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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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October 30, 2020

President Donald Trump
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

It is critical that Mexico and Canada meet their obligations if American workers, farmers, businesses, and consumers are to reap the full benefits you promised they would receive from the United States - Mexico - Canada Agreement (USMCA).¹ Promises were made, but promises have not been delivered.

On November 30, 2018, the United States, Mexico, and Canada signed USMCA. The implementing bill was signed into law on January 29, 2020, and the agreement entered into force on July 1, 2020. Prior to entry into force, Ambassador Lighthizer pledged that the Administration would take “strong actions to ensure America’s trade partners comply with the terms of our trade agreements.”² Now, nearly four months after USMCA entered into force, Mexico and Canada have still failed to fully come into compliance with the agreement in areas ranging from customs and trade facilitation to agricultural issues. This significant delay, with no apparent deadline for actual compliance, continues to leave American workers, producers, farmers, and consumers at a disadvantage, depriving them of the benefits you promised when you set out to renegotiate the North American Free Trade Agreement (NAFTA).

¹ See, e.g., Remarks by President Trump on the United States-Mexico-Canada Agreement, Oct. 1, 2018, *available at* <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-united-states-mexico-canada-agreement/>; Remarks by President Trump at a Signing Ceremony for the United States-Mexico-Canada Trade Agreement, Jan. 29, 2020, *available at* <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-signing-ceremony-united-states-mexico-canada-trade-agreement/>.

² Ambassador Lighthizer Testimony before the Senate Committee on Finance, June 17, 2020.

Simply put, agreements are only worth the paper they are written on when our trading partners are not held to their commitments.

In particular, there are several important issues that Mexico and Canada must address to come into compliance with their obligations:

- **Labor:** The labor obligations in USMCA are more ambitious than those in any other U.S. trade agreement, and they are coupled with a novel facility-specific enforcement plan. However, Mexico has already begun to miss benchmarks in the timeline for meeting its obligations. Further, the Administration has yet to bring *any* enforcement action under either traditional state-to-state dispute settlement or the new Rapid Response Mechanism despite the persistence of labor violations in Mexico.
- **Autos:** While new auto rules of origin intended to strengthen U.S. manufacturing were developed as part of USMCA, tremendous gaps remain as to what automakers and their suppliers must do to comply with the rules, which are yet to be filled. Further, several months after entry into force, automakers continue to negotiate “transition plans” with the Administration that will excuse non-compliance for years to come with little to no transparency regarding what dispensations have been given. Without a clear understanding of the rules or when companies will be required to follow the rules, it is difficult to declare USMCA a victory or even better than NAFTA.
- **Anti-corruption:** Chapter 27 of USMCA provides clear obligations with regard to corruption. While the United States and Canada already have laws that satisfy the provisions of Chapter 27, Mexico must revise its federal laws to implement the provisions outlined in Chapter 27, including as they relate to foreign bribery, books and records, and other provisions. It does not appear that any such revisions have occurred.
- **Dairy:** Prior to entry into force, Canada announced new regulations which were expected to implement its dairy market access commitments. This is one of the few areas where the agreement provided genuine, if limited, new market access. However, Canada’s new tariff rate quota (TRQ) regulations are not consistent with the text of USMCA and will likely lead to dairy producers not receiving the market access promised by Canada.

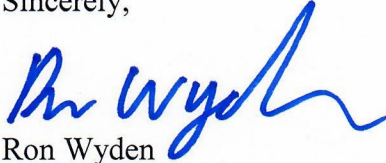
Further, during negotiations, Mexico agreed to recognize certain common cheese names ensuring ongoing market access for U.S. producers, but Mexico has yet to meaningfully translate this obligation into its regulation or other domestic requirements.

- **Biotech:** Despite agreeing to new obligations specific to products of biotechnology, Mexico continues to fail to issue approvals for U.S. biotechnology products, in a manner inconsistent with Mexico’s own regulations. Failing to grant approvals for innovative U.S. products denies these products access to the Mexican market.

Many in Congress, including myself, worked hard to ensure the agreement contained the highest-
ever standards and protections for U.S. workers, businesses and farmers. But, those obligations
are meaningless if you do not put them to use.

Due to your inaction, USMCA is in danger of becoming just another in a string of empty
promises made by you and your administration to American workers.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ron Wyden", with a stylized flourish at the end.

Ron Wyden
Ranking Member
Senate Committee on Finance