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## The United States-Mexico-Canada Agreement (USMCA)

**Background:** The Motor & Equipment Manufacturers Association (MEMA) represents more than 1,000 vehicle suppliers that directly employ over 871,000 Americans in all 50 states – the largest manufacturing sector of jobs in the United States. Together with indirect and employment-induced jobs, the total U.S. employment impact of the supplier industry is 4.26 million jobs. Suppliers are part of a complex, global, multi-tiered supply chain providing materials, components, and systems for a wide range of vehicles – from passenger cars to commercial trucks – from new original equipment to aftermarket parts.

Since 2012, direct jobs with vehicle suppliers increased 19 percent. Much that employment growth can be tied to the North American Free Trade Agreement (NAFTA), which played a critical role in the development and strengthening of the region’s supply chains. MEMA was pleased that the United States-Mexico-Canada Agreement (USMCA) remains a three-party pact and includes modern provisions reflecting today’s trade environment.

**Position:** MEMA strongly supports the USMCA and urges the U.S. Congress to pass it without delay. The USMCA will provide economic certainty and opportunity for manufacturing growth in the United States and throughout the region. In May, MEMA applauded the removal of Sec. 232 tariffs on steel and aluminum imported from Mexico and Canada without quotas.

As USMCA moves forward in the congressional process, the following issues are of critical importance to suppliers:

- Implementing regulations must be balanced and minimize the administrative burden of compliance with the new automotive rules of origin. All aspects of the supply chain will have to reconfigure, modify, and train personnel on revised administrative systems.
- Uniform regulations must provide suppliers with clarity about the implementation of the rules of origin requirements.
- Lack of clarity and onerous administrative burdens in regulations would negatively impact supplier job creation.
- Accompanying legislation could provide incentives for U.S. companies to train and expand the U.S. workforce.

MEMA is confident that the USMCA, when passed by the Congress and signed by the President, will support a vibrant supply chain, U.S. jobs, and global competitiveness.

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