
Mexico to push back on labor relations investigations and China ties in upcoming USMCA review

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- Review to formally kick off on 1 July 2026
- Mexico concerned about expansive use of RRM probes
- Ties with China an area of concern

Mexico will try to maintain its trade-free access to the US, while pushing back on expansive labor relations investigations and defending its commercial ties with China in the upcoming review of the US-Mexico-Canada (USMCA) trade agreement, according to former Mexican trade negotiators.

The three countries must review the USMCA on 1 July 2026, six years after it entered into force, and decide whether to extend the agreement for another 16-year term. Mexico's Economy Secretary Marcelo Ebrard expects the review process to kick off in 2H25, according to local media reports.

Although the review was designed to identify opportunities for enhancement, it is highly likely the agreement will be subject to a deep review, said Juan Carlos Baker, a former foreign trade undersecretary and now a professor at the Universidad Panamericana.

US President Donald Trump's latest threats to charge additional tariff on goods from Canada and Mexico effective 1 August shows how the US government seeks a radically different trade relationship with its North American partners, said Guillermo Malpica, a former Mexican USMCA negotiator.

The main priority for the government of Mexican President Claudia Sheinbaum will be to put an end to tit-for-tat tariffs and ensure a predictable and stable trade relationship with the US, which receives about 75% of Mexico's total exports, said Baker.

Mexico is likely to seek its auto industry to be exempt from the rules-of-origin provisions, Baker added.

Shortly after announcing his 'Liberation Day' tariffs on 2 April, Trump signed an executive order that temporarily lifted levies on a range of Mexican goods, including those related with the auto industry, that are compliant with the USMCA.

About 90% of Mexico's USD 92bn of auto exports to the US in 2024 were USMCA-compliant, Gabriel Padilla, president of the

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country's auto industry trade group INA, told this news service in March.

Mexico will also likely push back against the USMCA's Rapid Response Mechanism (RRM), which allows the US Department of Labor to open investigations into Mexican businesses where managers have allegedly violated workers' union rights, said Roberto Zapata, a former Mexican Trans-Pacific Partnership negotiator and now a partner at trade policy consultancy Ansley Consultores.

The RRM was originally designed to monitor only manufacturing-related businesses, but the up to 31 probes initiated by the US Department of Labor include cargo airlines, miners, and call centers. Businesses found to have curtailed workers' rights of association would have their trade-free access to the US market restricted.

The Mexican government has repeatedly expressed its unease with the expanding scope of the RRM, said Malpica.

The country's trade relationship with China is also likely to come up during the USMCA's review process as one of the top priorities of Trump's administration is to close all backdoors for Chinese goods to enter the US, said Baker.

Earlier this month, the US struck a trade agreement with Vietnam that subjects goods "transhipped" to the US through the Asian country to a 40% tariff, twice the 20% applied to all other imports from Vietnam.

Mexico, however, will seek to maintain its relationship with China – its second-largest trade partner, said Zapata.

The US, on the other hand, will likely use the USMCA's review process to continue pressing Mexico on security and immigration, said Zapata, noting that Trump views trade negotiations as a tool for his administration's national security priorities.

The review will serve as an opportunity for the countries to deepen their collaboration in cybersecurity and artificial intelligence – sectors in which regulations are still in their infancy, said Malpica.

President Sheinbaum seems to be aware of the importance of security in the USMCA's upcoming review process. In a June phone call with Trump during his visit to Canada for the G7 Summit, Sheinbaum proposed to him an immigration, security and trade agreement. "There's an agreement on security," Sheinbaum said during an 18 June morning press conference. "Regarding migration, there's a significant decrease in migration passing through Mexico. So, I asked [Trump]: 'Why don't we have a general agreement, an agreement that addresses security, migration, and also trade?'"

The US would also attempt to include measures in the USMCA that it was unable to secure in earlier talks such as placing

seasonal limits on Mexican fresh produce imports or pushing Mexico to increase its minimum wage for it to be more in line with that of the US, said Malpica.

Sheinbaum's government is required by law to notify the Senate of her plans to start review talks on the USMCA by 1 September.

The Economy Secretariat did not respond to a comment request.

by Leonardo Peralta

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