

USMCA



UNITED STATES-MEXICO-CANADA AGREEMENT

AFTER more than a year of negotiations, Canada, Mexico, and the United States announced the completion of negotiations toward a new trilateral deal. The new deal dubbed the U.S.-Mexico-Canada Agreement will replace the 1994 North America Free Trade Agreement and seeks to address 21st-century trade issues.

Below are some of the main elements of the new trade deal:

AUTOS



- Requires that at least **75%** of **North American cars** be produced in the region.
- Requires that at least **40%** of them be produced by workers making **\$16 an hour** or more to pass through the countries **duty-free**.

United States-Mexico-Canada Agreement (2018) Chapter 4: Rules of Origin

DISPUTES



- Keeps NAFTA's **dispute-settlement provisions** and incorporates them into **Chapter 10**.
- Restricts NAFTA's **investor-state dispute resolution provisions** between the U.S. and Mexico and eliminates them between U.S. and Canada.

United States-Mexico-Canada Agreement (2018) Chapter 10: Trade Remedies

United States-Mexico-Canada Agreement (2018) Chapter 31: Dispute Settlement

FTAs WITH NON-MARKET ECONOMIES



- Requires that any member who plans to launch **trade negotiations** with a **non-market economy** give the other two at least a **3 months' notice** prior to starting the negotiations.
- Allows members to **potentially terminate** the agreement if a member decides enter into an **FTA** with a **non-market economy**.
- In this case, it allows the remaining members to replace the USMCA with a **bilateral agreement** between them.

United States-Mexico-Canada Agreement (2018) Chapter 32: Exceptions and General Provisions

DAIRY



- Allows **U.S. dairy farmers** to export the equivalent of **3.6%** of Canada's dairy market into Canada.
- Eliminates Canada's **Class 6** and **Class 7 milk categories** and **associated pricing schedules** for skim milk, skim milk proteins, and other components and ultrafiltered milk.

United States-Mexico-Canada Agreement (2018) Chapter 3: Agriculture.

CURRENCY



The new deal includes a new **currency chapter** that commits the three countries to:

- Maintain **market-determined exchange rates**.
- Refrain from **competitive devaluations** of their currencies.
- Strengthen the conditions for **macroeconomic and exchange rate stability**.

United States-Mexico-Canada Agreement (2018) Chapter 33: Macroeconomic Policies and Exchange Rate Matters

DIGITAL TRADE



- Prohibits **customs duties** from being applied to **electronically distributed products** such as e-books, videos, music, software, and games.
- Allows **data** to be **transferred cross-border** and reduces the limits on where data can be **stored** and **processed**.
- Places **stronger** enforceable **consumer protections** on the digital market.

United States-Mexico-Canada Agreement (2018) Chapter 19: Digital Trade

SUNSET CLAUSE



- Includes a **16-year expiration date**.
- Requires the U.S., Mexico, and Canada to meet and **review** the deal **every six years**, when it can be **extended** for another 16 years.

United States-Mexico-Canada Agreement (2018) Chapter 34: Final Provisions

