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# The United States-Mexico-Canada Agreement (USMCA)

A Partnership of North America's Top Three Powers

## About the Article

Main Question - How does the USMCA benefit its partner countries? Argument - The USMCA benefits the partner countries by enhancing protections for business owners, innovators, and labourers. Conclusion - The USMCA helps the partner countries enjoy special privileges that boost local economies and protect individuals from employer abuse.

## About the Author

I hold a background in International Affairs and International Studies. My studies focused on U.S. Foreign Policy & National Security, and I have covered topics such as U.S. relations with Russia, China, and Mexico. I am interested in pursuing research in biotechnology and other emerging technologies to raise public awareness and promote ethical standards on these topics.

## Introduction

**A**vocados, maple syrup, whisky. When thinking about these goods, you may wonder where they come from and if they are subject to special trade restrictions. In 2020, the United States, Mexico, and Canada formally enacted the United States-Mexico-Canada Agreement (USMCA) to replace the North American Free Trade Agreement (NAFTA). The U.S., Mexico, and Canada pledged to enhance economic cooperation and achieve further progress in areas such as intellectual property rights, de minimis privileges, and labour rights.

**De minimis: a set value threshold that determines if certain goods can enter a country duty and tax-free.**

De minimis, which means “lacking significance or importance,” refers to the set value threshold (i.e. \$50 USD) for imposing duties and taxes on imported goods. All partners agree to increase their de minimis thresholds and grant duty and tax-free privileges to goods that cost less than de minimis. Small and medium enterprises (SMEs) whose goods cost less than de minimis. Small and medium enterprises (SMEs) whose goods cost less than de minimis avoid the expensive duties and taxes that affect costlier goods.

USMCA partners hope that SMEs will bolster local economies by incentivising consumer activity with more competitive goods and prices.

## Intellectual Property (IP) Rights

Under the USMCA, IP rights receive further protection from crimes such as theft, piracy, and counterfeiting of physical and digital goods.

**The USMCA seeks to ensure fairness, equity, and safe working conditions for all workers.**

USMCA partners pledge to provide full national protection for innovators and aggressively pursue and apprehend illegal or unauthorised distributors of IP. These protections extend to trade secrets, trademarks, and other industry innovations. The USMCA also entrusts authorities with additional responsibilities to stop counterfeit or pirated goods at every phase of entry, exit, and transit across borders.

## Labour Rights

The USMCA seeks to ensure fairness, equity, and safe working conditions for all workers. The USMCA partners pledge to further protect workers from forced labour, violence, and the outsourcing of jobs. A

notable addition to the USMCA is the Rapid Response Mechanism (RRM), which allows the U.S. to intervene on behalf of workers who face abuse from Mexican facilities. Through the RRM, Mexican and American workers can exercise their rights to unionise and enhance their job security.

## De Minimis Privileges

## The Upcoming 2026 USMCA Review

Trade agreements, as with any treaty, must undergo review. This summer, the three partners will review the USMCA's effectiveness and determine if they will renew the agreement through 2042. At the beginning of the second Trump administration, the U.S. had enacted tariffs on all countries, including its USMCA partners, Mexico and Canada. In response, Mexico and Canada imposed retaliatory tariffs against the U.S. The U.S.'s trade war, along with the shortcomings of USMCA goals, threatens the future of the USMCA as it generates wariness and concern amongst the three partners.

## **Recommended Literature**

UNITED STATES-MEXICO-CANADA TRADE FACT SHEET Modernizing NAFTA into a 21st Century Trade Agreement. <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/fact-sheets/modernizing>