



USMCA California Fact Sheet

California's Trade with the World¹

- In 2019, California exported \$174.0 Billion in goods to the world.
- In 2019, California was the 2nd-largest state exporter of goods in the United States.
- In 2016, 683,772 U.S. jobs were supported by goods exported from California.²
- In 2018, 71,325 companies exported goods from California- 95 percent were small and medium-sized companies.³

California's Trade with Canada and Mexico

California's Rank in Exports to Canada and Mexico

In 2019, California was the 2nd-largest exporter of goods to Mexico and Canada.

Ranks of Canada and Mexico as Destinations for California Exports

In 2019, Canada was California's second-largest export destination and Mexico was the largest export destination.

Statewide Statistics and Top Export Product Categories⁴

- In 2019, California exported \$44.7 Billion to Canada and Mexico, accounting for 26 percent of California's total exports to the world.
 - California exported \$16.7 Billion to Canada, 10 percent of California's exports to the world.

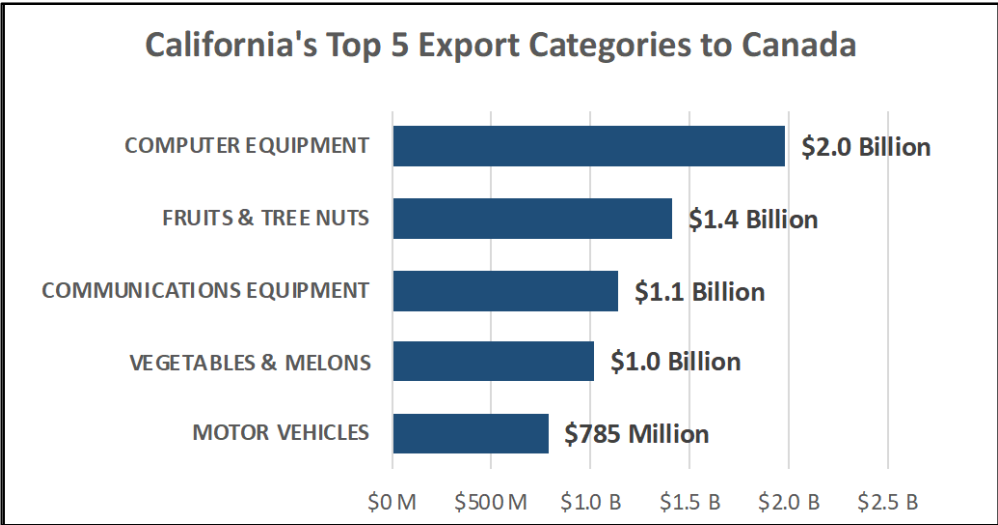
¹All trade data used in this report reflect the data published by June 15, 2020 from the U.S. Census Bureau, as compiled by the International Trade Administration's Trade Policy Information System (TPIS).

² Jobs supported by state exports estimates by the Office of Trade and Economic Analysis (OTEA), Industry and Analysis, International Trade Administration, U.S. Department of Commerce:

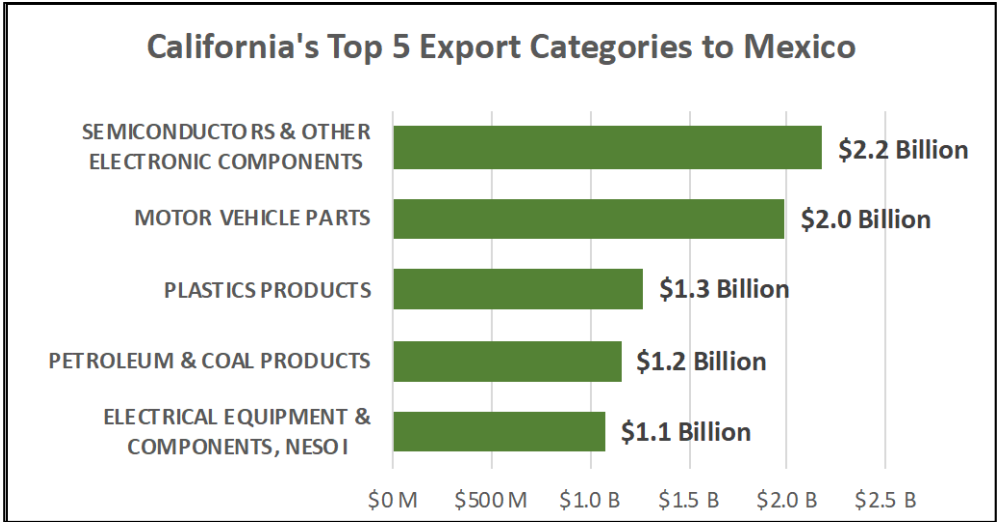
<https://www.trade.gov/mas/ian/employment/>

