



**BLUEGREEN**  
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# Rewriting USMCA for Workers and the Environment





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Twenty years ago, the United Steelworkers and the Sierra Club formed the BlueGreen Alliance (BGA) in recognition that the future of working people and the health of the environment are inextricably linked. Bluegreen Alliance was born, in part, out of a shared commitment to just trade policies, and in opposition to the unfair and predatory North American Free Trade Agreement (NAFTA), which for years privileged the profits of multi-national corporations over working people and the planet.

Six years ago, NAFTA was finally replaced by a new agreement—the United States Mexico Canada Agreement (USMCA). While the USMCA made some improvements over NAFTA, the existing agreement still rewards companies for offshoring production, paying the lowest wages possible, and laying waste to the environment in the most vulnerable communities.

## Process and Opportunity

The U.S., Mexico, and Canada are required by the terms of USMCA to meet and review the agreement every six years. This year, 2026, is the first opportunity for review, and initial discussions between the three countries are taking place. By July 1, the three countries must decide whether to extend the agreement as-is, negotiate updates, or opt to withdraw. If the parties agree, the USMCA is extended for another 16 years. If the countries do not agree, the USMCA enters a cycle of annual reviews and will ultimately expire in 2036 if disagreements are not resolved.

- **This platform lays out the changes that BGA and our partners are demanding from USMCA.** We do not expect the parties to agree to a straight renewal of USMCA. Instead, we expect that they will work

to negotiate changes to the agreement this year. And while responsibility for negotiating any changes lies with the U.S. Trade Representative, Congress has a critical role to play in the process. Congress has constitutional authority to decide whether any changes made to the USMCA during the review require Congressional approval.

- Any changes that change U.S. law will require Congress to legislate.
- USMCA requires the United States Trade Representative (USTR) to consult with Congress during the joint review process

Members of Congress can also continue to work alongside advocates to shape meaningful changes to the USMCA. This review provides a once-in-a-decade opportunity to build a North American economy that rewards clean manufacturing, protects workers, and the environment. We urge the Trump administration to take it, and we urge Congress to make sure they do.

# ONSHORE SUPPLY CHAINS AND MANUFACTURING

**Why:** Decades of bad trade agreements and offshoring have contributed to a decline in U.S. manufacturing; this has hollowed out communities, exacerbated inequality, and undermined our economy's resilience. Under the USMCA, the U.S. trade deficit with Mexico has increased by nearly 75 percent since 2019 (the last year before the USMCA came into force), reaching \$172 billion. In autos, the trade imbalance between the U.S. and Mexico has increased by \$30.9 billion, or 34%, between 2018 and 2023.<sup>1</sup> Strong trade agreements can help to stop this trend of offshoring and rebuild U.S. manufacturing.

They can also help us build more resilient supply chains, so we are not dependent on imports for critical technologies. Many critical manufacturing sectors still use parts and components imported from non-member countries, lightly assemble the parts into a product in Mexico or Canada, and receive duty-free U.S. access. It is estimated that 20% of the value of Mexican exports to the United States consists of Chinese content, for example.<sup>2</sup> This is a problem because those third countries are not party to USMCA, and therefore not subject to any of the requirements that are the basis for receiving the privileged access to the U.S. market that USMCA provides. USMCA should be reformed to privilege goods actually produced in North America, and to ensure that a significant share of what is consumed in the United States, Canada, and Mexico is produced in each of those countries.

## *Rules of Origin, Regional Value Content & Labor Value Content*

For a vehicle to enter the United States duty-free under USMCA, a percentage of its value, parts, and labor must come from the United States, Canada, or Mexico. **These rules of origin need to be updated for today's vehicles and supply chains**, to include parts and components for electric vehicles and autonomous vehicles, and other innovative technologies (semiconductors, batteries, chips, software, critical minerals, etc.). To the greatest extent possible, we should build capacity to produce these technologies in North America. North American regional value content (RVC) calculates what percent of a vehicle's value that was made in North America. **RVC requirements must remain strong and enforced**, and RVC compliance should be simplified for producers. If not, companies outside North America will continue to receive USMCA benefits by entering the USMCA market, doing minimal processing or assembly here, and calling a product North American built.

