

Monitoring and Enforcement

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.

Improving State-to-State Dispute Settlement

- ✓ **The United States, Mexico, and Canada have agreed to close the loopholes in the NAFTA state-to-state dispute settlement mechanism that allowed NAFTA parties to block the formation of panels.**
 - These adjustments enhance the enforceability of the entire agreement and help to ensure that the USMCA's high-standards are met by all Parties.
- ✓ **In addition, a violation of the environment or labor obligations is now presumed to affect trade or investment, unless the defending party proves otherwise.**
- ✓ **Removes the need to show a "sustained or recurring course of action or inaction" in failing to address cases of violence against workers exercising their labor rights.**

United States - Mexico Labor Rapid Response Mechanism

- ✓ **A new, first-of-its-kind annex to the Dispute Settlement Chapter establishes a Rapid Response Mechanism that will provide for monitoring and expedited enforcement of labor rights in Mexico at particular facilities**
 - A fast-track, state-to-state arbitration process that will ensure effective implementation of Mexico's landmark labor reforms.
 - Allows for the establishment of a Labor Panel to assess the compliance with USMCA obligations on freedom of association and collective bargaining and allows for measures to be taken against facilities found to be in violation.
 - Respects the sovereignty of each Party and provides due process.
 - Provides funding for Labor Attachés to monitor the implementation of Mexico's labor reforms.

Improves Environmental Monitoring and Enforcement

- ✓ **Establishes a new, interagency monitoring committee led by USTR that will provide for stronger monitoring and coordination across U.S. government agencies to ensure that Mexico and Canada are living up to their environmental obligations.**
- ✓ **Provides funding for new environment-focused professionals in Mexico City to monitor Mexico's implementation in real time, and additional funding to support enhanced U.S. environmental monitoring and implementation efforts.**
- ✓ **The United States and Mexico have entered into a new Environmental Cooperation and Customs Verification agreement that will help bolster our efforts to combat trade in illegally taken wildlife, fish, and timber.**