³ U.S. Census Bureau's A Profile of U.S. Importing and Exporting Companies, Table 6a 2018 Exports by State of Origin of Movement, Number of Exporting Companies, Value for Small and Medium Companies

⁴ Top export product categories reflected under the 2017 North American Industry Classification System (NAICS) at the 4-digit level of detail, compiled by TPIS.



- California exported \$28.0 Billion to Mexico, 16 percent of California's exports to the world.



*Metropolitan Statistics*⁵

- California's Top Metropolitan Exports to Canada and Mexico 2018
 - Los Angeles-Long Beach-Anaheim **\$19.6 Billion**
 - Top Products: Computer And Electronic Product Manufacturing; Transportation Equipment Manufacturing; Miscellaneous Manufacturing; Chemical Manufacturing; Food Manufacturing
 - San Diego-Chula Vista-Carlsbad **\$7.7 Billion**
 - Top Products: Miscellaneous Manufacturing; Computer And Electronic Product Manufacturing; Chemical Manufacturing; Machinery Manufacturing; Transportation Equipment Manufacturing

⁵ 2018 Metropolitan (statistical) area (MSA) exports to Canada and Mexico data from the U.S. Census Bureau compiled by the Office of Trade and Economic Analysis (OTEA), Industry and Analysis, International Trade Administration, U.S. Department of Commerce. Top products by MSA reflected under the 2017 North American Industry Classification System (NAICS) at the 3-digit level of detail.

- San Jose-Sunnyvale-Santa Clara **\$4.0 Billion**
 - Top Products: Computer And Electronic Product Manufacturing; Machinery Manufacturing; Electrical Equipment, Appliance, And Component Manufacturing; Chemical Manufacturing; Miscellaneous Manufacturing

USMCA Will Benefit California’s Top Export Sectors to Canada and Mexico

California’s top export sectors to Canada and Mexico in 2019 include Transportation Equipment (Motor Vehicle and Aerospace Industries), Computer and Electronic Products, and Machinery.⁶

Transportation equipment (Motor Vehicle and Aerospace Industries)

California is home to numerous transportation equipment companies in both the aerospace and automotive industries. In 2019, the transportation sector⁷ employed 129,603 workers in 1,757 establishments. Los Angeles, San Diego, and Orange counties have the largest number of employees and establishments in the transportation equipment sector. The aerospace industry⁸ reported the importance of USMCA’s continued duty-free treatment of originating aerospace-related items between Canada, Mexico, and the United States as vital to the competitiveness and success of the United States’ aerospace sector. The aerospace industry⁹ supports the Customs and Trade Facilitation chapter’s standardization of Customs regimes to increase efficiency and enhance capacity and performance of U.S. companies and their supply chains. The aerospace industry¹⁰ also fully supports the Intellectual Property chapter’s requirement for governments to establish criminal, civil and administrative procedures and remedies to combat trade secret theft, a significant problem for U.S. aerospace companies. USMCA requires more auto production in North America in order to qualify for duty-free treatment by eliminating NAFTA’s “deemed originating” loophole. USMCA’s innovative auto rules of origin, strict labor and environmental standards, and provisions designed to combat non-market practices – such as currency manipulation – are designed to boost additional automotive and auto parts investment and production in California. They were also developed to ensure auto producers and workers in the state can compete on a more-level playing field with their Mexican and Canadian counterparts. USMCA increases the regional value content for automobiles from 62.5 percent to 75 percent, thus incentivizing more auto production in North America. USMCA includes a first-of-its-kind labor value content rule that requires a certain percentage of each motor vehicle (40 percent for passenger vehicles and 45 percent for light trucks) to be manufactured in a factory in a USMCA country where workers make an average wage of at least \$16 per hour.

