

The **United States-Mexico-Canada Agreement (USMCA)** is the most comprehensive and high-standard trade agreement ever negotiated. It fully updates, modernizes, and rebalances the NAFTA to meet the challenges of the 21st century economy and to ensure that American workers, farmers, ranchers, and businesses, including small- and medium-sized enterprises, share in the benefits of the agreement. It will help drive economic prosperity, promote fairer and more balanced trade, and help ensure that North America remains the world's most competitive region.

Mexico and Canada are Major Destinations for U.S. SME Exports

Mexico and Canada are the top two destinations for U.S. SME goods' exports. In 2016 (latest data available), **82,000 U.S. SMEs** exported **\$51 billion** in goods to Canada, and **53,000 U.S. SMEs** exported **\$76 billion** in goods to Mexico.

For the First Time in a U.S. FTA, the USMCA Includes a Stand-Alone Chapter on SMEs

- ✔ **Promotes cooperation** to increase opportunities for SME trade and investment.
- ✔ **Establishes information-sharing tools** that will help SMEs to better understand the benefits of the agreement and provide other information useful to SMEs doing business in the region.
- ✔ **Creates a committee on SME issues** comprised of government officials from each country.
- ✔ **Launches a new framework for an ongoing SME Dialogue** with stakeholders to help ensure that SMEs continue to benefit from the agreement.

Additional Cross-Cutting USMCA Provisions That Will Benefit SMEs

- ✔ **The USMCA cuts red tape for lower-value shipments under \$2,500 and increases de minimis levels** for exports to Mexico and Canada, making it easier for SMEs to engage in cross-border trade.
- ✔ **The Customs and Trade Facilitation Chapter will help reduce costs and bring greater ease and predictability to cross-border transactions**, including through provisions requiring online publication of laws, regulations, contact information, tariffs, taxes, and other fees. The chapter includes an expanded scope of advanced rulings by customs authorities, provisions requiring an online searchable database for customs information, and expedited release of express shipments.
- ✔ **The Digital Trade Chapter contains the strongest provisions of any international agreement** and prohibits customs duties on products distributed electronically, supporting internet-enabled small businesses and e-commerce exports.
- ✔ **The Intellectual Property Chapter provides strong and effective protection and enforcement of IP rights** critical to driving innovation, creating economic growth, and supporting American jobs. The chapter requires Parties to cut red tape in obtaining protection of IP rights, including by streamlining application procedures that impose disproportionate burdens on SMEs.
- ✔ **The Cross Border Trade in Services Chapter benefits SMEs by eliminating unnecessary requirement to open a foreign office** as a condition of doing business. It also includes a new provision encouraging Parties to consider the effects of regulatory actions on SME service suppliers and to avoid authorization procedures that impose disproportionate burdens on SMEs.
- ✔ **The Good Regulatory Practices Chapter sets forth good governance procedures to promote transparency and accountability** in the development and implementation of regulations. It includes provisions encouraging Parties to take into consideration the effect of new regulations on SMEs in order to reduce or eliminate unnecessarily burdensome, duplicative, or divergent regulatory requirements.