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GOVERNOR GREG ABBOTT

January 25, 2018

The Honorable Robert Lighthizer
U.S. Trade Representative
Office of the U.S. Trade Representative
600 17th Street, NW
Washington, D.C. 20508

Dear Ambassador Lighthizer:

As you continue negotiations to update the North American Free Trade Agreement (NAFTA), I write to emphasize the economic importance to our state of trade with Canada and Mexico and how beneficial NAFTA has been to Texas.

Our state is the nation's largest exporter, and NAFTA has been an important trade agreement for Texas for more than 20 years. We support the administration's effort to review and strengthen NAFTA and understand the need to update the agreement to address innovations and technologies that simply were not envisioned in 1993. However, while there are many areas in need of updating, it is important to not attempt to "fix" the parts of the agreement that are not broken.

As you might expect, Texas' trade with Mexico is especially robust, but we have considerable trade relationships with Canada as well:

- Texas exports more than any other state to Mexico ($92.6 Billion, 40 percent of Texas' total exports) and is second behind Michigan for exports to Canada ($19.6 Billion, 8.5 percent of Texas' total exports).
- Since NAFTA took effect, Texas exports to Mexico have increased by 13 percent annually, a 350 percent increase in total. Texas enjoys a trade surplus with Mexico.
- Texas' imports valued at $81 Billion from Mexico and $15.2 Billion from Canada in 2016, accounting for nearly 42 percent of all of Texas' imports.
- Texas accounts for about 16 percent of all U.S. exports, and nearly half of Texas exports are to NAFTA partners.
- U.S. Customs Districts in Texas were on pace to process nearly $425 billion in trade with NAFTA partners as of November last year. That is $1.16 billion per day!

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- In 2013, countries with Free Trade Agreements with the United States purchased $379.09 worth of Texas per capita. Countries without such agreements purchased only $16.79 worth of Texas exports per capita. (Source: CDxports database, Trade Partnership Worldwide)
- Texas' energy sector is a leading trade partner with both Canada and Mexico. High tariffs on this industry in the absence of NAFTA could have substantially negative repercussions to our state and national energy industry.

The Business Roundtable has reported that nearly 1 million Texas jobs depend upon free trade with our NAFTA partners in varied industries including agriculture, energy, manufacturing and automotive. In fact, the increased economic diversity that Texas has achieved in part due to expanded trade relationships has provided Texas with economic resiliency in the face of recent oil price shocks. But these economic drivers face a devastating increase in tariffs should NAFTA cease to exist, jeopardizing the jobs of Texans and other Americans. The U.S. Chamber of Commerce has found that nearly 6 million jobs nationally depend on trade with Mexico.

While NAFTA has been an incredible boon for all of Texas, perhaps nowhere else in the country encapsulates the success of NAFTA as the Rio Grande Valley (the Valley) which borders Mexico. According to data from the Texas Workforce Commission, since NAFTA was signed in 1993 unemployment has decreased in the Valley from 21.1 percent to 6.2 percent. Over that same time, the labor force has increased by 87 percent, and per capita income has increased 229 percent — significantly closing the income gap relative to the rest of the nation.

NAFTA has enabled growth and economic stability not only for our state, but also for the nation as a whole, and for our neighbors to the north and south as well. As you continue the work of modernizing this mutually beneficial trade agreement, I hope you will continue to recognize the true value of the decades of trade relationships we have built with Mexico and Canada.

Sincerely,

Greg Abbott
Governor

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Cotter, Brianne

Subject: FW: Texas Gov. Abbott letter in support of NAFTA
Attachments: 180125_Abbott NAFTA Ltr.pdf

From: Broder, Adam
Sent: Friday, January 26, 2018 4:12 PM
To: Broder, Adam <Adam.Broder@fticonsulting.com>
Subject: Texas Gov. Abbott letter in support of NAFTA

Folks –
Just wanted to share this letter from Texas Gov. Greg Abbott to USTR Lighthizer, who had previously been quiet on NAFTA.

Key quote:

"NAFTA has enabled growth and economic stability not only for our state, but also for the nation as a whole, and for our neighbors to the north and south as well. As you continue the work of modernizing this mutually beneficial trade agreement, I hope you will continue to recognize the true value of the decades of trade relationships we have built with Mexico and Canada."

Thanks,
Adam

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