

**Featured Professionals**

Luis G. Reséndiz

**Related Services**

International

## USMCA: Closer to Reality

**Legal Update**

12.13.2019

By Luis G. Reséndiz

On December 10, 2019, the White House and Congress announced that they have reached an agreement that opens a path for ratification of the new free trade agreement between the United States, Mexico and Canada (USMCA).

USMCA was signed on November 30, 2019, by the presidents of all three countries. However, Congress demanded changes to several sections of the agreement before it could be submitted for ratification. After months of negotiations, the White House and Congress finally agreed on a set of changes that also seem acceptable to Mexico and Canada.

Some of the main modifications relate to labor conditions in Mexico. While the original language already had provisions aimed at forcing Mexico to raise wages for autoworkers and some labor protections, the revisions add mechanisms to police compliance with certain labor rights (including more transparency in collective bargaining) and standards. The revised language provides specific benchmarks that Mexico must meet regarding the implementation of labor reforms. Failure by Mexico to comply with these obligations may result in enforcement measures, including imposing potential penalties (or tariffs) on goods or services.

There is wide expectation that this revised version of USMCA will be ratified by all three countries next year. If ratified, USMCA will replace the North American Free Trade Agreement (NAFTA) that has been in place since 1994.