

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6315

July 14, 2017

The Honorable Robert E. Lighthizer
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Representative Lighthizer:

I write to you today as Ranking Member of the House Committee on Small Business and a member of the House Advisory Group on Negotiations.

As you know, Small businesses are the engine of our economy, creating nearly two-thirds of net new jobs. Firms that export grow faster, generate more jobs, and pay higher wages than other businesses. Yet, it remains exceedingly difficult for small companies to enter foreign markets. Just one percent of small businesses in this country are exporting their goods overseas. That is why it is critical that the needs of small firms are considered during the negotiation of any free trade agreement.

Given that Canada and Mexico are the number one trading partners with small firms, it is even more important that you take their views into consideration as you move forward in renegotiating North American Free Trade Agreement (NAFTA). That is why, on July 13, 2017, I held a roundtable with stakeholders from the small business community focused on NAFTA. The purpose of the roundtable was to solicit information from a broad range of industries asking what small firms need from a renegotiated NAFTA.

The priorities I heard from small firms include:

- Digital Commerce:
 - Ensure the free movement of data across borders.
 - Prohibit the forced localization of data.
 - Ensure consistency in international standards so that companies are not forced to use conflicting standards.
 - Ensure companies are not forced to transfer their technology, or to disclose trade secrets or source code in order to obtain market access.
- Customs:
 - Eliminate customs duties on electronic submissions and permit e-signatures.
 - Ensure parity in de minimis levels that are commercially meaningful. This is particularly important for our small firms who export through e-commerce portals.

- Agriculture:
 - Eliminate non-tariff barriers facing U.S. agricultural exports and advance modern, science-based sanitary and phytosanitary standards.
 - Ensure small family farmers, who have benefited from NAFTA, can retain the market share they have gained.
- Intellectual Property:
 - Strong standards should be set to ensure the protection of intellectual property and trade secrets abroad.

I appreciate your consideration of these issues, and the issues raised in additional comment letters from small firms. I strongly urge you to keep an open dialogue so that small firms can meaningfully weigh in on terms of the agreement at every stage. Finally, it is important to note that no matter how favorable the terms of an agreement, small firms are unable to take advantage of agreements without domestic programs that increase education, provide compliance assistance, and help them with market research. Similarly, trade adjustment assistance is critical to offset negative impacts in any industries. Any agreement should be paired with an increased investment in these programs. Thank you for your consideration.

Sincerely,



Nydia M. Velázquez (NY-07)
House Committee on Small Business, Ranking Member