

United States Senate

WASHINGTON, DC 20510

March 11, 2026

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20500

The Honorable Jamieson Greer
United States Trade Representative
Office of the United States Trade Representative
600 17th Street NW
Washington, D.C. 20508

Dear President Trump and Ambassador Greer:

As your administration undertakes the mandatory six-year review of the U.S.-Mexico-Canada Agreement (USMCA), I urge you to use this process as an opportunity to renegotiate aspects of the agreement to rebuild the U.S. manufacturing sector, strengthen border communities, and address the underlying causes of illegal migration to the United States.

Cross-border trade between Arizona and Mexico contributes to Arizona's economy, powering border communities from Nogales to Douglas to San Luis. It creates warehousing, trucking, and tourism economies that provide job security to hundreds of thousands of Arizona workers. The Nogales, Arizona, port of entry alone processed 404,588 trucks, 3.78 million cars, 978 trains, and 10.8 million people in northbound traffic in 2024.¹ Small businesses on both sides of the border leverage the six Arizona land ports of entry to gain access to produce, machinery, and more.

Expanded cross-border economic collaboration through strong regional economic development investments, port upgrades, and pro-worker industrial policy can help onshore manufacturing and cement Arizona's high-tech ecosystem. A robust Mexican middle class where workers earn higher wages will reduce illegal migration. Greater stability and efficiency at the border will create good jobs in the warehousing, trucking, and rail industries.

While the USMCA included improvements on several issues compared to the North American Free Trade Agreement (NAFTA), significantly more must be done to address the shortcomings of both the original 1994 NAFTA and the 2020 renegotiated version, USMCA. Trade agreements must support the creation of both logistics and manufacturing jobs. In 1994, NAFTA proponents promised to support export-related American manufacturing by growing the Mexican middle-class and increasing US manufacturer productivity.² There has been some progress toward that goal: domestic manufacturing exporters leverage Mexico-Arizona supply chains to

¹<https://www.nogalesport.org/ports#:~:text=The%20Nogales%20International%20Airport%20is,10.8%20million%20people>

² <https://www.cfr.org/backgrounders/naftas-economic-impact>

support investments in my state. However, more than 20 years after the agreement's original passage, Mexican manufacturing worker pay is lower than in China, hindering the creation of a real Mexican middle-class and creating offshoring pressures. NAFTA's lack of adequate labor standards contributed to more than one million American manufacturing job losses across the country according to the Department of Labor's NAFTA job loss certifications.³ Unfortunately, the renegotiated agreement has also not done enough to prevent ongoing offshoring in the manufacturing sector.

Additionally, as noted in my five-pillar framework, "Securing the Border and Fueling Economic Prosperity," economic instability and financial stress for Mexican citizens perpetuate a cycle of illegal migration to the United States.⁴ NAFTA proponents argued that the agreement would reduce illegal migration to the United States by providing economic opportunity for Mexican citizens. Instead, northward migration accelerated under NAFTA: the number of undocumented Mexican immigrants in the United States more than doubled--from two million to 4.8 million--between 1990 and 2000.⁵ Border cities and towns have borne the brunt of this dysfunction, with migrant surges in years past overwhelming border agents and officers, making an already difficult job even harder.

While USMCA contained novel and positive enhanced labor standards and enforcement provisions, the outcomes after more than five years of USMCA show more needs to be done to raise American and Mexican wages. USMCA rules have also not adequately countered China's backdoor access to North American markets through duty-free USMCA entry.⁶ These gaps make it difficult to onshore critical supply chains or address the root causes of illegal migration. A renegotiated USMCA must include more robust labor standards and enforcement, wage protections, and updated rules of origin to prevent China from inflicting a second shock to America's manufacturing workers by cheating their way into North American markets.

