

USMCA Goes into Effect Today



Effective today, the United States-Mexico-Canada Agreement (USMCA) goes into force, replacing the North American Free Trade Agreement. The agreement's implementation signifies an important step, but not the end of the work that needs to be done to deepen collaboration across the continent.

Thomas J. Donohue, CEO of the U.S. Chamber of Commerce, **Perrin Beatty**, President and CEO of the Canadian Chamber of Commerce, and **Carlos Salazar Lomelín**, Chairman of Mexico's Consejo Coordinador Empresarial (Business Coordinating Council), [issued a joint statement](#) today upon the United States-Mexico-Canada Agreement's (USMCA) entry into force:

"The United States-Mexico-Canada Agreement (USMCA) enters into force today, July 1. The USMCA preserves and deepens the trade ties between our three countries, providing much needed assurance for the North American economy, which represents 27% of global GDP and 16% of global trade. By providing job creators with the certainty they need to invest, hire, and grow, the agreement will foster prosperity for our societies for years to come.

"Our organizations—the Canadian Chamber of Commerce, the Consejo Coordinador Empresarial, and the U.S. Chamber of Commerce—were heavily engaged and invested in the process leading to this moment: we championed state-of-the-art provisions, pushed back against frequent threats to withdraw from the old NAFTA, and insisted on retaining a trilateral agreement for the benefit of the region and our countries.

"USMCA modernizes our North American trading framework for the 21st century. It incorporates best-in-class provisions in areas such as digital trade, financial services, and telecommunications. Through innovative new chapters, it facilitates the integration of small and medium enterprises into international trade, promotes competition, and contributes to the fight against corruption.

“Overall, the agreement increases our region’s competitiveness, which is vital in an uncertain international context characterized by protectionist temptations. Nevertheless, the agreement was less than hoped for in areas such as intellectual property, procurement, and labor mobility.

“The work does not stop now. There are challenges where flexibility will be needed. The auto industry—our region’s largest manufacturing sector—will have to comply with hundreds of pages of new regulations implementing strict content requirements. New rules in a number of other areas, such as labor, will also present compliance challenges. The COVID-19 pandemic and economic downturn may make adapting to these new rules even more challenging.

“We also urge the governments to operate within the spirit of the agreement and refrain from the use of tariffs on national security grounds. Our North American partnership does not threaten anyone’s national security; on the contrary, it is a great strength for all three of our countries. Suggesting these tariffs may return only threatens critical cross-border supply chains. Furthermore, USMCA will only be successful to the extent that all three governments show commitment, involvement and, above all, abidance to the legal and regulatory frameworks.

“This agreement cements us as members of the same team. It enhances North America’s standing as the premier global destination for investment. It is crucial that governments and business communities in the three countries work together to ensure the agreement reaches its potential to foster productivity, be an engine for inclusive development and growth, and solidify North America as the most competitive region in the world.”