

Combating Non-Market Practices

The **United States-Mexico-Canada Agreement (USMCA)** is the most comprehensive and high-standard trade agreement ever negotiated. It fully updates, modernizes, and rebalances the NAFTA to meet the challenges of the 21st century economy and to ensure that American workers, farmers, ranchers, and businesses, including small- and medium-sized enterprises, share in the benefits of the agreement. It will help drive economic prosperity, promote fairer and more balanced trade, and help ensure that North America remains the world's most competitive region.

The USMCA Addresses Head-On Unfair Subsidies and Other Non-Market Practices

Free trade agreements only work when economic competition takes place on a true *market* basis. In today's globalized world, the effects of non-market practices can have a damaging effect on American workers here at home. Success in economic competition should reflect hard work and innovation – not unfair government support and other market-distorting practices.

The USMCA directly addresses the growing and pernicious challenge of unfair subsidies and non-market trading practices that have the potential to disadvantage U.S. workers and businesses. Many of the USMCA's provisions set important precedents for future negotiations with potential partners outside of North America.

Treatment of 'State-Owned Enterprises' (SOEs)

- Expands the definition of what constitutes an SOE to capture companies not only owned by the government directly, but also those where the government owns a minority of the equity, but nonetheless is able to exercise control.
- Prohibits outright damaging subsidies to SOEs, going well beyond the rules included in the Trans-Pacific Partnership and current World Trade Organization rules.

Currency Manipulation

- Includes high-standard commitments to refrain from competitive devaluations and targeting exchange rates, which are unprecedented in the context of a U.S. trade agreement.
- Requires increased transparency and establishes mechanisms for accountability, including enforceable provisions subject to dispute settlement.

New Notification Requirement Designed to Protect U.S. Interests

- If any USMCA party undertakes to negotiate a free trade agreement with China or other non-market economy, that party must notify the others of its intention.
- This provision – which has not been included in any prior U.S. trade deal – provides a dramatic new tool to preserve fair market competition in North America.

Robust Chapter on Anticorruption

- Requires that Mexico and Canada criminalize acts of corruption by domestic and foreign government officials, establish codes of conduct and promote high ethical standards for government officials, provide protections for whistleblowers, and establish new commitments to combat embezzlement.

Commits the Parties to Work Together to Combat Duty Evasion

- This includes working together against efforts to undermine existing antidumping, countervailing duty, and safeguards measures.
- Cooperative activities include duty evasion verifications and in-country facility visits by customs authorities, as well as the sharing of customs information for the specific purpose of combatting duty evasion.