Thanks to industrial policy investments that I championed like the CHIPS and Science Act, Arizona is leading America's manufacturing renaissance. Between 2019 and 2024, Arizona manufacturing jobs grew at a rate of 10%, more than ten times the national average.⁷ The state now supports over \$46 billion in manufacturing activity⁸ and has become an epicenter of high-tech manufacturing and supply chain growth in sectors such as semiconductors, aerospace and defense, bioscience, advanced batteries, and more. The review of the USMCA is an opportunity to learn what has and has not worked with the revised NAFTA and to build on it. An updated agreement should create stable market conditions that promote investment in reshoring in the United States, halt the offshoring of good jobs, lift wages for both American and Mexican workers, and create more jobs in border communities.

³ <https://www.citizen.org/article/trade-adjustment-assistance-database/>

⁴ <https://www.gallego.senate.gov/press-releases/senator-gallego-unveils-his-plan-for-border-security-and-immigration-reform/>

⁵ <https://www.migrationpolicy.org/article/mexican-immigration-us-latest-estimates>

⁶ <https://www.epi.org/publication/did-trump-really-fix-nafta-what-usmca-failed-to-do-and-how-to-put-workers-first-in-north-american-trade/>

⁷ <https://www.azcommerce.com/news-events/news/2025/10/manufacturing-month-2025/>

⁸ <https://nam.org/issues/trade/#costmap>

Specifically, I urge you to use the USMCA review to renegotiate the following aspects of the agreement:

- Update Rules of Origin Requirements

China's accession into the WTO in 2001 inflicted serious harms on the American middle class as China's suppressed its citizens' wages through non-market economic practices and U.S. firms outsourced production to China. Between 2000 and 2018 alone, 65,800 jobs in Arizona were displaced due to the trade deficit with China, with the loss of good manufacturing jobs depressing American wages and harming communities.⁹ To boost manufacturing output to unfair levels, China's government has provided massive government subsidies for factory land and construction, electricity, water, and goods shipping to generate large volumes of goods at unfairly low prices. Chinese firms have also routinely stolen American intellectual property and China has frequently violated international trade norms.¹⁰ With these unfair trade practices, Arizona workers do not compete on a level playing field.

Chinese exports to Mexico and Chinese firms' direct investment in Mexico raises the possibility of another China shock occurring in the United States via goods entering through the Southern border.¹¹ Chinese investment in Mexico has increased substantially in recent years to take advantage of the USMCA to gain preferential access to the American market and evade trade-cheating penalties imposed on Chinese imports, with many of these firms extensively subsidized by the Chinese Communist Party. China now accounts for roughly 30% of global manufacturing output and its global trade surplus is at an all-time-high.¹² Chinese battery makers and car manufacturers have already expressed interest in increasing exports to Mexico and establishing more manufacturing capacity there to ensure Chinese EVs can access the U.S. market on preferential terms.¹³ The growth of Chinese companies in Mexico and the increase of Chinese exports to Mexico could put thousands of jobs in the growing EV and battery production industry across the United States at risk from unfair competition.¹⁴ This situation threatens Arizona's progress as an EV and battery manufacturing hub, which has attracted over \$11 billion in private capital investment¹⁵ and has supported nearly 20,000 construction and operations jobs in recent years.¹⁶

To address these issues, the USMCA rules of origin requirements and other safeguards must be strengthened during the review, including for the aerospace sector, where China seeks dominance. Improved terms must ensure that Chinese firms cannot use USMCA to skirt U.S. trade law enforcement or flood our market. Mexico also needs to match the

⁹ <https://www.epi.org/publication/growing-china-trade-deficits-costs-us-jobs/>

¹⁰ <https://www.congress.gov/crs-product/R46532>

¹¹ <https://www.nytimes.com/2025/07/14/opinion/china-shock-economy-manufacturing.html>

¹² <https://www.americanmanufacturing.org/blog/targets-hit-or-missed-china-dominates-global-manufacturing-in-2025/>

¹³ <https://www.atlanticcouncil.org/blogs/energysource/what-chinas-byd-really-wants-from-ev-investments-in-mexico/>

¹⁴ Ibid.

