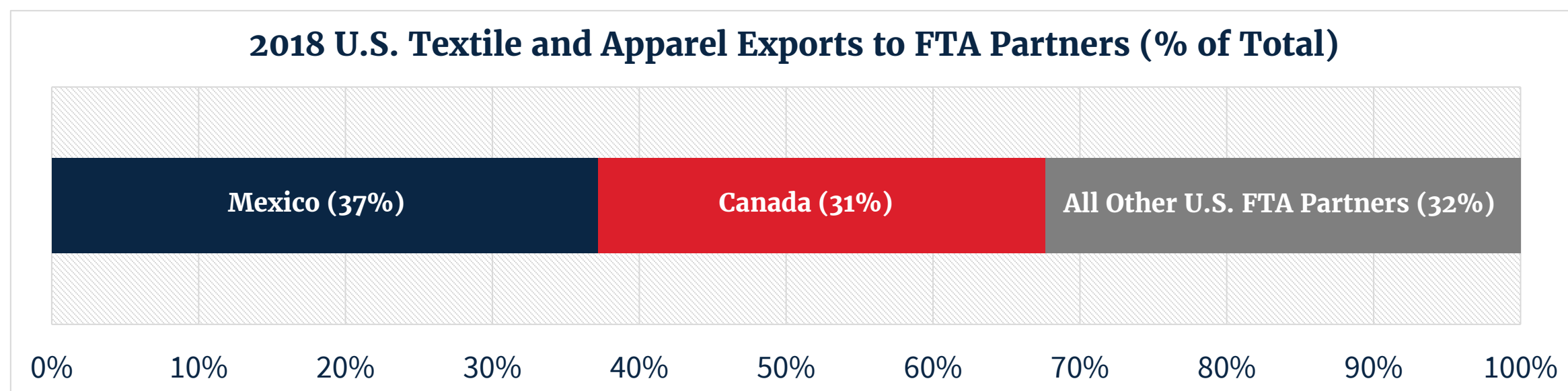


The **United States-Mexico-Canada Agreement (USMCA)** is the most comprehensive and high-standard trade agreement ever negotiated. It fully updates, modernizes, and rebalances the NAFTA to meet the challenges of the 21<sup>st</sup> century economy and to ensure that American workers, farmers, ranchers, 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. Textile and Apparel Exports



## USMCA Rebalances and Grows North American Trade in Textiles and Apparel

The USMCA strengthens existing North American supply chains for textiles and apparel and opens up new opportunities for exports of U.S. yarns, fabrics, and apparel.

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**Revised Rules Incentivize the Use of Regional Inputs**
  - New USMCA requirements to source sewing thread, narrow elastic fabrics, pocketing, and coated fabrics from within North America will expand markets for U.S. producers of these inputs.
  - Staged implementation of these new rules will facilitate a smooth transition from NAFTA to the USMCA.
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**Restructured Tariff Preference Levels (TPLs)**
  - Restructures and rebalances NAFTA TPLs to ensure that this limited exception to the rules of origin is not overused under the USMCA, at the expense of regional supply chains.
  - Reduces some TPLs for U.S. imports from Canada and Mexico, while substantially increasing TPLs for U.S. exports to Canada of apparel and other finished textile goods, which will provide significant new export opportunities for U.S. manufacturers.
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**Updated Rules of Origin Provide Flexibility**
  - Revised rules allow manufacturers to use textile inputs not generally available in North America (e.g., rayon fibers and visible lining fabric) and increases the de minimis percentage of non-originating inputs allowed in qualifying goods from 7 to 10 percent.
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**New Robust Customs Enforcement Provisions**
  - Strong, new textile-specific enforcement procedures will help to prevent circumvention and fraud.
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**Excludes TSA Uniform Procurement from Government Procurement Obligations**
  - Uniforms and other textile products procured for the TSA must be U.S. made, consistent with the Kissell Amendment and similar to Berry Amendment requirements for Department of Defense procurement.