



## **Washington State Stands to Gain from USMCA: Report**

New Research Highlights Benefits for Washington Farmers, Ranchers, Businesses,  
Innovators, and Workers from New Trade Pact

SEATTLE, December 5, 2018 – An analysis released today by the Washington Council on International Trade (WCIT) concludes that the recently signed United States-Mexico-Canada Agreement (USMCA) contains provisions that will benefit Washington state.

Canada and Mexico long have been two of Washington state’s largest trading partners, helped in part by important market access provisions established by the North American Free Trade Agreement (NAFTA) in 1993.

“The USMCA preserves NAFTA’s market access and rules provisions and expands upon them in many areas important to Washington state, ranging from dairy to digital services and intellectual property protections,” said WCIT President Lori Otto Punke.

In 2017, Washington state exported \$9.8 billion of goods to Canada and Mexico, representing 12.8% of all Washington state goods exports, according to the report.

Additionally, Washington state exported \$1.6 billion of services to Canada and \$963 million of services to Mexico in 2017, representing 10% of all Washington state services exports. Overall, Washington state services exports – which include fast-growing categories such as cloud computing -- grew 80% over the past decade.

Here are a few of the most valuable aspects of the USMCA for Washington companies and workers, according to the WCIT analysis:

- **Agriculture** – The USMCA preserves market access opportunities in Mexico, Washington state’s most important market for agricultural exports, and expands market access in Canada.
- **Dairy** – The Canadian dairy market was a focus of USMCA negotiators and the agreement creates a more open market for U.S. dairy sales there, with Washington dairy farmers primed to benefit. Washington has 450 dairy farms, 10 dairy plants, and approximately 2,300 jobs linked to dairy exports.
- **Digital Trade** – Washington state’s tech sector is a leading provider of digital goods and services that did not exist when NAFTA was established. The USMCA establishes a state-of-the-art chapter on digital trade that prohibits customs duties on electronically distributed products such as e-books, videos, music, software and video games. It also protects cross-border data flows,



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prohibits data localization requirements and addresses intermediary liability for platform providers.

- Intellectual Property – The USMCA includes significant changes to IP rules that will help biotechnology companies in Washington state, such as extending protection for biologic drugs from generic competition for 10 years, up from 8 years in Canada and 5 years in Mexico.

The Washington Council on International Trade (WCIT) has long advocated for expanding NAFTA's market access provisions and updating NAFTA's rules to reflect the many changes in the global economy since the agreement took effect.

"More than 330,000 jobs in Washington state are tied to trade with Canada and Mexico, and we believe this new agreement will expand opportunities for Washington companies, farmers, ranchers, businesses, innovators and workers," added Punke.

Now that the USMCA has been signed by the leaders of the U.S., Mexico, and Canada, the important process of ratification begins. Precise timetables aren't yet clear, but work is underway in all three countries to examine the agreement and its benefits. For now, Washington state will need to rely on the existing NAFTA, which must remain in place until the new USMCA is ratified.

Punke noted that the retaliatory duties imposed on Washington state products as a result of the Section 232 Investigations will feature prominently in WCIT's discussions regarding ratification of USMCA, since Washington state exports are down 28 percent this year, affecting our trade with Mexico and Canada and Washington state's role as a gateway for other exports.

Whether grown, built, designed or moved through our ports, Washington state depends on international trade. The WCIT and its members look forward to working with members of Congress and our leaders in the Washington state delegation as the ratification process proceeds.

## **ABOUT WASHINGTON COUNCIL ON INTERNATIONAL TRADE**

On behalf of our members – manufacturers, farmers, retailers, service providers and non-profits – the Washington Council on International Trade advocates for pro-trade policies and investments that benefit Washington's workers and employers. Trade paves the way for Washington-made goods and services to reach foreign markets, provides Washingtonians with products that raise our quality of life, and sustains family-wage jobs in numerous local industries. To learn more, visit us at <http://www.wcit.org>.

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