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## Industry Document: Internal Trade

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Over the past several years, the Internal Trade agenda of the North American Steel Trade Committee (NASTC) has primarily focused on customs-related enforcement issues. The NASTC recognizes the strategic importance of internal trade to the three North American economies. Separately, however, the committee also recognizes the growing importance of customs enforcement and its impact on the effectiveness of our trade remedy laws to ensure an open and fair environment for the industries in North America. The effectiveness of these laws directly impacts the competitiveness of our steel industries.

With the renegotiation of the North American Free Trade Agreement (NAFTA) imminent, it is imperative that an updated NAFTA continue to provide significant benefits to the U.S., Canadian and Mexican steel industries. The agreement has resulted in strengthened manufacturing supply chains, particularly with key customer groups such as the North American automotive industry, so any updates to the NAFTA must encourage growth of consumption of North American steel, while increasing intra-NAFTA trade and market share for NAFTA producers.

Steel trade within North America is crucial to the survival of North American steel producers, as trade in steel products between NAFTA countries has increased by 117.2 percent since the NAFTA entered into force in 1994. The vast majority of North American steel exports are directed to NAFTA trading partners, 88 percent, which makes tariff-free trade within North America critical to the industry's success.

The North American steel industry has collaborated to develop a consensus policy priorities paper for potential updates to the 23-year old trade agreement, which we look forward to discussing in depth with the NAFTA governments at the NASTC meeting. One critical element of the renegotiation should be a strengthening of the Agreement's rules of origin provisions to encourage consumption of North American steel in the production of steel-containing goods. Another priority would be continuing to promote trade facilitation with other countries and border initiatives to ensure our region focuses on customs enforcement, facilitation and coordination within the NAFTA. The industry also looks forward to discussing the recent work conducted by the Trilateral Customs Steel Enforcement and Cooperation Dialogue at the NASTC and developing further methods of coordination and cooperation between the North American governments.