

January 22, 2018

ATTN: United States Trade Representative Ambassador Robert Lighthizer, Minister of Foreign Affairs Chrystia Freeland and Secretary of Economy Ildefonso Guajardo Villareal.

RE: The freight railway industry's letter of support for a renewal of the North American Free Trade Agreement

We are writing in support of the North American Free Trade Agreement (NAFTA) and for a constructive effort to renegotiate a new agreement that builds on the existing framework and progress we have made as trading partners.

Economic growth tied to NAFTA has allowed railways to invest tens of billions of dollars into their infrastructure while improving productivity and customer service, and fostering innovation. Collectively, these improvements have enabled railways to maintain the low rates that are required to provide shippers with access to global supply chains and support their success.

NAFTA has facilitated an integrated economy where a continental railway network is essential for the transportation and flow of goods across North America. It has led to additional trade, the opening of new markets, and economic growth for its signatory parties. For example, between 1993 and 2016, North American Gross Domestic Product increased by 166 per cent, from US\$8.0 trillion to \$21.2 trillion.¹

Over the same period, trade between the United States and Canada increased by 157 per cent, from \$211.7 billion to \$544.6 billion.² Similarly, trade between the United States and Mexico increased 543 per cent,³ from \$81.8 billion to \$523.8 billion, whereas trade between Canada and Mexico increased 776 per cent, from \$3.5 billion to \$30.8 billion.⁴

To ensure that a new NAFTA can build upon the success of its predecessor, and railways can continue to operate and grow in concert with the demands of the North American economy, we ask that negotiations recognize the role that railways play in facilitating trade. In addition, these negotiations should identify a policy framework that enables railways to make the investments that are necessary to provide efficient, low-cost, safe and emissions-friendly service to their customers.

¹ Nominal growth for Canada, U.S. and Mexico.

Source: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CA-MX-US&view=chart>

² Source: <https://www.census.gov/foreign-trade/balance/c1220.html>

³ Source: <https://www.census.gov/foreign-trade/balance/c2010.html>

⁴ Total imports and exports from Canada to Mexico.

Source: <https://www.ic.gc.ca/app/scr/tdst/tdo/crtr.html?&productType=HS6&lang=eng>



ASSOCIATION OF
AMERICAN RAILROADS



Railway Association
of Canada

Association des chemins
de fer du Canada



ASOCIACIÓN MEXICANA DE FERROCARRILES, A.C.

As we enter negotiations for NAFTA 2.0, we urge all countries to work collaboratively towards a continued win-win-win approach that will continue to raise incomes of all participating countries.

Signed,

Mr. Edward R. Hamberger
President and Chief
Executive Officer

Association of American
Railroads

Mr. Gérald Gauthier
Acting President and Chief
Executive Officer

Railway Association of
Canada

Dr. Iker de Luisa Plazas
Director General

Asociación Mexicana de
Ferrocarriles

The Railway Association of Canada (RAC) represents some 60 freight and passenger railway companies that move more than 84 million passengers and \$280 billion worth of goods in Canada each year. The RAC advocates on behalf of its members and associate members to ensure that the rail sector remains globally competitive, sustainable, and most importantly, safe.

Founded in 1934, the Association of America Railroads (AAR) represents the freight rail industry in the United States. The AAR focuses on the safety and productivity of America's freight railroads by advancing railroad policy, establishing standards and supporting rail research and technology initiatives. In addition, AAR prepares statistical reports that provide comprehensive insight into the operations of North America's freight railroads.

The Asociación Mexicana de Ferrocarriles (AMF) represents Mexico's freight and passenger railways. Established in 2004, its goal is to promote rail activity in Mexico, coordinate with sectors that support the country's rail industry, and advocate on behalf of its members during the design and execution of rail transportation policy.