



12 February 2026

## Senate Finance Holds USMCA Hearing

---

The February 12 Senate Finance Committee hearing, "The U.S.-Mexico-Canada Agreement: Evaluating North American Competitiveness," included discussion of potential reforms to the USMCA ahead of the joint review of the 2020 free trade agreement, with recommendations ranging from modest to significant changes to labor, environmental, agricultural, and other provisions. There were concerns expressed on a bipartisan basis regarding tariffs imposed on the other nations under the agreement.

Chairman Mike Crapo (R-ID) said the review provides the US an opportunity to assess whether commitments under the agreement have been delivered as intended, and he believes the answer is largely 'yes.' He said he has "long called for more robust enforcement of USMCA commitments—including, but not limited to, ag biotech, dairy, digital trade, energy, financial services and intellectual property" – but believes the perfect shouldn't become the enemy of the good and "This trilateral relationship should not be taken for granted."

Ranking Member Ron Wyden (D-OR) noted that the House this week voted to repeal tariffs on Canada, which he said were imposed despite the USMCA and without the support of Congress. He praised the USMCA but urged stronger enforcement actions. "USTR should use this six-year review to deliver for American farmers, workers, and small businesses," Wyden said. "USTR must ensure Americans get what they bargained for, but that's going to take a partnership with Congress, a commitment to enforcement, and transparency with the public."

### Witnesses:

- Kevin Brady, Former Chairman of the House Ways and Means Committee, praised the USMCA as making the nation "economically stronger and more secure," and said the review process provides an opportunity to ensure proper oversight.
- Eric Gottwald, AFL-CIO, said the USMCA is failing to protect workers including, in the US, from unfair competition and the constant threat of offshoring, and that the agreement should not receive a long-term extension without significant reforms, including a labor action plan for Mexico and stronger environmental provisions.
- Paul McCarthy, Vehicle Suppliers Association, said the USMCA has provided certainty that is of great importance to auto suppliers, giving them confidence to expand operations, capacity, and hiring.
- Ted Vander Schaaf, Vander Schaaf Farms, an Idaho dairy farm, said Canada must uphold their end of the bargain regarding dairy issues, and losing Mexico as a market would be difficult to navigate – meaning the relationship must be preserved – but raised concerns about implementation of an agreement regarding proper cheese names.

### Q&A

During Q&A, Chairman Crapo said Canada has failed to comply with dairy commitments and asked how the USMCA provides critical access for the industry. Vander Schaaf said free trade agreements with Mexico



allow the industry to move many products and, while the same can largely be said of Canada, there are issues with how they are addressing the agreement and adjustments should be made under the review process. He said there are two main issues: allocation of tariff rate quotas and production of low-cost proteins, which should be subject to cost controls.

Chairman Crapo asked about the impact of the USMCA at the state and local level. Brady said the USMCA keeps zero tariffs for most of what we buy in the US. He noted that the agreement's certainty and integration across the three nations is crucial and makes the US more competitive against other nations.

Under questioning from Ranking Member Wyden, Vander Schaaf said losing the agreement would be devastating. Wyden asked Brady about Administration comments seen as somewhat denigrating the USMCA. Brady said the agreement is a partnership with strong allies that have "made America stronger" in jobs and investment.

Ranking Member Wyden expressed concern about cutting programs related to labor rights. Gottwald said there have been cuts that are concerning and affect unions that are the "eyes and ears" regarding upholding of labor rights in Mexico.

Senator John Cornyn (R-TX) raised the issue of water agreements between the US and Mexico that is of important to Texas. Senator Cornyn said Covid 19 exposed vulnerabilities in supply chains and US reliance on other nations for essential items and asked how USMCA could be used by other nations to game the system. Brady said being conscious of rules of origin and other issues could help ensure the benefits are confined to the three nations that are part of the agreement. He said the economic security approaches in the review may be the most valuable improvement.

Senator Thom Tillis (R-NC) asked about the dairy industry's reliance on seasonal workers. Vander Schaaf said the industry does not have access to such labor. Tillis said we need to update and reinforce commitments to Mexico and Canada markets and asked what will happen if the US imposes tariffs outside of the agreement. Brady said such tariffs could break up integration across the nations. Senator Tillis said creating more barriers will have an adverse impact on onshoring and reshoring efforts.

Senator Marsha Blackburn (R-TN) said a primary question is whether the USMCA has increased opportunities and competitiveness for companies. McCarthy said the USMCA has expanded opportunities for auto suppliers, and compelled the industry to modify supply chains, with the goal of having a resilient system. Blackburn said auto manufacturing is important in her state, supply chains are complicated, and at times there are products crossing the border and coming back. She asked how to preserve US manufacturing. Brady said the review could simplify the process. Rules of origin are working, he said, but there could be improvements.

Senator Roger Marshall (R-KS) asked whether the agreement has lived up to expectations and asked what is at stake in the review. Brady said the agreement covers many jobs, sales, and competitiveness, and the



review is the perfect time to improve and strengthen the agreement. Marshall asked about improvements for dairy, ethanol, and rail.

Under questioning from Senator Chuck Grassley (R-IA), Brady said the renegotiation comes at a good time and the greatest benefit has been the growth in sales to Mexico and Canada. Brady also noted that the redesigned tax code (post-2017) was complementary to the agreement, in making the US more competitive and incentivizing bringing back manufacturing and intellectual property (IP).

Senator Catherine Cortez Masto (D-NV) addressed the issue of tourism and highlighted her USMCA Travel and Tourism Resiliency Act (S. 3787) to require that the USTR advocate for the establishment of a Travel and Tourism Trade Working Group as part of the upcoming Joint Review of the USMCA. She further asked about auto tariffs. McCarthy said tariffs are a concern and that certainty is a priority in the USMCA review.

Senator Bill Cassidy (R-LA) asked whether the agreement should include export controls on semiconductors and other products, which witnesses acknowledged has been brought up for discussion.

Senator Raphael Warnock (D-GA) raised the issue of tariffs raising costs for consumers and asked how USMCA uncertainty affects investment decisions. Brady said certainty matters in trade agreements and the review is an opportunity to reset that certainty. Senator Warnock said additional uncertainty is problematic for farmers, small businesses, and suppliers. If the US were to withdraw from the agreement, how would investment be affected, he asked. Brady said it would cost jobs, investment, and economic growth. Warnock said it is concerning that the Administration would make statements opening the possibility of withdrawal.

Senator Maria Cantwell (D-WA) said the agreement was important in capacity building – having trading partners that follow the rules – but she is worried about the Administration's tariffs and other proposed actions. She asked whether rhetoric is threatening the USMCA as a signature achievement. Brady said the President is a tough negotiator but starts from a position of the agreement already being very successful and positioning the US to grow and compete with other nations. Senator Cantwell said she disagrees with the strategy of getting into arguments with nations that could help the US confront other foreign threats.

Senator Elizabeth Warren (D-MA) said consumer costs have increased and manufacturing jobs have not materialized in the way they were promised. She said she is worried that the Administration will not use US leverage to negotiate on behalf of workers. Senator Warren expressed concerns about labor and environmental concerns and asked about a rapid response mechanism. Gottwald said there could be assurances that the mechanism is delivering on time, i.e. keeping it rapid. Senator Warren additionally expressed concerns about misuse of data.

Testimony is at  
<https://www.finance.senate.gov/hearings/the-us-mexico-canada-agreement-evaluating-north-american-competitiveness>