

To: Members of the Senate Economic and Small Business Development Committee

From: Delaney McKinley, Senior Director of Government Affairs and Advocacy

Date: October 3, 2019

RE: Support SR 73

Thank you for the opportunity to express our support for Senate Resolution 73, which urges the US Congress to approve the recently negotiated United States-Mexico-Canada Agreement, or “USMCA”.

MMA represents almost 1,700 companies in the largest sector of the Michigan economy, ranging in size from some of the world’s largest and most iconic corporations to very small “mom and pop” shops. Michigan is a strong manufacturing state, with the industry making up over 19% of the gross state product and directly employing over 631,500 people. Michigan manufacturing has led the nation in job growth, having created 201,000 new manufacturing jobs since June 2009 – an increase of 46.7%.

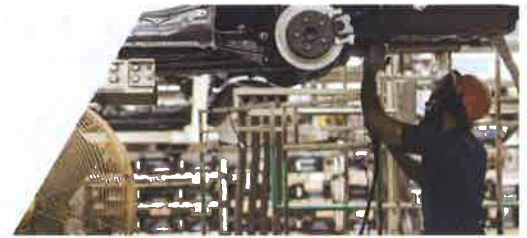
The continued success of Michigan manufacturing depends on our critical North American partnerships. Canada and Mexico purchase \$34 billion in manufactured goods from Michigan; that’s more than the rest of the world combined.

MMA is a strong supporter of the USMCA because it will help Michiganders sell more of what they make to customers around the world. This equates to more well-paying jobs and a stronger economy for our state. Beyond our state’s borders, USMCA is an important deal for millions of American manufacturing workers – and one that will help the United States and its allies show a united front against China’s unfair trading practices. According to our partners at the National Association of Manufacturers:

- **One-third** of Michigan manufacturers export to Canada and Mexico; **84%** of them are small-and medium-sized businesses
- Michigan’s motor vehicle bodies and trailer exports to Canada and Mexico have **increased more than 39-fold** over the last decade
- Michigan’s electrical equipment and components exports to Canada and Mexico have **tripled** over the last decade
- More than **117,400 Michigan manufacturing jobs** depend on exports to Canada and Mexico

On behalf of Michigan’s manufacturers seeking to compete globally and support hundreds of thousands of high-paying jobs in our state, I urge your support for SR 73. Thank you for your consideration of the perspective of Michigan’s manufacturing industry. I am available at your convenience for any questions, concerns or comments.

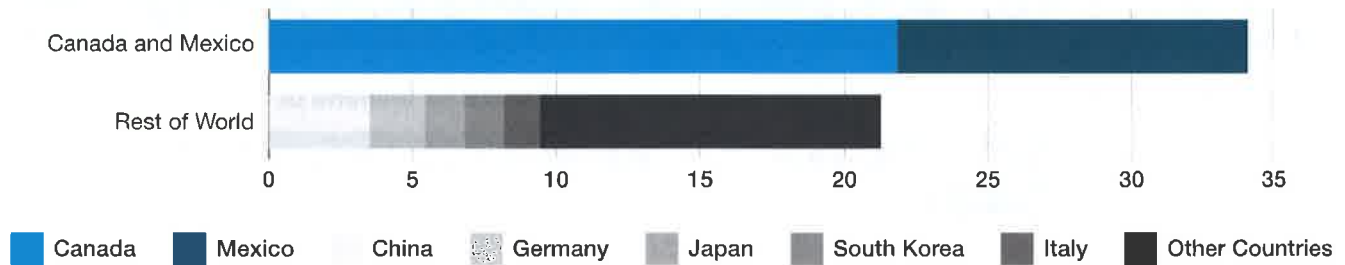
USMCA Passage is Critical for Michigan Manufacturers and Workers



ECONOMY AND EXPORTS

Trade is important for Michigan, helping Michiganders sell more of what they make to more customers around the world. More sales equal more well-paying jobs and a stronger economy across the state. Michigan's ability to sell more American-made products to Canada and Mexico is tied directly to tariff-free and rules-based trade in North America.

Canada and Mexico purchase more manufactured goods from Michigan than the rest of the world combined Michigan Manufactured Goods Exports, in Billions of U.S. Dollars, 2018



Source: U.S. Department of Commerce

Michigan's Top Exports to Canada and Mexico: motor vehicle parts; motor vehicles; motor vehicle bodies and trailers; chemicals; fabricated metal products; iron and steel; electrical equipment and components; other machinery; plastics; engine, turbine and power transmission equipment.

