

USMCA



A WIN-WIN-WIN FOR 21ST-CENTURY TRADE

The United States, Mexico, and Canada are modernizing the North American Free Trade Agreement (NAFTA) to bring it into the 21st Century. The new agreement — the United States-Mexico-Canada Agreement (USMCA) — will build on NAFTA’s success and will continue to support millions of well-paying, middle-class jobs. The USMCA will maintain free trade in North America and will ensure the benefits are more widely shared. This is a win-win-win.

PRESERVING FREE TRADE

NAFTA eliminated over 98% of tariffs in North America, creating one of the largest free trade zones in the world. Under the USMCA tariffs that were at zero will remain at zero, and there will be no new tariffs or non-tariff barriers. In addition, U.S. producers will have new opportunities in some agricultural markets, like dairy. Overall, the USMCA will help strengthen existing North American supply chains.

MODERNIZING FREE TRADE

The USMCA updates our trading rules to reflect the growing importance of the Internet and new ways of doing business. It includes nine new chapters addressing digital trade, regulatory practices, currency, competitiveness, small and medium-sized enterprises, and other modern-day issues. In addition, updates to chapters on customs and trade facilitation cut red-tape, enable electronic filing systems, and generally simplify processes for exporters.

EXPANDING NORTH AMERICAN COMPETITIVENESS

The USMCA creates additional incentives to build and source goods and materials in the United States, Canada, and Mexico. For example, new auto rules of origin will require more North American content in vehicles, encouraging production and sourcing in North America. This outcome keeps the automotive industry regionally integrated, and stands to result in higher wages and better working conditions.

LEVELING THE PLAYING FIELD

Mechanisms to resolve differences fairly and effectively within a rules-based system are important parts of our global trading regime. And, we need to make sure rules can be enforced so that businesses and investors have confidence. To this end, the USMCA retains NAFTA’s impartial binational review panel and state-to-state dispute settlement mechanisms.

The USMCA also includes two new chapters on labor and the environment — both subject to dispute settlement. These chapters aim to ensure that no USMCA country lowers its protections for workers or the environment to attract trade and investment. Related provisions include:

- The labor chapter protects workers against discrimination and harassment, and includes the right to free association and collective bargaining.
- The environment chapter introduces new commitments to address global challenges such as illegal fishing, the depletion of fish stocks, marine pollution, and air quality.



“The USMCA will give our workers, farmers, ranchers, and businesses a high-standard trade agreement that will result in freer markets, fairer trade and robust economic growth. It will strengthen the middle class, and create good, well-paying jobs and new opportunities for the nearly half billion people who call North America home.”

— **Robert Lighthizer, U.S. Trade Representative & Chrystia Freeland, Minister of Foreign Affairs**