Under USMCA's current labor value content (LVC) analysis, 40% of a vehicle's content must come from facilities where workers earn at least \$16 an hour. **The LVC provision should be strengthened to ensure manufacturers aren't incentivized to**

**offshore so they can pay workers less.** Specifically, it should expand the \$16/hour wage rules to other significant manufacturing sectors like aircraft and shipbuilding.

## *Critical Minerals and Materials*

USMCA currently requires steel to be melted and poured in North America to count as North American. This refers to the process where raw steel is first melted in a furnace and then poured into a solid cast. **The same "melt-and-pour" origin standards should apply to aluminum, copper and critical minerals** where the process permits. Melt-and-pour standards ensure that we can trace the environmental and labor standards for goods to the earliest stages of production, which are often the most labor-intensive and environmentally impactful. Without this, foreign materials can be lightly processed in any USMCA country and considered North American, and/or rules can be circumvented through other forms of transshipment (including passing off products as Mexican or Canadian through customs fraud).

The United States Trade Representative (USTR) should **establish supply chain transparency tools** through the North American Competitiveness Committee.<sup>3</sup> The Competitiveness Committee was established by USMCA and is composed

of government representatives from each participating country who are tasked with cooperation on issues, including incentivizing production in the United States. The Committee should **establish a framework to identify and respond to vulnerabilities in our critical and clean energy manufacturing supply chains.** A cooperative formal mechanism should also be established to **prevent foreign products from entering via transshipment (routing through a third country) and to prevent dumping (selling products below fair market value to distort the market).**

### *Market Access and Production – Tariff Rate Quotas*

Under the current USMCA, any vehicle that meets the “rules of origin” requirements can enter the United States at a preferential tariff rate. **A renewed USMCA should instead authorize a tariff rate quota (TRQ) for vehicles, automotive components, and other strategic goods. Companies that want duty free access to the U.S. market would need to produce a certain percentage of their sales in the United States. Imports that exceed the quota share would not receive preferential, duty-free access to the domestic market.** If a company wants to sell in the United States, they can earn market access by manufacturing in the United States as well.

## **RAISE STANDARDS FOR WORKERS & THE ENVIRONMENT**

**Why:** A renegotiated USMCA should raise wages and include strict protections for the rights of workers and for the environment. USMCA established a facility-specific Rapid Response Mechanism (RRM) for enforcement of labor violations, but no equivalent protections exist for environmental standards and protections. Lack of environmental standards and oversight encourages companies to cut costs by engaging in environmental arbitrage.

Average manufacturing wages in Mexico are also still only \$2.76 an hour, roughly a tenth of U.S. average manufacturing wages.<sup>4</sup> If corporations can cut costs by relocating where they can pay workers poverty wages, offer fewer protections, and exploit and pollute the environment without consequence, we will continue to see a “race-to-the-bottom” trade regime. **North America can and should set a global example for strong labor and environmental protections.**

### *North American Minimum Wage*

**Establish a North American minimum wage** standard for core manufacturing sectors as a condition of preferential market access to the United States.

### *Coordinated Carbon Tracking*

There is currently no coordinated process among the United States, Mexico, and Canada to track and measure industrial carbon emissions. Under the USMCA’s Competitiveness Committee, the three countries should **standardize a coordinated framework to measure and verify the amount of carbon produced from manufacturing.** This information could be used to support future

investigations of potential violations in facilities in all three countries, as well as support the deployment of innovative manufacturing technologies that reduce pollution and strengthen competitiveness long-term.

### *Strengthen the Labor Rapid Response Mechanism and Create an Environmental Rapid Response Mechanism*

The Labor Rapid Response Mechanism (RRM) allows the United States to penalize factories that violate labor rights. **The RRM should be expanded** to all trade-exposed high-priority manufacturing sectors and major industries with documented labor abuses; be sufficiently funded to ensure that there is real investigation and oversight capacity in

all three countries to address complaints; should include set timelines for case processing; and require public reporting of outcomes.

