

The United States Mexico Canada Agreement (USMCA) is an updated version of the nearly 25-year-old, trillion-dollar North American Free Trade Agreement (NAFTA). It includes major changes on cars and new policies on labour and environmental standards, intellectual property protections, and some digital trade provisions.

During his 2016 presidential campaign, Donald Trump [promised to renegotiate NAFTA](#), which he called “the worst trade deal ever made.” As president, he did so. The result is the USMCA, which the leaders of the three countries signed in November 2018.

Here’s a brief overview of what’s in it:

- **Country of origin rules:** Automobiles must have 75 percent of their components manufactured in Mexico, the US, or Canada to qualify for zero tariffs (up from 62.5 percent under NAFTA).
- **Labour provisions:** 40 to 45 percent of automobile parts must be made by workers who earn at least \$16 an hour by 2023. Mexico agreed to pass new labour laws to give greater protections to workers, including migrants and women. Most notably, these laws are supposed to make it easier for Mexican workers to unionize.
- **US farmers get more access to the Canadian dairy market:** The US got Canada to open up its dairy market to US farmers, a big issue for Trump.
- **Intellectual property and digital trade:** The deal extends the terms of copyright to 70 years beyond the life of the author (up from 50). It also includes new provisions to deal with the digital economy, [such as](#) prohibiting duties on things like music and ebooks, and protections for internet companies so they’re not liable for content their users produce.
- **Sunset clause:** The agreement adds a 16-year sunset clause —meaning the terms of the agreement expire, or “sunset,” after 16 years. The deal is also subject to a review every six years, at which point the US, Mexico, and Canada can decide to extend the USMCA.

In June 2019, Mexico became the first country to ratify the deal. But in the US, Democrats on Capitol Hill refused to sign on to the deal without stronger enforcement of labour provisions, stricter environmental protections, and other changes.

House Democrats [formed a working group](#) to work with the administration on those demands. (As for Canada, it was mostly waiting for the US to get its act together before it took up the deal.)

In December, they announced they'd reached a revised USMCA deal with the Trump administration that included most of the updates they wanted. One big one was a [“rapid-response mechanism”](#) that calls for an independent, three-person panel of multinational, independent experts who will make sure Mexico is abiding by its union rules and other protections.

The revised version won the support of Richard Trumka, president of the AFL-CIO, the largest federation of labour unions in the United States, who had initially opposed the deal. Environmental groups still say it doesn't go far enough, though, and some unions are still opposed.

But it was good enough to gain bipartisan support in Congress.

On December 19, the USMCA passed the House with a vote of 385 to 41. About a month later — on the same day President Trump's impeachment trial was set to begin — the Senate overwhelmingly approved the USMCA, 89 to 10.

The USMCA now awaits Trump's signature, marking a significant achievement for the president as he heads into the 2020 election. Canada must also ratify the agreement, but now that the USMCA has made it through Congress, Canada will likely pass it, too.

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