AF&PA supports the U.S.-Mexico-Canada Agreement (USMCA). Free and fair trade is essential to our manufacturers’ ability to compete at home and around the world. The North American market is critical to the U.S. pulp and paper industry and USMCA is a positive step toward strengthening our industry’s products in that market.

Our industry has greatly benefitted from NAFTA because it gave the industry and customer industries duty-free access to the Canadian and Mexican markets. U.S. pulp and paper exports to NAFTA countries in 2018 were estimated at $10.1 billion or about 44 percent of the industry's total exports. In 1993, that amount was only $3.2 billion, or 36 percent of our industry’s total pulp and paper exports. For U.S. pulp and paper, exports to Canada and Mexico support an estimated 88,000 direct and indirect American jobs, many located in rural areas.

**AF&PA Negotiating Priorities Achieved in the USMCA**

- **Maintaining open access for our industry’s exports to Canada and Mexico:** The agreement maintains zero tariffs on industrial products, including pulp, paper and wood products for trade within North America.

- **Including strong language on combatting illegal logging and associated trade:** The Environment Chapter provides strong support for sustainable forest management. It includes language acknowledging the importance of combatting illegal logging and associated trade and commits the three countries to promote trade in legally-harvested forest products.

- **Raising standards with transparent, science-based regulatory practices:** Chapters on Technical Barriers to Trade, Sanitary and Phytosanitary Measures and Good Regulatory Practices require transparent development of regulations, encourage use of regulatory impact assessments, science-based regulations and greater cooperation among national regulatory bodies.

However, the USMCA significantly pares back protection currently enjoyed by investors under NAFTA’s investor-state dispute settlement (ISDS) arbitration mechanism that allows American companies with foreign direct investments in Canada and Mexico to challenge NAFTA countries for property expropriation and other discriminatory and unfair actions. These investments allow American companies to remain competitive by being close to their customers or to access wood fiber resources. As Congress considers implementing legislation, AF&PA supports improvements to provide greater protection to U.S. investors in Canada and Mexico.