

Shaping the USMCA Review:

Four Pillars for Mexico to Strengthen North American Competitiveness



- Mexico should promote an agenda in favor of trade and regional investment focused on the modernization of the Treaty: inclusion of cutting-edge sectors and technologies, reduction of trade barriers, and regulatory simplification.
- It is essential to incorporate provisions related to the resilience of value chains and technological change, especially in semiconductors, critical minerals, and artificial intelligence.

Geopolitical tensions, the relocation of supply chains, and technological competition among major powers are redefining the rules of the game for global trade and investment. In this context, **North America faces the challenge of consolidating itself as a more integrated, resilient, and competitive region vis-à-vis Asia and Europe.**

Once the first six-year review of the United States-Mexico-Canada Agreement (USMCA) was initiated, the Mexican government has stated that its immediate priorities are to preserve the trilateral instrument and eliminate the tariffs currently affecting Mexican exports. In this context, and despite uncertainty and trade restrictions, Mexico maintains a relatively favorable position. **In 2025, imports from the country recorded one of the lowest tariff rates for accessing the U.S. market, at 3.7% — slightly higher than Canada's (2.4%), but nearly two percentage points below the European Union's (5.6%).**

Beyond a defensive strategy, Mexico should leverage the USMCA review to transition toward a regional economic security leadership agenda, aimed at strengthening North America's productive, technological, and logistical integration. To this end, it is essential to develop **modern borders within North America based on digitalization and interoperability; coordinate trilateral efforts to strengthen the resilience of value chains in strategic sectors such as steel, semiconductors, and critical minerals; and advance the development of a digital and artificial intelligence agenda that lays the groundwork for the region's future competitiveness.**

The Mexican Institute for Competitiveness (IMCO) proposes four pillars for regional competitiveness: **fully implementing the USMCA's existing mechanisms, strengthening North American trade integration, developing a technological agenda that enhances regional security, and reinforcing the resilience of value chains.**

PILLAR 1: Full Implementation of Existing USMCA Mechanisms on Agriculture, Technical Barriers to Trade, Regulatory Practices, and Sanitary and Phytosanitary Measures

1. Agriculture: Strengthening the Agricultural Trade Committee and the Mexico-United States Advisory Committee on Agriculture

Agriculture has been one of the main success stories in North American integration and, at the same time, one of the most contentious. **Chapter 3 of the USMCA, on agriculture, establishes that the Agricultural Trade Committee is the forum for addressing trade problems or barriers, improving market access, and cooperating on matters of mutual interest.¹ Despite this, only one formal meeting has been recorded, in 2021, stemming from political tensions over issues such as Mexico's restrictions on genetically modified corn.²**

A significant number of disputes among North American partners involve the agricultural sector. It would therefore be advisable to commit to increasing the frequency of Committee meetings. Beyond the formal Committee, it is important to strengthen the operations of the Mexico-United States Advisory Committee on Agriculture by incorporating the possibility of private sector participation to enrich its deliberations on specific issues.

2. Technical Barriers to Trade: Promoting Mutual Recognition of Certifications

Chapter 11 of the Agreement³ addresses technical standards and conformity assessment procedures that may affect trade among partners. This chapter promotes cooperation and mutual recognition of certifications. The Committee on Technical Barriers to Trade has met more frequently than its counterparts on agricultural and sanitary and phytosanitary matters, holding four meetings between 2020 and 2024.⁴ **However, in practice, no broad automatic recognition currently exists, meaning that separate testing and certification are still required in each country.**

As a result, companies must frequently undergo separate testing and certification processes in each market. One way to reduce this burden would be to design Mutual Recognition Agreements that reciprocally recognize conformity testing results in specific sectors (such as electronics), similar to the existing agreement for telecommunications equipment between Mexico and the United States.⁵ On the Mexican side, this is consistent with the objectives of the 2020 Quality Infrastructure Law.⁶

The Mexican Government could go a step further and promote programs that incentivize the certification of Mexican companies in the United States, while offering an expedited recognition procedure in Mexico to encourage export activity.

3. Sanitary and Phytosanitary Measures: Resolving Technical Differences at Early Stages

Chapter 9 on Sanitary and Phytosanitary Measures establishes that the thematic Committee on the matter is the designated forum to "identify and discuss, at an early and appropriate stage, draft sanitary or phytosanitary measures or revisions to existing sanitary or phytosanitary measures that may have a significant effect on trade

1. USMCA, Article 3.7: Committee on Agricultural Trade.

2. Government of Canada, "CUSMA committees, working groups and other subsidiary bodies."

3. USMCA, Chapter 11: Technical Barriers to Trade.

4. Government of Canada, "CUSMA committees, working groups and other subsidiary bodies."

5. Government of Mexico, "Acuerdo de reconocimiento mutuo entre el gobierno de los Estados Unidos Mexicanos y los Estados Unidos de América para la evaluación de la conformidad de los equipos de telecomunicaciones."

