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## United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510-6350

TELEPHONE: (202) 224-5175 FAX: (202) 224-5619

MICHAEL A. NEEDHAM, REPUBLICAN STAFF DIRECTOR  
SEAN MOORE, DEMOCRATIC STAFF DIRECTOR

February 6, 2020

The Honorable Robert Lighthizer  
United States Trade Representative  
600 17<sup>th</sup> Street NW  
Washington, DC 20508

Dear Ambassador Lighthizer:

We write to request information about the implementation of the small business provisions in the United States-Mexico-Canada Agreement (USMCA). As members of the Senate Committee on Small Business and Entrepreneurship, we support this agreement and were pleased to see it pass the Senate with strong bipartisan support. The USMCA makes several key improvements over the existing North American Free Trade Agreement (NAFTA). Notably, it includes a first-ever standalone chapter designed to give small businesses a voice on an international scale.

Trade can be a powerful tool for the more than 30 million American small businesses to better compete globally by leveling the playing field and expanding export opportunities. Small businesses represent approximately 98 percent of all U.S. exporting firms, with roughly 82,000 small businesses exporting to Canada and 53,000 exporting to Mexico. In 2015, through the Bipartisan Congressional Trade Priorities and Accountability Act (TPA), Congress set clear and strong negotiating objectives for the Administration in its efforts to reach agreements with our trading partners. One of these negotiating objectives pertains specifically to small businesses, directing the Administration to ensure that all trade agreements “afford small businesses equal access to international markets, equitable trade benefits, expanded export market opportunities, and provide for the reduction or elimination of trade and investment barriers that disproportionately impact small businesses.”

The USMCA makes significant improvements from past trade agreements. The new agreement cuts red tape at the border by raising the level of *de minimis* customs and tariff treatment of goods to \$800 for exports to Mexico and Canada. This is important to many small sellers who are looking to participate in the global marketplace. Additionally, the USMCA’s digital trade chapter understands the realities of a 21<sup>st</sup> century economy, supporting internet-enabled small businesses and e-commerce exports.

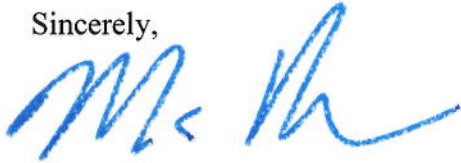
As you know, for the first time in any U.S. trade agreement, the USMCA dedicates an entire chapter to small and medium-sized enterprises (SMEs). Included in this chapter are tools for small businesses to identify potential opportunities and increase competitiveness, support for small businesses to promote cross-border cooperation, and public information-sharing tools to promote access to capital. In particular, the small business chapter establishes a Committee on

SME Issues (the Committee), which is comprised of government representatives from each Party and tasked with identifying and recommending ways to enhance cooperation and expand opportunities for small businesses. The chapter also creates a new mechanism to initiate an ongoing dialogue between the Committee, relevant stakeholders, and small businesses, such as those owned by underrepresented groups, to help ensure that small businesses continue to benefit from the USMCA.

Implementation of these provisions is important to make sure this agreement best serves small businesses and entrepreneurs. In order to better understand how you are planning to implement these important small business provisions, we ask that you provide the Senate Committee on Small Business and Entrepreneurship with information regarding the organization, process, and timetable for the SME Committee and Dialogue. Specifically, how you intend to select individuals to represent the United States on the Committee and participate in the Dialogue, as well as your plans to engage with relevant stakeholders and the U.S. Small Business Administration in preparation for Committee and Dialogue activities.

Additionally, we request a staff briefing on these matters and the general status of the implementation of the USMCA's small business provisions. We believe that this agreement better positions American small businesses to reap the benefits of international trade. Moving forward, we are eager to engage in a dialogue with you regarding its implementation.

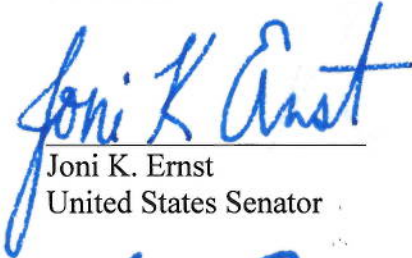
Sincerely,



Marco Rubio  
Chairman



Benjamin L. Cardin  
Ranking Member



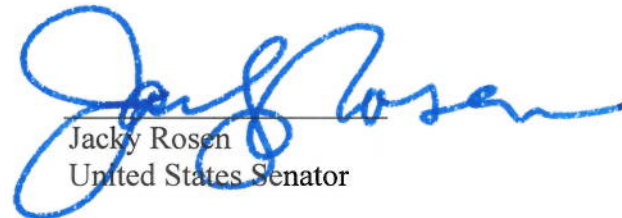
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