

# USMCA Rapid Response Mechanism

## What is the USMCA?

The United States – Mexico – Canada Agreement (USMCA) is a trade agreement between the named parties that entered into force on July 1, 2020. This agreement substituted the North American Free Trade Agreement, aiming to create more balanced, reciprocal trade, supporting high-paying jobs and the growth of the North American economy ([USTR](#)).

## What is the Rapid Response Mechanism?

The USMCA includes a novel facility-specific dispute settlement system in Chapter 31, Annex A, named the Rapid Response Mechanism (RRM). This system provides expedited enforcement of workers' free association and collective bargaining rights at the facility level, prioritizing labor obligations by including them in the core of the agreement and making them fully enforceable. It permits the member governments to take expedited enforcement actions against individual factories that appear to be denying workers the right of freedom of association and collective bargaining under the respective country's law ([DOL](#)). This is a major change from NAFTA, which only contained a side agreement on labor ([Reuters](#)).

This labor chapter designated the U.S. Department of Labor as the U.S. Government point of contact for addressing matters related to the

agreement. The USMCA implementing legislation establishes an Interagency Labor Committee for Monitoring and Enforcement, co-chaired by the Department and the USTR, to coordinate U.S. efforts with respect to implementation and maintenance of the USMCA labor obligations, and to enforce USMCA labor provision where necessary ([DOL](#)).

The first step of the mechanism is for a country to submit a request for review to determine whether there is a denial of rights and attempt to remediate any issues it finds. In certain situations, the mechanism also provides for panelists to assess complaints about conditions at specific facilities and, in cases of non-compliance with key labor obligations, provides for the suspension of USMCA tariff benefits or the imposition of other penalties ([USTR](#)).

## Why is it important?

The relevance of this labor dispute settlement mechanism First of its kind and allows the United States to take enforcement actions against individual factories if they fail to comply with domestic freedom of association and collective bargaining laws ([DOL](#)).

The first labor complaint successfully concluded through the USMCA Rapid Response Mechanism was the case of the General Motors facility in Silao, Mexico, which started with a review requested by the U.S. on May 12, 2021.