¹⁵ https://climatepower.us/wp-content/uploads/2025/01/Clean-Energy-Boom-Jan-2025_Arizona.pdf

¹⁶ <https://e2.org/reports/arizona-clean-economy-works-economic-impact-reports-2024/>

border measures that America has adopted to address unfairly traded goods that undermine U.S. advanced manufacturing sector growth.

- Improve Labor Standards and Enforcement

The USMCA's enhanced labor standards and enforcement provisions were a positive development. Specifically, the addition of the novel Rapid Response Mechanism (RRM) allows workers' organizations to petition the U.S. or Canadian government regarding specific, facility-level abuses in Mexican factories that deny collective bargaining rights. The RRM has helped 36,000 Mexican workers so far.¹⁷ However, while the RRM delivered real gains for workers in its first years in effect, over time employers and the Mexican government have found ways to exploit ambiguities and skirt the obligations, with enforcement actions in the past several years no longer able to deliver substantially better outcomes for workers.¹⁸ Thus, the RRM must be strengthened so it can deliver as it did in its first years.

As well, in the years since the agreement's signing, Mexican workers have expressed concern with the overly burdensome process to file petitions, noting that groups must engage in extensive research and writing to submit a single petition, which makes it difficult for workers to file complaints without expensive legal support.¹⁹ The next version of the USMCA should include improvements to streamline the RRM process for workers.

- Set Wage Standards

The Rapid Response Mechanism was meant to be a part of a broader labor reform effort. To enact portions of the labor annex in USMCA, Mexico passed 2019 labor reforms aimed at addressing the long-standing obstacles to worker organizing in the country. However, as documented in a recent Independent Mexico Labor Expert Board (IMLEB) report, these reforms have fallen short of their goals. For example, the Federal Center for Conciliation and Labor Registration has not issued any fines for labor violations since the USMCA went into effect and Mexico has failed to investigate and prosecute cases of threats of violence against workers who support independent trade unions.²⁰

Workers in the Mexican automotive and electronics manufacturing sectors still earn only \$3 to \$5 per hour, even as productivity approaches U.S. levels.²¹ In contrast, according to the National Association of Manufacturers, the average hourly earnings of U.S. production and nonsupervisory workers in manufacturing is \$29.03.²² Today, average wages for Mexican auto workers are \$5.70 per hour, compared to \$35.30 per hour for

¹⁷ <https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2024/september/fact-sheet-usmca-rapid-response-mechanism-delivers-workers>

¹⁸ https://rethinktrade.org/wp-content/uploads/2025/11/2576_Rethink-Trade_Closing-the-Gap_V9.pdf

¹⁹ https://aficio.org/sites/default/files/2025-10/IMLEB_REPORT_2025_10_06.pdf

²⁰ Ibid.

²¹ <https://rethinktrade.org/closingthegaprrm/>

²² <https://nam.org/mfgdata/facts-about-manufacturing-expanded/>

auto workers in the U.S.²³ Despite lower production costs, Mexican-made automobiles are not priced lower than American made automobiles.²⁴

The USMCA established labor value content (LVC) requirements in the auto sector that were supposed to ensure that to qualify for USMCA benefits, 40 to 45% of the value of vehicles must be produced by workers earning wages of at least \$16 per hour.²⁵ However, these rules were subsequently diluted, including by allowing salaried marketing and engineering staff to be included in the average wage calculations. As such, LVC has not delivered on its stated promise.²⁶

USMCA should be renegotiated to strengthen and build on these provisions by also including a minimum wage across signatory countries for all workers in the manufacturing sector. A wage floor will lift all boats, providing Mexican workers with more economic stability, addressing a root cause of illegal migration, and protecting American workers in the manufacturing sector.²⁷

- Commit to Robust ILAB Funding

The Department of Labor (DOL)'s Bureau of International Labor Affairs (ILAB) is responsible for promoting a level playing field for workers in the United States and around the world by enforcing trade commitments, strengthening labor standards, and combating international child labor, forced labor, and human trafficking.²⁸ USMCA's implementing legislation included \$180 million for ILAB over four years to support reform of the labor justice system in Mexico, worker-focused capacity building, and other implementation efforts in addition to \$30 million over eight years for ILAB to monitor compliance with USMCA labor obligations.²⁹

Given the administration's abrupt termination of all ILAB's cooperative agreements, as well as the mass loss of ILAB staff, the Bureau must be properly funded as part of the upcoming USMCA review and needed renegotiation. ILAB must be able to carry out its mission and work enforcing the USMCA: if ILAB cannot enforce the USMCA labor provisions with respect to facilities in Mexico, workers here and there will be harmed.

