

USMCA Enforcement Report Card

The United States-Mexico-Canada Agreement was signed into law on January 29, 2020.

The report card below evaluates Mexico and Canada's efforts over the last two years to implement the trilateral agreement and address the trade barriers it was designed to eliminate.

GRADING SCALE

No progress	No remedy pursued since USMCA's signing
Worsening development	Action pursued opposes USMCA provisions

ISSUE	EVALUATION	COMMENTS
Mexican biopharmaceutical and biotech agricultural product approvals	No progress	Mexico's regulatory approval processes for biopharmaceutical and biotech products lack transparency and oppose key language in USMCA (Annex 12-F) (Chapter 3). ¹ As a result, U.S. biopharmaceutical and biotech firms continue to face barriers to entry in Mexico.
Mexican medical device regulatory practices	No progress	Mexico's health regulatory agencies are not in compliance with USMCA's obligations under the technical barriers to trade, good regulatory practices, government procurement, and medical device annex chapters with respect to medical devices.
Mexican audiovisual content quotas	Worsening development	Mexico's government is considering legislation that would require 15% of online streaming content to be locally produced, violating USMCA provisions (such as Articles 14.4, 14.10, 15.3, and 19.4) and disadvantaging America's film and TV industries. ²
Mexican energy market competition	Worsening development	Mexico is advancing a constitutional reform bill that favors state-run energy providers and reduces foreign competition, violating several USMCA commitments (Articles 2.3, 22.4.1, 22.4.2). ³
Canadian digital services taxes	Worsening development	Canada is pursuing a unilateral digital services tax that discriminates against U.S. tech companies and violates the country's USMCA commitments. ⁴
Mexican telecom equipment testing requirements	Worsening development	Mexico proposed in-country testing requirements in Feb. 2020 that would increase costs for U.S. cell phone companies, harm firms that provide testing, inspecting, and certification services, and likely violate the TBT provisions of the USMCA (Article 11.6). ⁵
Mexican food labeling requirements	Worsening development	In spring 2021, Mexico adopted nutritional labeling standards that threaten the market access USMCA guarantees for U.S. manufacturers. ⁶
Canadian regulatory transparency for biopharmaceuticals	Worsening development	Soon-to-be enacted Canadian drug-pricing regulations oppose USMCA's IP regime and box U.S. drug manufacturers out of Canada's biopharmaceutical market. ⁷
Mexican electronic payment services (EPS) market access	No progress	Foreign EPS suppliers must be certified by Mexican suppliers (their direct competitors) and adopt Mexican protocols to operate there. This opposes USMCA's requirement that Mexico provide market access and fair treatment to foreign EPS suppliers (Annex 17-A). ⁸