The United States-Mexico-Canada Agreement (USMCA)

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Devin Nguyen

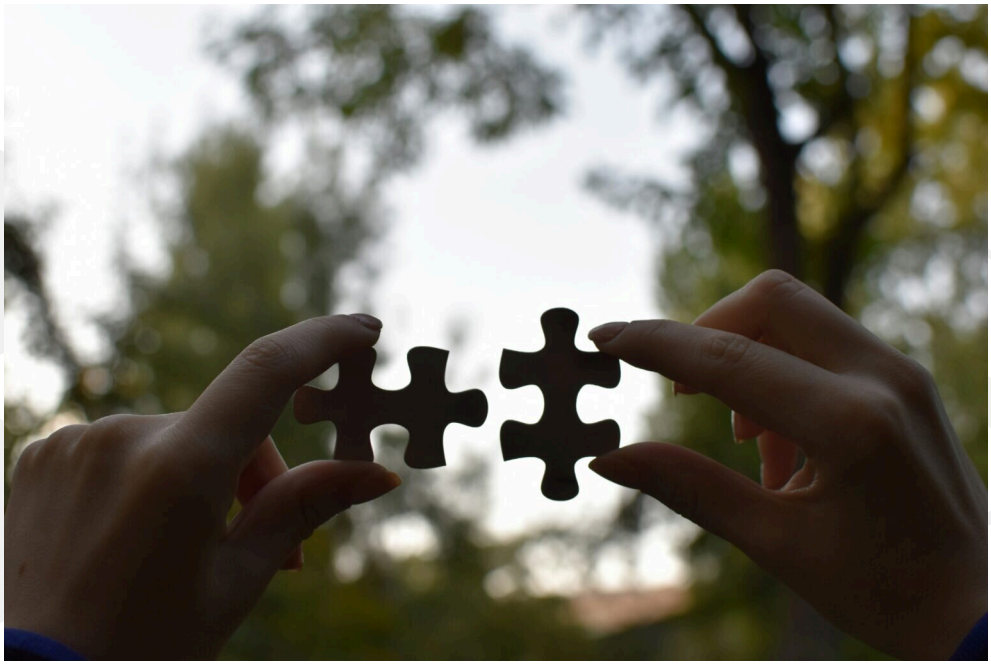


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Introduction

Avocados, maple syrup, whisky. When thinking about these goods, you may wonder where they come from and if they are subject to special trade restrictions. In 2020, the United States, Mexico, and Canada formally enacted the United States-Mexico-Canada Agreement (USMCA) to replace the North American Free Trade Agreement (NAFTA). The U.S., Mexico, and Canada pledged to enhance economic cooperation and achieve further progress in areas such as intellectual property rights, *de minimis* privileges, and labour rights.

Intellectual Property (IP) Rights

Under the USMCA, IP rights receive further protection from crimes such as theft, piracy, and counterfeiting of physical and digital goods. USMCA

partners pledge to provide full national protection for innovators and aggressively pursue and apprehend illegal or unauthorised distributors of IP. These protections extend to trade secrets, trademarks, and other industry innovations. The USMCA also entrusts authorities with additional responsibilities to stop counterfeit or pirated goods at every phase of entry, exit, and transit across borders.

***De Minimis* Privileges**

De minimis, which means "lacking significance or importance," refers to the set value threshold (i.e. $50 USD) for imposing duties and taxes on imported goods. All partners agree to increase their *de minimis* thresholds and grant duty and tax-free privileges to goods that cost less than *de minimis*. Small and medium enterprises (SMEs) whose goods cost less than *de minimis* avoid the expensive duties and taxes that affect costlier goods. USMCA partners hope that SMEs will bolster local economies by incentivising consumer activity with more competitive goods and prices.

Labour Rights

The Upcoming 2026 USMCA Review

Trade agreements, as with any treaty, must undergo review. This summer, the three partners will review the USMCA's effectiveness and determine if they will renew the agreement through 2042. At the beginning of the second Trump administration, the U.S. had enacted tariffs on all countries, including its USMCA partners, Mexico and Canada. In response, Mexico and Canada imposed retaliatory tariffs against the U.S. The U.S.'s trade war, along with the shortcomings of USMCA goals, threatens the future of the USMCA as it generates wariness and concern amongst the three partners.

Recommended Literature

UNITED STATES-MEXICO-CANADA TRADE FACT SHEET Modernizing NAFTA into a 21st Century Trade Agreement. https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/fact-sheets/modernizing