

United States-Mexico-Canada Agreement

Background

The United States-Mexico-Canada Agreement (USMCA) came into effect on July 1, 2020, replacing the North American Free Trade Agreement (NAFTA), which was enacted in 1994 until December 2019. The Trump Administration completed an updated version of the pact with Canada and Mexico, which is now known as the USMCA ([ITA](#)). The USMCA is considered a mutually beneficial win for North American workers, farmers, ranchers, and businesses ([USTR](#)).

USMCA highlights include:

- Creating a more level playing field for American workers, including improved rules of origin for automobiles, trucks, other products, and disciplines on currency manipulation.
- Benefiting American farmers, ranchers, and agribusinesses by modernizing and strengthening food and agriculture trade in North America.
- Supporting a 21st Century economy through new protections for U.S. intellectual property, and ensuring opportunities for trade in U.S. services.
- New chapters covering Digital Trade, Anticorruption, and Good Regulatory Practices, as well as a chapter devoted to ensuring that Small and Medium Sized Enterprises benefit from the Agreement ([USTR](#)).

Report on USMCA

The Commission's model estimates that USMCA would raise U.S. real GDP by \$68.2 billion (0.35 percent) and U.S. employment by 176,000 jobs (0.12 percent) ([USITC, 2019](#)).

2023 Update

As of February 12, 2023, the work will be carried out by the U.S. Borders and Customs Office of Trade, Trade Policy and Programs Directorate, but will be developed into the Textiles and Trade Agreements Division, in charge of all USMCAs issues and inquiries ([CBP, 2023](#)).

Next Steps

The USMCA requires that the agreement becomes evaluated by "joint review" every six years after entry-into-force. At the joint review, the parties present will evaluate the performance of the agreement and decide on any appropriate future actions ([CBP, 2023](#)).

Key Provisions

The USMCA has a total of 34 chapters and 12 side letters. It has most of NAFTA's chapters remaining while also making key updates and changes to market access provisions for autos and agriculture products, to rules such as investment, government procurement, and intellectual property rights (IPR), and to provisions regarding labor and the environment.

There have also been new provisions added into the USMCA that were not a part of NAFTA, such as digital trade, state-owned enterprises, and currency misalignment ([CRS Reports, 2023](#)).

Dispute Settlements

Article 31.1 is about cooperation. In this article, it states: The Parties shall at all times endeavor to agree on the interpretation and application of this Agreement, and shall make every attempt through cooperation and consultations to arrive at a mutually satisfactory resolution of a matter that might affect its operation or application ([USTR](#)).

Frequently Asked Questions

- How should the trade community prepare to comply with the new USMCA rules and requirements?
- What is the U.S. Borders and Customs role in the regulation and compliance of the USMCA?
 - CBP is the lead implementing agency of the USMCA and will ensure, coordinate, and guide the implementation of the USMCA ([CBP, 2020](#)).

To read the full text of the United States-Mexico-Canada Agreement, reference [here](#).