

USMCA thumbs-up from Senate hands Trump second trade victory

The United States-Mexico-Canada Agreement sailed through the U.S. Senate on Thursday, giving President Trump his second major trade win in as many days.

The biggest trade deal of all time, the pact encompasses more than \$1.3 trillion of commerce. While winning enough votes to pass in the Republican-led Senate was anticlimactic after months of modifications by the Democratically-controlled House, it delivers on Trump's 2016 campaign promise to overhaul the Clinton-era North American Free Trade Agreement that he called a "disaster."

The vote was 89 senators in favor, with 10 opposed.

A day earlier, the president and a Chinese official signed an initial trade accord between their countries, cooling tensions in a nearly two-year trade war.

"Adding together USMCA and the China deal, that's over \$2 trillion of trade," Commerce Secretary Wilbur Ross told FOX Business' Maria Bartiromo on Thursday. "That's an enormous number."

THE 10 SENATORS WHO VOTED AGAINST USMCA



Senate Majority Leader Mitch McConnell, R-Ky., with Sen. Joni Ernst, R-Iowa, and other senator. (AP Photo/Jose Luis Magana)

The USMCA, which has already been ratified by Mexico but not by Canada, requires 75 percent of automobile components be manufactured in the United States, Canada and Mexico in order to avoid tariffs. By 2023, some 40 to 45 percent of automobile parts must be made by workers who earn at least \$16 an hour.

US, CHINA SIGN HISTORIC PHASE ONE TRADE DEAL

The pact is expected to create 80,000 new jobs tied to the auto industry and bring in up to \$30 billion of new investment in the sector. The USMCA will also provide new access to American wheat, poultry and eggs, among other things.



Donald J. Trump@realDonaldTrump

The farmers are really happy with the new China Trade Deal and the soon to be signed deal with Mexico and Canada, but I hope the thing they will most remember is the fact that I was able to take massive incoming Tariff money and use it to help them get through the tough times!

“This is a major achievement for President Trump and a very big win for the American people,” said Sen. Charles Grassley, chairman of the finance committee. “I look forward to signing this bill and sending it to the president’s desk.”

When it’s all said and done, the trade pact could boost U.S. gross domestic product by up to 1.2 percentage points and create as many as 589,000 jobs, according to the International Trade Commission.



Senate Minority Leader Sen. Chuck Schumer of N.Y. voted no. (AP Photo/Susan Walsh)

Coupled with the 0.5 percentage-point boost expected from Wednesday's passage of the phase one trade deal with China, U.S. gross domestic product may come close to the 4 percent growth that Trump suggested was possible during his 2016 presidential campaign.

Trump's economy has topped that mark once already. U.S. GDP growth hit 4.2 percent in the second quarter of 2018, receiving a tailwind from the passage of the Tax Cuts and Jobs Act, which lowered the top corporate tax rate from 35 percent to 21 percent and cut taxes for many Americans. The U.S. economy grew at a 2.1 percent pace in the third quarter of 2019, the most recent period for which figures were available.

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"We have what is really the absolute gold standard on digital trade and financial services, stuff that has never been done before," U.S. Trade Representative Robert Lighthizer told FOX Business' Maria Bartiromo in December, adding that the USMCA will be the "template" for new trade agreements going forward.

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