Computer and Electronic Products

California is home to many leading technology manufacturing companies. In 2019, the computer and electronic sector¹¹ employed 281,042 workers in 4,427 establishments. Santa Clara (San Jose), Los Angeles, and Orange counties have the largest number of employees and establishments in the

⁶ Unless otherwise footnoted in the below sectors, sector employment data is average annual number of employees and establishments by county or local economic region by 2017 NAICS3-digit level from the Bureau of Labor Statistics.

⁷ Transportation sector defined as NAICS 336 and includes the motor vehicle and aerospace industries.

⁸ Industry Trade Advisory Committee 1 – Aerospace Equipment Report Regarding USMCA: <https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%201%20REPORT%20-%20Aerospace%20Equipment.pdf>

⁹ Ibid.

¹⁰ Ibid.

¹¹ Computer and electronic products sector defined as NAICS 335 for computer and electronic product manufacturing.

computer and electronic product sector. USMCA maintains duty-free access to Mexico and Canada for originating technology equipment for California's technology manufacturing companies. Industry¹² appreciates the Market Access provision to be able to export and import for repair since many products are designed to be modular and swappable in case of malfunction in the technology sector. Industry¹³ supports the provision to prohibit unnecessary restrictions on remanufactured imports because the technology sector seeks to prolong the useful life of goods through repair, refurbishment, and reuse. Industry¹⁴ acknowledges USMCA's new mechanism in the Information and Communication Technology (ICT) Equipment Annex to protect intellectual property in cryptographic products as a significant achievement. Industry¹⁵ approves the new Digital Trade chapter, which contains the strongest disciplines on digital trade of any international agreement, providing a firm foundation for the expansion of trade and investment in innovative electronic products and services. For the first time in a trade agreement, the Intellectual Property chapter includes protections against the misappropriation of trade secrets and requires a minimum term of protection for industrial designs of at least 15 years.

Machinery

California is home to many machinery manufacturing companies. In 2019, there were 3,131 machinery manufacturing¹⁶ companies employing 77,899 workers. Los Angeles, Santa Clara (San Jose), San Diego counties have the largest number of employees in the machinery sector. USMCA maintains duty-free access to Mexico and Canada for originating machinery and remanufactured goods for California's machinery manufacturing companies and contains strong rules of origin protections to ensure that tariff preferences go to companies in the USMCA countries. USMCA also goes beyond any past trade agreement by including important new provisions that will help reduce costs and bring greater predictability to the border for shipments of machinery. At the same time USMCA will ensure customs administrations have the necessary tools to enforce the law. Industry¹⁷ reported support for the following provisions included in the Intellectual Property chapter: civil and criminal courses of legal action to protect trade secrets, protection of industrial designs, and equal treatment of digital and physical goods. Industry¹⁸ also supports the Small and Medium-Sized Enterprises (SMEs) provisions to enhance SMEs ability to participate in the benefits and opportunities created by USMCA. As stated in California's trade statistics, 95 percent of companies that exported goods from California in 2018¹⁹ were small and medium-sized companies.

¹² Industry Trade Advisory Committee 8 – Digital Economy Report Regarding USMCA:

<https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%208%20REPORT%20-%20Digital%20Economy.pdf>

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Machinery sector defined as NAICS 333 for machinery manufacturing.

¹⁷ Industry Trade Advisory Committee 2 – Automotive Equipment and Capital Goods Report Regarding USMCA:

<https://ustr.gov/sites/default/files/files/agreements/FTA/AdvisoryCommitteeReports/ITAC%202%20REPORT%20-%20Automotive%20Equipment%20and%20Capital%20Goods.pdf>

¹⁸ Ibid.

¹⁹ Census' Exports by State of the Origin of Movement, Number of Exporting Companies, and Value for Small and Medium Sized Companies in 2018 was the latest data published by June 25, 2020.