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**Senate Committee on Finance
Hearing on The U.S.-Mexico-Canada Agreement: Evaluating North American
Competitiveness
February 12, 2026**

CTA Statement for the Record

Chairman Crapo, Ranking Member Wyden, and distinguished members of the Full Committee on Finance, thank you for the opportunity to submit this statement for the record on behalf of the Consumer Technology Association (CTA).

At a moment of intensifying industrial and technological competition, the question before us is not whether the United States should engage in trade. The question is whether we will use trade agreements strategically to strengthen American manufacturing, American supply chains, and American technological leadership.

The U.S.-Mexico-Canada Agreement (USMCA) is not multilateralism for its own sake. It is a strategic instrument that keeps production in North America instead of China, strengthens U.S. leverage with trusted partners, and provides enforceable rules that protect American workers and innovators. In a world defined by industrial competition, walking away from North American integration would not bring supply chains home. It would push them overseas.

North America is not just a trading bloc. It is a strategic asset. Canada and Mexico are our immediate neighbors, our largest trading partners and our natural allies. Bordered by two oceans, we form a continental economic and security platform that strengthens American resilience and reduces dependence on adversarial nations. USMCA reinforces that alignment.

If we weaken the agreement or create uncertainty around it, we incentivize our closest partners to diversify toward rival markets and competitors who do not share our values or security interests. A strong USMCA keeps North America economically integrated, geopolitically aligned and strategically anchored in ways that directly advance U.S. prosperity and national security.

During the hearing, witnesses reinforced several points that speak directly to American competitiveness.

First, USMCA provides a stable production platform for advanced manufacturing in the United States. Mr. Paul McCarthy, President & CEO of The Vehicle Suppliers

Association, emphasized that automotive suppliers operate in capital-intensive, R&D-driven industries with long investment cycles. Companies deciding where to build next-generation facilities for electric vehicles, sensors, semiconductors, or advanced components need certainty that North America will remain integrated. That certainty keeps factories, engineering talent, and innovation anchored in the United States rather than migrating to Asia.

Second, coordination with Canada and Mexico on critical minerals is central to reducing dependence on China. As expressed by Mr. Kevin Brady, former Chairman of the House Committee on Ways and Means, semiconductors, artificial intelligence systems, advanced batteries, medical devices, and modern vehicles all depend on secure access to strategic inputs. USMCA gives the United States a framework to deepen regional sourcing, processing, and refining capacity across North America. That strengthens resilience while maintaining U.S. leadership in emerging technologies.

Third, applying broad tariffs to North American production risks weakening the very supply chains that support American manufacturing. According to Mr. Eric Gottwald, Policy Specialist for Trade and International Economics at the AFL-CIO, President Trump's "Liberation Day" tariffs have not produced employment gains in the United States. In fact, Mr. Gottwald during the hearing said manufacturing employment has declined by approximately 70,000 jobs year-over-year. North America competes most effectively as an integrated production platform capable of matching China's scale while preserving democratic values and high labor and environmental standards.

Fourth, market access remains essential to American growth. USMCA secures reliable access to Canadian and Mexican markets for U.S. exporters across agriculture, manufacturing, and technology. When American companies can scale across North America, they are better positioned to compete globally. Weakening those market access commitments would undermine U.S. firms that rely on regional demand to finance research, development, and domestic expansion. Mr. Ted Vander Schaaf, Owner of Vander Schaaf Farms, throughout the hearing emphasized that USMCA's core value lies in the market access it creates and protects for U.S. exports.

For the consumer technology industry, USMCA is critical infrastructure for innovation.

CTA strongly supports enforcing and strengthening the Agreement to ensure it advances American interests.

USMCA-eligible products should be exempt from any additional tariffs imposed on imports from Canada and Mexico, whether under Section 122, Section 232, or Section 301. Trade and national security tools must remain focused on strategic competitors, not trusted partners operating within a high-standard regional agreement. Imposing additional tariffs on qualifying North American goods would raise costs for U.S. manufacturers, disrupt integrated supply chains, and weaken the competitiveness of American firms.

The Agreement's digital trade chapter is especially vital. These provisions in Chapter 19 protect cross-border data flows and prohibit forced data localization. They also prevent foreign governments from requiring U.S. companies to disclose source code, encryption keys, or proprietary algorithms as a condition of market access. These are not abstract trade rules. They protect American intellectual property and technological leadership. In the age of artificial intelligence, data flows are economic infrastructure. Preserving these disciplines ensures that U.S. innovators remain global leaders.

Rules of Origin should not be made more restrictive or more complex in ways that impose new compliance burdens on American manufacturers. If adjustments are considered, they should move through the Free Trade Commission process under Article 30.2 with transparency and adequate transition time. Stability supports domestic investment. Abrupt changes deter it.

The United States should strengthen investor and investment protections to support the diversification of supply chains across North America. Strong investor protections and predictable rule of law are essential to encouraging North American supply chain diversification. Where concerns arise, including in Mexico, the United States should use every available tool under the Agreement to secure adherence to USMCA commitments.

Full implementation of the Agreement's provisions on Technical Barriers to Trade, Good Regulatory Practices, Trade Facilitation, and the ICT Sectoral Annex will further reduce friction and allow innovative American technology products to move efficiently across borders.

CTA has raised specific concerns in advance of the joint review.¹

In Mexico, recent judicial and constitutional developments raise serious questions about investor protections and rule of law. Proposed digital "kill-switch" mechanisms create significant cybersecurity and compliance concerns under USMCA's high-standard commitments.

In Canada, measures such as the Artificial Intelligence and Data Act and the Online Streaming Act risk imposing overbroad regulation and discriminatory digital levies that undermine the spirit of the Agreement's digital trade provisions. Policies that single out U.S. firms or fragment the regional digital marketplace weaken North America's collective competitiveness.

These issues should be resolved within the USMCA framework. The upcoming review presents an opportunity to strengthen enforcement, reinforce high standards, and

¹ Written comments to USTR on the U.S.-Mexico-Canada Agreement Joint Review, Consumer Technology Association (Nov. 3, 2025), <https://www.cta.tech/media/bicb4rey/cta-comments-on-the-usmca-joint-review.pdf>.

modernize cooperation where necessary. It should not become an excuse to fragment a regional production platform that benefits American workers and businesses. North America remains the only democratic regional bloc capable of competing with China at industrial scale. USMCA provides the structure for that competition. The United States does not strengthen its position by retreating from integration with trusted partners. It strengthens its position by enforcing high standards, protecting intellectual property, securing supply chains, and using the Agreement as a tool of American economic strength.

CTA appreciates the Committee's leadership on these issues and stands ready to work with Congress and the Administration to ensure USMCA continues to advance American manufacturing, American innovation, and American competitiveness.

Thank you for the opportunity to submit this statement for the record.