front on economic security, including cooperation on anti-dumping/countervailing duty investigations, combating customs fraud and misclassification, and coordinating national security measures and investment screening, while ensuring USMCA-compliant trade remains duty-free.
- Troubleshoot Operational Issues with Mexico and Canada: The USMCA review is a natural inflection point to resolve outstanding implementation issues. Manufacturers cite concerns in Mexico with the treatment of foreign companies by tax authorities, customs processing issues, market access restrictions for medical devices and pharmaceuticals, failure to implement commitments regarding intellectual property protections, and failures to fully protect foreign investments from expropriation. With respect to Canada, manufacturers cite concerns with aspects of its customs system, labeling requirements, regulatory delays, and government procurement practices. The USMCA is a contract among the parties, and the NAM recommends the joint review be used to resolve longstanding implementation gaps.

As the Committee considers the operation of USMCA prior to the first joint review on July 1, the NAM underscores that the agreement plays a pivotal role in ensuring the global competitiveness of manufacturing in the U.S. We look forward to working with the Committee on promoting a pro-manufacturing and pro-growth agenda for North American trade, with a strong USMCA serving as the blueprint.

Sincerely,



Andrea Durkin
Vice President, International Policy



Kevin Doyle
Director, International Policy