

AMBASSADOR EVENT

U.S., Mexico & Canada Insights Appendix



Comparative Snapshot: NAFTA vs. USMCA

	NAFTA (1994)	USMCA (2020)
Digital Trade	Contained no dedicated digital trade chapter; Internet and e-commerce were in early stages.	Introduced a comprehensive Digital Trade Chapter ensuring cross-border data flows, banning data localization requirements, and prohibiting customs duties on digital products.
Auto Rules of Origin	Required 62.5% regional content for vehicles, with limited wage or input restrictions.	Raised threshold to 75% regional content and mandated 40–45% of auto content be produced by workers earning at least \$16/hour. Also, 70% of steel and aluminum must originate within North America.
Labor Standards	Labor addressed in side accord (North American Agreement on Labor Cooperation); lacked binding enforcement.	Integrated, enforceable labor chapter (Chapter 23) with Rapid Response Labor Mechanism (RRLM) for facility-specific violations. Protects collective bargaining rights and enables independent labor inspections.
Environmental Provisions	Managed through a side agreement (North American Agreement on Environmental Cooperation); non-binding.	Embeds binding environmental obligations (Chapter 24) directly in the core text. Covers air quality, marine litter, wildlife protection, and illegal fishing.
Climate Change	Not referenced.	Acknowledges cooperation on climate-related issues but stops short of binding commitments.
Legal and Enforcement Mechanisms	Relied on cooperative dispute settlement; side agreements had minimal enforcement.	Stronger dispute resolution and sector-specific enforcement for labor and environment within the main treaty.
Overall Focus	Prioritized trade liberalization and tariff elimination for industrial goods.	Aims for inclusive, sustainable, and technologically adaptive trade integration.