

# Changes Needed for the USMCA to Deliver Promised Benefits to Working Families

At the time of the **U.S.-Mexico-Canada Agreement's** (USMCA's) establishment, President Trump told the nation that the pact would bring "jobs pouring into the United States," be "an especially great victory for our farmers," and provide other concrete benefits to the American people. Instead, the U.S. trade deficit with Mexico and Canada has skyrocketed under the USMCA; corporations continue to offshore good-paying American jobs to Mexico where workers' labor rights are still violated and wages remain a pittance; and vital American economic sectors from autos to steel to aerospace to agriculture are being undermined by surging USMCA imports.

As the **mandatory, once-every-six-years review of the USMCA** approaches, significant changes to the pact are needed so that it benefits working families and contributes to the development of a resilient and fair economy in the United States and across North America. If these needed changes cannot be secured, the United States should not only refuse to extend the agreement's term beyond its current 2036 expiration, but should instead withdraw from the USMCA altogether.

**A successful USMCA review process must result in renegotiation of key terms to:**

- **End the offshoring of good-paying jobs.** Under the USMCA, companies continue to offshore good-paying jobs from the United States to Mexico to take advantage of weak labor rights, low wages and lax pollution controls. To end such offshoring, existing USMCA labor and environmental provisions must be strengthened, expanded and their enforcement improved. This includes strengthening and broadening the application of the agreement's innovative rapid response mechanism, which has proven to be an effective tool for holding companies accountable for failing to respect workers' rights. With respect to climate and the environment, new commitments to reduce emissions from the industrial sector and to ensure data transparency in pollution intensity of major energy-intensive products including steel and aluminum are likewise needed; facility-specific enforcement tools similar to those for labor must also be added for existing and strengthened environmental standards. The Regional Value Content (RCV) of the USMCA's Rules of Origin (ROO) must also be strengthened to ensure that the parts going into goods assembled in North America, such as cars, airplanes, wind turbines and computers, are increasingly made in North America, rather than coming from other countries. To prevent circumvention of strengthened USMCA labor and environmental standards, Most Favored Nation tariff rates for key industrial products must also be increased — ideally on a trilateral basis. To ensure that local tax dollars can be recirculated to create jobs at home, the renegotiation must also end USMCA requirements that waive "Buy American" and other domestic government purchasing preferences, which also will require the three USMCA partners to adjust their procurement commitments at the World Trade Organization (WTO).
- **Raise wages across the region.** There is zero evidence the USMCA has meaningfully increased wages for working people in the United States, Mexico or Canada. The most straightforward way to address this problem is for the renegotiated agreement to condition application of the agreement's benefits to goods and services produced by workers making a fair wage and to require better supply chain transparency, including tracking of the wages associated with exported goods and services. The parties should establish a North American minimum wage for manufacturing workers in key sectors, premised on workers getting equal pay for equal work. Coordinated trilateral increases in key MFN tariffs will also create the basis for a higher wage North American production bloc. By raising wages in Mexico, not only can Mexican workers start to purchase the goods they produce and U.S. and Canadian exports, but companies will have less of an incentive to move jobs there to take advantage of lower wages.

- **Strengthen rural communities.** Agribusiness interests continue to reap huge profits under the USMCA, while family farmers and working people in rural communities suffer. While the prices consumers pay at the supermarket are higher than ever, the prices paid to farmers in all three countries are often below their costs of production. To strengthen rural economies, the USMCA must be renegotiated to create fair, stable prices for independent family farmers and require mandatory market transparency so that consumers know where their food is coming from and how it is produced. This includes safeguarding governments' rights to manage agricultural supplies at fair prices that at least cover farmers' costs of production and through tariff protections that allow for stable domestic supplies that meet demand by discouraging dumping. A renegotiated USMCA must also establish mandatory Country of Origin Labeling (COOL) rules for beef, pork, dairy, egg and seafood products.
- **Address root causes of migration and displacement.** Agricultural dumping by agribusiness, fueled by the North American Free Trade Agreement (NAFTA), drove millions of small farmers in Mexico off their land, with many having no other options but to migrate northward — an injustice that the USMCA has not even attempted to resolve. Worker exploitation and environmental degradation in Mexico driven by unfair trade practices have also led many to leave their homes in search of a better life. Rather than demonize immigrants or blame Mexico for this migration, the USMCA renegotiation must instead help address these root causes of economic displacement by strengthening opportunities for workers and farmers to earn secure livelihoods at home, while also better protecting migrant workers via strengthened labor provisions.
- **Stop abuses by Big Tech.** The USMCA was the first major U.S. trade agreement to include extreme “digital trade” provisions that help Big Tech undermine online privacy, data security, AI accountability and anti-monopoly policies. When trade deals enable our personal data to be shipped around the globe without regard to privacy and data security standards, data processing, data storage and other data-driven jobs inevitably get shipped abroad to low-wage nations. The USMCA also contains algorithm and source code secrecy guarantees that gut right to repair policies and prevent effective oversight of Artificial Intelligence (AI), needlessly exposing workers to discriminatory, unsafe and otherwise harmful uses of AI in the workplace. These and other Big Tech giveaways need to be eliminated.
- **Shut down special rights for foreign investors.** To further benefit working families and create a fairer economy, the USMCA must be renegotiated to strip provisions that constrain regulation of foreign investors and other provisions that undermine industrial and public interest policies. This includes completely eliminating Investor-State Dispute Settlement (ISDS) and removing so-called Good Regulatory Practices (GRP) provisions that help corporations delay, weaken and derail public interest policies.
- **Make medicine more affordable.** The USMCA renegotiation should also take proactive steps to build stronger, more-resilient supply chains for medical devices, personal protective equipment and affordable medicines. Existing USMCA provisions that privilege pharmaceutical monopolies over access to affordable medicine must be eliminated, including especially “TRIPS-plus” provisions that establish special rights for pharmaceutical monopolies. Provisions affirming governments' right to use compulsory licensing to address public health needs and to negotiate for lower prescription medicine prices should also be added.

A successful USMCA review would benefit from **a transparent and participatory process** with robust public and Congressional oversight. The administration should share its USMCA amendment proposals for public review before tabling them and publish draft composite texts in near-real time, and Congress should require a vote before renegotiated USMCA text is enacted and/or the pact is extended.

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