

# USMCA: Updating NAFTA to Bring Trade Into the 21<sup>st</sup> Century

## NAFTA

vs

## USMCA



Automobiles must have 62.5% of their components manufactured in Mexico, Canada, or the United States to qualify for zero tariffs.

### Automotive

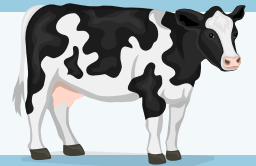
Automobiles must have 75% of their components manufactured in Mexico, Canada, or the United States to qualify for zero tariffs.



Phased out all agricultural tariffs with Mexico and most with Canada, excluding those on dairy, poultry, eggs, and sugar.

### Agriculture

Enhances access to Canada for U.S. dairy, poultry, and egg products.



### Small Businesses

Establishes a committee on small business issues to help firms expand trade internationally.



### Labor Provisions

By 2023, 40–45% of all automobile parts must be made by workers who earn at least \$16 per hour.



### Digital Trade

Prohibits custom duties on electronically-distributed products (e.g. software, video games, movies, music, books) and supports the cross-border flow of data.



### Biopharmaceuticals

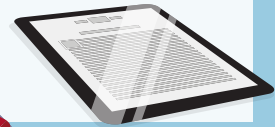
Raises intellectual property protections for biologic medicines in Canada and Mexico closer to the U.S. standard.



Protects creative works (e.g. music, movies, books) for 50 years after a creator's death.

### Copyrights

Protects creative works (e.g. music, movies, books) for 70 years after a creator's death.



Sets threshold at which U.S. shipments to Canada and Mexico incur duties at \$16 and \$50, respectively.

### E-Commerce

Increases threshold at which U.S. shipments to Canada and Mexico incur duties at \$112 and \$117, respectively.



Permits companies to sue the government over changes to policies that they claim would harm future profits.

### Environment

Eliminates the legal mechanism companies use to combat environmental regulations.



Sector	NAFTA	USMCA
<b>Auto Industry</b>	Requires that automobiles have 62.5 percent of their components manufactured in Mexico, Canada, or the United States to qualify for zero tariffs.	Requires that automobiles have 75 percent of their components manufactured in Mexico, Canada, or the United States to qualify for zero tariffs. The deal also demands that 40–45 percent of an automobile’s parts be made in a factory that pays its workers at least \$16/hr.
<b>Dairy/Agriculture Industry</b>	Phased out all agricultural tariffs with Mexico and most with Canada, excluding those on dairy, poultry, eggs, and sugar.	Increases the amount of U.S. dairy products — including milk and cheese — that can be sold in Canada by 250 percent. Maintains zero tariff and quota rates on certain U.S. exports set by NAFTA.
<b>Small Businesses</b>	No chapter dedicated to small businesses.	Includes an entire chapter dedicated to small businesses — a first for any U.S. trade deal — and establishes a special committee to help more small firms sell their goods internationally.
<b>Labor Provisions</b>	No uniform labor requirements between Canada, the United States, and Mexico.	The United States, Canada, and Mexico must adopt and enforce labor laws set by the International Labor Organization. The deal also demands that 40–45 percent of an automobile’s parts be made in a factory that pays its workers at least \$16/hr.
<b>Digital Trade</b>	No provisions to safeguard the digital economy.	Prohibits custom duties on electronically-distributed products (e.g. software, video games, movies, music, books) and supports the cross-border flow of data.
<b>Biopharmaceutical Industry</b>	Limited and outdated protections to safeguard the development of advanced medicines.	Requires 10 years of regulatory data protection for biologic medicines. This provision brings data protection in Canada and Mexico closer to the U.S. standard of 12 years and helps prevent foreign firms from stealing U.S. intellectual property.
<b>Copyright</b>	Protects creative works (e.g. music, movies, books) for 50 years after an author’s death.	Protects creative works (e.g. music, movies, books) for 70 years after an author’s death.
<b>E-Commerce</b>	Set threshold at which U.S. shipments to Canada and Mexico incur duties at \$16 and \$50 respectively.	Increases threshold at which U.S. shipments to Canada and Mexico incur duties at \$112 and \$117, respectively, allowing firms to export more goods at a cheaper price.
<b>Environment</b>	Permits companies to sue the government over changes to policies that they claim would harm future profits.	<p>With an entire chapter, includes the most comprehensive environmental protections of any previous U.S. trade deal.</p> <ul style="list-style-type: none"> <li>• Bans certain fishery subsidies to discourage illegal fishing</li> <li>• Bans shark-finning</li> <li>• Enhances custom inspections for illegal plant and animal trade</li> <li>• Reduces marine litter</li> <li>• Improves air quality</li> <li>• Allocates more resources towards forest management</li> </ul>