Michigan's Manufacturers Rely on North America: Canada and Mexico represent less than 4 percent of the global economy, but they are big purchasers of Michigan goods, purchasing substantial portions of Michigan's foreign sales of major manufactured goods, supporting well-paying jobs in communities across Michigan.

39x BIGGER

Michigan's motor vehicle bodies and trailers exports to Canada and Mexico have increased more than 39-fold over the last decade.

3x BIGGER

Michigan's electrical equipment and components exports to Canada and Mexico have increased more than 3-fold over the last decade.

SMEs = WINNERS

Michigan's small- and medium-sized businesses comprise 81 percent of the state's exporters of transportation equipment to Canada and Mexico, and 81 percent of the state's exporters of electrical equipment to Canada and Mexico.

ONE OUT OF THREE

Michigan Manufacturing Firms Export to Canada and Mexico

- 3,875 firms
- 84 percent are small- and medium-sized businesses supporting local economies

MORE THAN 117,400

Michigan Manufacturing Jobs Depend on Manufacturing Exports to Canada and Mexico

- Export-dependent jobs are usually full time, pay higher-than-average wages and offer real career opportunities to middle-class workers.
- Michigan manufacturing workers make on average \$77,800 in total annual compensation compared to \$46,897 for workers across all private nonfarm industries.

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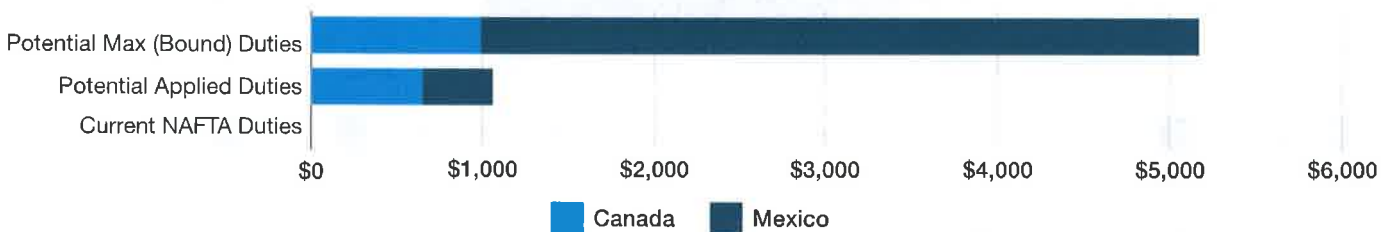
 NATIONAL ASSOCIATION OF
Manufacturers

Michigan Without the U.S.–Mexico–Canada Trade Agreement: Less Manufacturing and Fewer Jobs

Without tariff-free trade across North America secured by a strong trade agreement, Michigan's manufactured goods exports to Canada and Mexico could face a minimum of \$1.1 billion to \$5.2 billion in extra taxes (compared to zero tariffs today).

As a result, many of Michigan's manufacturers and the workers and communities they support would lose sales as competitors from Europe and Asia continue to enjoy zero tariffs. The result would be less manufacturing production and fewer well-paying American jobs in Michigan and throughout the United States.

Tariffs on Michigan Manufacturers Exporting to Canada and Mexico (in Millions of U.S. Dollars):



Source: NAM analysis of data reported by the U.S. Department of Commerce

In Brief: Michigan's Manufacturing Trade and Employment Data \$96 Billion in Total Manufacturing Output (2017)

Total Manufactured Goods Exports: \$55 billion To World (2018) \$34 billion To Canada/Mexico (2018)		Manufacturing Firms: 11,386 Total Manufacturing Firms (2015) 3,875 Manufacturing Firms Exporting to Canada/Mexico	
Employment: 621,183 Total Manufacturing Employment (2018) 117,443 Manufacturing Employment Tied to Exports to Canada/Mexico		Average Annual Compensation: \$77,800 Manufacturing (2016) \$46,897 Nonfarm Business (2016)	

Source: NAM analysis of data reported by the U.S. Department of Commerce

Congressional passage of the United States–Mexico–Canada Agreement will help Michigan manufacturers grow in the United States, compete globally and support millions of well-paying manufacturing jobs across the country.

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