6. Chamber of Deputies of the Congress of the Union, "Ley de Infraestructura de la Calidad."

in North America."⁷ **Although the Committee is established to meet once a year unless the parties decide otherwise, according to public records, it has only convened on two occasions, in 2021 and 2022.**⁸ A commitment to resuming these meetings at least once a year could resolve technical differences before they escalate into larger conflicts, and advance toward the equivalence objective set out in Article 9.9,⁹ **a principle whereby a country may recognize that another country's sanitary or phytosanitary measures achieve the same level of protection for human, animal, or plant health, even if implemented differently.**

One of the recurring concerns raised by the U.S. government regarding sanitary and phytosanitary matters involves the waiting times for obtaining authorizations in Mexico. One way to streamline these procedures would be to advance Mutual Recognition Agreements to reduce the administrative burden on regulatory bodies (in Mexico's case, COFEPRIS and SENASICA).

PILLAR 2: Strengthening North American Trade Integration Through Process Streamlining, Combating Unfair Competition, and Promoting Labor Mobility

1. Customs Administration and Trade Facilitation: Advancing Toward Full Digitalization, Infrastructure Development, and Process Simplification

Chapter 7 on Customs Administration and Trade Facilitation establishes commitments to reduce transaction costs, streamline procedures, and increase customs transparency. However, **its implementation has been uneven. Differences persist in origin certification, as well as in systems interoperability and mutual recognition of authorized economic operators.** Mexico could propose full digitalization and simplification of these processes to achieve more efficient regional trade.

Additionally, the review offers a window to address the lack of border infrastructure through commitments to the development and modernization of pedestrian and cargo crossings. Chapter 26 of the USMCA on competitiveness establishes that the North American Competitiveness Committee has among its functions the **identification of "priority projects and policies to develop modern physical and digital infrastructure related to trade and investment, and to improve the flow of goods and the provision of services within the free trade area."**¹⁰ This article can be used to develop a long-term plan for the modernization of border infrastructure. Given its nature, the North American Development Bank (NADB) would be the ideal institution to promote this type of project under criteria of environmental sustainability and financial viability. However, a commitment from USMCA partners to expand its mandate and capitalization would be required.

2. Unfair Competition from Third Countries: Implementing Regional Anti-Dumping Mechanisms in Key Value Chains

One of the central axes of the review is the participation of economies accused of unfair trade practices in value chains that are critical to North American industries, such as steel and aluminum. One way to address this challenge would be to use Chapter 10 of the Agreement, on trade remedies, to incorporate regional

7. USMCA, Article 9.17: Committee on Sanitary and Phytosanitary Measures.

8. Government of Canada, "CUSMA committees, working groups and other subsidiary bodies."

9. USMCA, Article 9.9: Equivalence.

10. USMCA, Article 26.1: North American Competitiveness Committee.

coordination mechanisms against dumping — understood as the export of a product at a price below that at which it is sold in the domestic market. In an ambitious scenario, **the three countries could agree to eliminate anti-dumping cases among themselves to prevent these instruments from being used as non-tariff barriers within the region**, replacing them with economic competition principles that recognize North America as a common relevant market, concentrating trade defense actions against third countries.¹¹

A more viable, though limited, alternative would be **to establish anti-dumping coordination schemes for critical sectors agreed upon by the parties, starting with sensitive industries such as steel and aluminum. Likewise, it could be agreed to explicitly exempt MSMEs from anti-dumping measures**, as well as from other types of tariffs (Sections 122 and 232, for example), based on the premise that a small company has neither the incentive nor the market power to artificially lower the price of an exported good. This would require strict controls to prevent abuse of any such exemption. **This could be achieved through adjustments to the letters that already exist regarding investigations under Section 232 of the Trade Expansion Act of 1962.**

Competition with these economies accused of unfair practices must be addressed as a regional challenge — not solely an American one — given the risk of transshipment through third countries to circumvent tariffs. **The implementation of this provision on steel and aluminum, for example, could be accompanied by measures to ensure the interoperability of electronic mill certificates through blockchain technology, enabling real-time coordination among the three countries.**¹²

In light of this challenge, the USMCA review should contemplate clear rules and a trilateral administrative process to detect and penalize goods entering through transshipment, ensuring that products complying with rules of origin are automatically exempt from any tariff measure.

3. Labor Mobility: Promoting Talent Through Temporary Visas in Sectors with Labor Shortages

Chapter 16, on temporary work visas, retained the list of qualifying professions from the original North American Free Trade Agreement (NAFTA).¹³ **Mexico can propose expanding this list to meet demand in the United States for occupations facing personnel shortages, such as trucking and nursing.**

This proposal would face an uphill path in Washington given the political sensitivity of migration in the current U.S. political environment. However, from Mexico's perspective, it is advisable to put it forward for two reasons. The first is economic: leveraging the demographic complementarity between Mexico and the United States benefits regional competitiveness. The second relates to exploring ways to gradually balance the imperative of border security with the needs of the U.S. labor market.