**USMCA must also have an RRM for the environment.** If a facility is violating environmental standards, there must be enforcement mechanisms, oversight, and consequences on par with the labor RRM.

### *Environmental Chapter and Environmental Agreements*

USMCA's environmental chapter requires countries "strive to ensure" that obligations in the agreement are met. This language should be changed to "shall ensure" to **make language and commitments binding**. Recent examples of environmental degradation, including the continuous Tijuana River Valley transboundary pollution crisis and deforestation caused by Mexico's avocado industry, prove that companies will continue to profit off the exploitation of the environment—with devastating human consequences—if requirements are not mandatory and enforced.<sup>5,6</sup>

USMCA currently enforces a fixed list of international environmental treaties. Every time a new treaty is created—or one of the three countries joins an existing one—the agreement must be formally renegotiated to include it. Instead, **any new environmental treaty joined**

**by at least two of the three countries should be automatically enforceable under USMCA.**

### *Hazardous Byproducts*

Hazardous industrial byproducts like lead-acid battery dust, steel furnace dust, and metal slag cannot be shipped across the border to facilities with weaker environmental and worker safety standards. **USMCA should prohibit the export or import of toxic industrial byproducts unless the facility receiving them meets U.S. environmental and occupational standards or higher.**

### *Workforce Training*

To ensure the transition to clean energy does not result in worker displacement in any USMCA country, the **Competitiveness Committee should expand its focus to include** programs that invest in registered apprenticeship and other high-quality union-affiliated training programs in the industrial sector. These programs should be designed to ensure workers in legacy industries are not left behind by transitions to new technologies and processes.

Domestically, Congress should prioritize reauthorization of the Trade Adjustment Assistance (TAA) program and advance the TAA Modernization Act to renew critical support for workers whose jobs and communities have been disrupted by trade.



# POPULAR SOVEREIGNTY OVER CORPORATE PROFITS

**Why:** Trade agreements should not allow corporations—or other countries—to undermine the ability of any partner country to establish laws for the protection and benefit of its citizens. Provisions that allow corporate and intercountry challenges to stronger labor and environmental laws discourage governments from pursuing policies that benefit working people and communities over large multinational corporations.

## *Eliminate Investor State Dispute Settlement*

Investor State Dispute Settlement (ISDS) is a legal mechanism that allows companies to sue governments when new laws impact them negatively—including labor and environmental laws. **ISDS should be eliminated in all sectors**, and corporations should be made to abide by the laws established by their host country.

## *Pro-Worker, Pro-Climate Procurement Support*

Governments are investing in clean procurement and domestic clean manufacturing. These policies should not be vulnerable to trade disputes. **All three countries should commit not to use USMCA dispute mechanisms to challenge each other's clean jobs or clean industrial policies**, including policies that privilege domestic procurement or procurement based on low embodied emissions, in formal dispute settlement outlets.

## Conclusion

In the 30+ years since NAFTA was implemented, approximately 90,000 U.S. manufacturing facilities have closed.<sup>7</sup> The USMCA promised Americans a better deal, but the current agreement has failed all three countries. The U.S. trade deficit with Mexico and Canada has more than doubled since USMCA took effect, and 83,000 American manufacturing jobs were lost in the past year alone.<sup>8,9</sup> In Mexico, the rights and wages of workers continue to be suppressed by companies seeking to maximize profits despite the human costs. Environmental protections remain unequal and unenforced, and pollution continues to devastate communities across borders.

The joint review offers a real opportunity for change, to deepen trilateral cooperation in ways that will help secure a resilient, equitable, and competitive North American economy, and finally put workers and communities first.

## Endnotes

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4 Economic Policy Institute, Did Trump Really Fix NAFTA? What USMCA Failed to Do and How to Put Workers First in North American Trade, December 11, 2025. <https://www.epi.org/publication/did-trump-really-fix-nafta-what-usmca-failed-to-do-and-how-to-put-workers-first-in-north-american-trade/>

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9 CBS News, U.S. Manufacturers are Still Shedding Thousands of Jobs, as Workers ask White House for Help, March 6, 2026. U.S. manufacturers are still shedding thousands of jobs, as workers ask White House for help - CBS News