



STATE OF INDIANA  
OFFICE OF THE GOVERNOR  
State House, Second Floor  
Indianapolis, Indiana 46204

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Eric J. Holcomb  
Governor

October 10, 2017

The Honorable Robert Lighthizer  
Ambassador  
United States Trade Representative  
600 17<sup>th</sup> Street, NW  
Washington, DC 20006

Dear Ambassador Lighthizer:

I write today to convey the importance of the North American Free Trade Agreement (NAFTA) to so many employees and employers in my state of Indiana. As you rightly work to modernize America's trade deals to ensure they deliver for our nation's working families and reduce the trade deficit, I urge you to preserve the trade relationships with Canada and Mexico that have contributed to Indiana's economic success and led to more Hoosier jobs.

Indiana's exports to U.S. Free Trade Agreement (FTA) partners totaled \$18.8 billion in 2016, according to the International Trade Administration. Trade with Canada and Mexico represent \$15.4 billion of that, and in our automotive industry alone, exports of automotive parts to Indiana from those two countries totaled more than \$2 billion last year. As a result, this industry currently employs more than 100,000 Hoosiers in high wage, high demand manufacturing jobs and represents the nation's 2<sup>nd</sup> largest automotive GDP. In fact, Indiana ranks among the Top 10 in exports in more than twenty different industries, as reported by the Indiana Business Roundtable. Many provisions within existing FTAs, with NAFTA chief among them, are simply vital to my state's automotive, agricultural, pharmaceutical, and other key sectors.

Moreover, U.S. manufacturers rely on global supply chains to remain competitive. NAFTA has helped U.S. industry compete globally, by reducing costs and increasing productivity. Disrupting supply chains with new burdensome rules of origin such as national content requirements or unprecedented regional content-levels, as the U.S. will reportedly table in Round 4, will increase costs, reduce demand, impede exports, and negatively impact U.S. employment in Indiana and other manufacturing states. Additionally, these proposals pose a significant risk to delay or derail the expedited renegotiation timeline.

Of course, there are NAFTA provisions that should be closely examined, such as the *de minimis* level for low value goods entering Canada and Mexico. A policy change could benefit U.S. suppliers and small businesses who would be able to provide their Canadian and Mexican customers with products that are more affordable and readily available.

Indiana is only as strong as our labor force, and policies that strengthen Hoosier families and incentivize investments in our workforce will always have the support of my Administration. America's trade policies must continually be evaluated for fairness to ensure that the interests of American workers and employers are protected. No state understands this fact more than Indiana, and I thank you for your ongoing work. Free and fair trade policies with Canada and Mexico are essential if Indiana is to continue along this record-setting economic pace, and I am confident that this can be achieved while the pieces of NAFTA so critical to states like ours are preserved.

Please do not hesitate to contact me if I can share more information or answer any questions you might have.

Sincerely,

A handwritten signature in black ink, reading "Eric Holcomb". The signature is written in a cursive, slightly slanted style. The first name "Eric" is written in a more compact, cursive script, while the last name "Holcomb" is written in a more open, cursive script with a prominent loop at the end.