



United Steelworkers Position on the Six-Year Review of the USMCA

Why the United States-Mexico-Canada (USMCA) Trade Agreement Is Falling Short

USMCA replaced the North America Free Trade Agreement (NAFTA), which was disastrous for American workers. NAFTA cost hundreds of thousands of U.S. and Canadian jobs while hollowing out their communities. Meanwhile in Mexico, employers and company-dominated unions suppressed workers' wages and undermined workplace rights. USMCA was intended to rebalance trade, create good jobs, and raise labor standards. Instead, key outcomes show the agreement is failing for working people.

- Mexico deficit: The U.S. goods trade deficit with Mexico alone hit \$156 billion in 2024, widening by \$101 billion since USMCA took effect, largely due to manufacturing imports.
- Corporations continued to move jobs to Mexico to exploit low wages: Despite increased investment of \$155.4 billion by U.S. manufacturers in Mexico between 2020 and 2023, Mexican wages have remained stagnant relative to U.S. and Canadian wages since NAFTA.

Without stronger labor enforcement, stronger rules of origin, binding environmental standards, and better coordinated trade policies among all three countries, USMCA will continue to encourage outsourcing, suppress wages, and undermine fair competition. Below are examples of challenges in USMCA and recommendations for improvements by the United Steelworkers (USW), the largest industrial union in North America.

Labor Rights: Strengthen Law and Implementation

There has been progress, but enforcement gaps keep wages low and rights unprotected.

- Wages remain suppressed: Mexican workers earn just 10 percent of U.S. manufacturing wages and 12 percent of Canadian wages. The wage gap has not narrowed despite adoption of the Labor Value Content (LVC) thresholds and the Rapid Response Mechanism (RRM).
- Sanctions not applied: Mexico's labor authorities have not used their authority to penalize employers who violate labor law, despite USMCA requirements.
- Violence and retaliation persist: Workers face threats of and actual violence, blacklisting, and factory closures when they attempt to organize.
- Delays in dispute panels: RRM cases can take more than a year, leaving workers without remedies while employers continue abuses.
- Budget cuts undermine enforcement: Mexico slashed the Federal Center for Conciliation and Labor Registry's (Federal Center) funding by one-third in 2025, while the need for resources only continues to rise.

USW Recommendations

- Clarify and enhance Mexico's enforcement authority to sanction labor violations.
- Require timely intervention by Mexico to protect workers from violence, blacklisting, and retaliation.
- Require employers to provide information and create rebuttable presumptions to shift the burden of proof away from workers.
- Guarantee adequate funding and training for Mexican enforcement institutions.
- Enhance sectoral coverage to ensure that efforts to address labor rights violations result in all workers in an industry seeing gains.
- Shorten RRM panel timelines to prevent irreparable harm to workers and allow sectoral determinations based on facility allegations.

- Ensure U.S. government funding to maintain U.S. labor attaches in Mexico, provide training for Mexican judicial and labor personnel, and assist workers in accessing the RRM.

Rules of Origin (ROO): Close Loopholes and Boost Regional Content

The surge in auto and parts imports and backdoor access for Foreign Entity of Concern (FEOC) covered nations show how current rules are too weak.

- Auto import surge: Despite USMCA, outsourcing of production to Mexico helped fuel increased imports of vehicles and parts from Mexico, which nearly doubled between 2020 and 2024.
 - Light-duty vehicles rose 67 percent.
 - Medium- and heavy-duty vehicles rose 424 percent.
- People's Republic of China (PRC) market access: Chinese firms raised direct investment in Mexico by 288 percent from 2020 through 2023, with exports of key industrial goods to Mexico rising 160–900 percent. Too many of these goods are then exported duty-free to the U.S.

USW Recommendations

- Raise Regional Value Content (RVC)
- Expand LVC: Apply \$16/hour wage rules beyond autos to aircraft, shipbuilding, and other sectors, and make it a minimum standard.
- Tighten steel and aluminum standards: Require at least 70 percent of purchases to be originating, strengthen melt and pour requirements, and develop smelt-and-cast requirements for aluminum.
- Expand to critical minerals: Apply melt-and-pour or smelt-and-cast standards to copper, nickel, graphite, lithium, titanium, and platinum group metals (PGMs).
- Rationale: Stronger ROO ensures supply chains stay in North America, prevents FEOC backdoor exploitation, and strengthens regional industrial capacity.

Environmental Standards: Close Gaps and Enforce Commitments

Weak standards allow environmental exploitation that harms both workers and communities.

- Current USMCA provisions are too vague and lack enforceability, enabling firms to shift production to where standards are weakest.
- Environmental exploitation in Mexico undercuts U.S. workers, who operate under stronger, attainable rules, and fuels the same race to the bottom seen with wages.

USW Recommendations

- Binding enforcement: RRM should be expanded for use on environmental abuses.
- Pollution standards: Enhance trade rules to improve weak air, water, and waste protections.
- Cross-border enforcement: Create clear dispute settlement pathways for environmental violations.

Conclusion

The USMCA's six-year review is a critical opportunity to fix what isn't working and show that trade agreements must adjust to new challenges. Without strong reforms on labor, rules of origin, environmental standards, and coordinated trade enforcement, the agreement will continue to fuel outsourcing, suppress wages, and weaken fair competition. USW urges negotiators to adopt these changes so USMCA can finally live up to its promise of fair trade that protects workers, strengthens supply chains, and upholds shared environmental commitments.