- Invest in Border Community Infrastructure

Arizona border communities benefit from a safe and stable flow of goods between Mexico and the United States. However, many of the ports of entry in Arizona and across the Southern border are in desperate need of improvements. While the General Services Administration is beginning port improvements, during the USMCA review it is important to obtain commitments that the Mexican government will make commensurate infrastructure improvements on their side of the border. The renegotiated agreement

²³ https://aficio.org/sites/default/files/2025-10/IMLEB_REPORT_2025_10_06.pdf

²⁴ <https://www.citizen.org/wp-content/uploads/Importing-Instability-Exporting-Exploitation.pdf>

²⁵ <https://www.piiie.com/microsites/2025/future-usmca>

²⁶ https://aficio.org/sites/default/files/2025-10/IMLEB_REPORT_2025_10_06.pdf

²⁷ <https://www.gallego.senate.gov/wp-content/uploads/2025/05/immigration-plan.pdf>

²⁸ <https://www.citizen.org/wp-content/uploads/Importing-Instability-Exporting-Exploitation.pdf>

²⁹ <https://www.congress.gov/crs-product/IF11308>

should also include a mechanism for additional coordination regarding binational development of major critical infrastructure investments.

Additionally, special attention should be paid to issues related to the flow of fresh produce from Mexico to the United States. For example, the Nogales, Arizona port of entry is the gateway for over five billion pounds of fresh produce imported from Mexico.³⁰ To help facilitate a safe flow of goods, a renegotiated USMCA should include a Perishable Trade Facilities Chapter or Annex, focused on reducing inspection delays, expanding cold-storage infrastructure at ports, enhancing food safety inspections, and ensuring system redundancy for customs processing.

Using the USMCA review to improve the pact and border infrastructure could deliver real gains for American workers and small businesses in Arizona. In contrast, this administration's misguided use of broad, on-again, off-again tariffs and attacks on investments in critical supply chains have been counterproductive: spiking input costs, enabling price gouging that harms American families and small businesses, and creating chaos that depresses investment in new factory construction and leaves border communities in a state of confusion. Rather than using trade policy to hold cheating countries accountable, the administration appears more focused on using trade policy as a way to settle personal feuds, favor specific companies, and benefit friends and family.

This administration's imposition of additional broad-based tariffs after SCOTUS struck down the illegal use of IEEPA tariffs only fuels further uncertainty for investors. Indeed, the U.S. trade deficit has increased and we have lost 88,000 American manufacturing jobs since January 2025.³¹ The use of targeted tariffs in critical industries, in addition to robust and transparent public investment, can be a component of effective economic policy to protect jobs in new industries as they scale up to competitive levels or to guard against other countries' trade cheating practices. Trade agreements with strong labor provisions also create certainty for investors, workers, and border communities.

I look forward to using the upcoming USMCA review as an opportunity for the United States to renegotiate the 2020 USMCA to support American workers, grow American manufacturing, and address the underlying causes of illegal migration, while ensuring stability for companies wishing to invest in the United States.

Sincerely,



Ruben Gallego
United States Senator

³⁰ <https://www.gsa.gov/about-us/newsroom/former-gsa-regional-news-archive/region-9-newsroom/feature-stories/mariposa-ports-cool-new-additions-strengthen-inspection-operations-supply-chain-04032023>

³¹ https://rethinktrade.org/wp-content/uploads/2026/02/O4-2025-Trade-and-Manufacturing-Outcomes-FV_2-27.pdf