11. Mexican Council on Foreign Affairs (COMEXI), *"Redefiniendo la relación para la prosperidad de Norteamérica"*.

12. Sotckenko, Y., *"Blockchain technology into steel industry current state of foreign payment activity."*

13. USMCA, Chapter 16: Temporary Entry for Business Persons, Appendix 2: Professionals.

This expansion of labor mobility possibilities must be accompanied by a mechanism for the trilateral alignment of competency certifications, ensuring that specialized talent meets equivalent criteria across all three countries.

Alongside this proposal, it is possible to advance the implementation of Article 15.9 of Chapter 15 (Cross-Border Trade in Services) on mutual recognition of professional degrees and licenses, through a parallel instrument that establishes deadlines for the issuance of mutual recognition agreements in sectors considered critical, such as healthcare or specialized manufacturing.¹⁴

PILLAR 3: Developing a Regional Technology Agenda to Coordinate Policies in Strategic Sectors

1. Artificial Intelligence: Developing a Regional Policy to Address Technological Change

The emergence of artificial intelligence is transforming economic structures, and the USMCA review offers an opportunity to incorporate principles that guide its development and governance in North America. **Chapter 19 on digital trade can serve as a foundation for advancing toward rules that guarantee open, secure, and predictable cross-border data flows — essential for the development of artificial intelligence — as well as for promoting common principles on data use, regulatory interoperability, and technological standards, which could be formalized through parallel letters.** However, the potential of the agreement could extend beyond data exchange.

The review could also explore mechanisms to strengthen regional digital infrastructure, including incentives for investment in data processing centers and the development of regional artificial intelligence hubs. Although the USMCA is a trade instrument and not an industrial policy, it could help create conditions of regulatory certainty, technological interoperability, and cooperation among the three countries that facilitate investment and position North America as a competitive region for the development of artificial intelligence. **One measure to achieve these objectives is the creation of a trilateral group on artificial intelligence infrastructure, tasked with promoting cooperation in advanced computing capabilities and developing regional standards and certifications to ensure the security, resilience, and interoperability of data centers across the three countries.**

2. Semiconductors: Promoting Research, Capability Development, and Production in North America

Semiconductors have become an indispensable sector in the contest for technological leadership in the 21st century. The Treaty review could serve to incorporate **a regional strategy that strengthens the resilience of the semiconductor supply chain and reduces dependence on Asia for its supply, through the coordination of investments, the development of manufacturing, assembly, testing, and packaging capabilities in North America, as well as the promotion of research, talent development, and technological cooperation among Mexico, the United States, and Canada.** Greater integration in this sector would reduce external dependencies and consolidate the region's technological competitiveness. In this area, it is essential to identify which processes should be reshored from other regions to North America in order to reduce the risk of supply chain bottlenecks — for example, printed circuit boards currently produced in Asia.

14. USMCA, Article 15.9: Recognition.

15. De la Calle, L., "North America: vertical integration to increase manufacturing production and employment, develop resilient supply chains and diversify from Asia."

PILLAR 4: Reinforcing Regional Economic Security with Resilient Value Chains in Key Inputs for the North American Industry

1. Critical Minerals: Ensuring Supply Through Regional Production and Processing

North America's economic security and energy transition are increasingly dependent on secure access to critical minerals. Ensuring the supply of these resources — from copper and aluminum to rare earths — represents a major challenge for countries, given the scarcity of proven reserves of some minerals and the concentration of processing capacity in regions far from North America. The economic security and decarbonization efforts of North America require strengthening the critical minerals supply chain, taking into account imports and exports as well as regional production and processing. The region has the advantage of being resource-rich, with the reserves of Mexico, the United States, and Canada complementing one another.

The USMCA review can serve as a starting point for developing joint protocols to strengthen the resilience of critical mineral value chains for the region. These protocols could be incorporated into the Agreement through a parallel letter signed by all three countries. An effort along these lines would be consistent with recent initiatives promoted by the United States to strengthen the security of critical mineral supply chains, such as the 2026 Critical Minerals Ministerial, in which both Mexico and Canada participated.

2. Critical Infrastructure: Strengthening Cybersecurity and Physical Security

Cybersecurity and the physical protection of critical infrastructure are essential components of North America's economic security. Critical infrastructure — power plants, pipelines, airports, telecommunications, and banking systems — is fundamental to the social and economic stability of each country. Due to geography and the integration of productive chains, risks are interconnected: a cyberattack or disruption at a port or airline system in one country can generate significant effects in the other two, impacting trade, transportation, and energy supply.

The current juncture provides an opportunity to establish joint protocols, real-time information-sharing mechanisms, and coordinated procedures that increase regional resilience against digital and physical threats. It is also possible to identify critical sectors requiring assessment and oversight to ensure they are not exposed to the influence or intervention of countries with unfair practices.

The first six-year USMCA review represents not only an opportunity to preserve the trilateral instrument and eliminate tariffs affecting Mexico, but also to put forward an ambitious regional competitiveness agenda. By leveraging existing disciplines not yet fully implemented and promoting new cooperative measures that strengthen trade, investment, and economic security, **Mexico can assert its leadership in a more integrated and resilient North America — responding with long-term vision to the economic, geopolitical, and technological changes shaping today's global context.**

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