



Committee: Senate Finance Committee

Event: [The U.S.-Mexico-Canada Agreement: Evaluating North American Competitiveness](#)

Date: February 12, 2026

Executive Summary:

The Senate Finance Committee held a hearing on February 12, 2026, to evaluate the United States-Mexico-Canada Agreement (USMCA) ahead of the three countries' joint review on July 1, 2026.

- Members broadly agreed that USMCA is essential to maintaining US competitiveness and highlighted the importance of strengthening the US's position relative to China while maintaining our relationships with Mexico and Canada.
- Republicans emphasized the need to promote economic certainty and competitiveness to reduce reliance on China and strengthen domestic manufacturing.
- Democrats stressed the need for increased enforcement mechanisms and expressed concerns about the Administration's tariffs.

Member Toplines:

[Chair Mike Crapo \(R-ID\)](#): Crapo expressed broad support for USMCA, noting that the Senate previously supported it with 89 members voting for the agreement, which he called the most bipartisan vote on a free trade agreement. He recognized that thousands of comments were submitted before the hearing in support of the agreement. Crapo contended that there needs to be increased enforcement mechanisms for USMCA commitments/trade agreements. He recognized that USMCA provided certainty, and overall, he encouraged a continuation of USMCA.

[Ranking Member Ron Wyden \(D-OR\)](#): Wyden emphasized overwhelming support for the bipartisan trade agreement, and he repeatedly brought up the need for strong enforcement mechanisms. Wyden argued that the tariffs President **Donald Trump** imposed are "at odds" with the goal of USMCA, and he also highlighted his desire to work in a bipartisan manner to solidify USMCA.

Witness Toplines:

[Kevin Brady, Former Chairman of the Committee on Ways & Means, Akin](#): Brady expressed support for USMCA, noting that 385 Representatives and 89 Senators voted in favor of this trade agreement. Brady recognized the need to remain competitive with adversarial nations and suggested that extending USMCA would reduce reliance on China and other hostile,

unreliable actors. He also stated that USMCA ensures the United States can compete and win against competitors.

[Eric Gottwald, Policy Specialist for Trade and International Economics, AFL-CIO](#): Gottwald expressed support for USMCA while contending that the agreement needs major reforms. He argued that the agreement is failing to deliver for workers in all three countries, noting that Mexican workers are facing low, unfair wages, while the US and Canada are facing unfair competition. He argued that USMCA should not be guaranteed a 16-year extension unless there is an action plan to address these shortcomings. To this end, Gottwald argued that the US must leverage the sunset clause to enact these reforms.

[Paul McCarthy, MEMA, The Vehicle Suppliers Association](#): McCarthy emphasized the importance of US competitiveness and testified on the value of USMCA. He said the agreement is important to suppliers and to job growth among small and medium manufacturers. McCarthy also contended that USMCA enables the American people to compete and win against foreign competitors like China by strengthening the automotive industry. Finally, he emphasized that USMCA is necessary for continued investments in domestic supply chains and innovative technologies.

[Ted Vander Schaaf, Owner, Vander Schaaf Farms](#): Vander Schaaf argued that USMCA is essential to the US dairy trade. He argued that Canada is not holding up its end of the bargain, as it has implemented many restrictions on American dairy, and he argued that Congress should help fix these issues to negotiate a stronger USMCA for domestic dairy farmers. Vander Schaaf argued that the industry does not want to jeopardize the US's relationship with Mexico, noting they are a valuable partner and contribute to the consumption of domestically produced dairy products. Vander Schaaf finished by emphasizing that USMCA provides critical market access to Mexico and Canada for the domestic dairy industry.

Major Takeaways:

Proposed Improvements To USMCA

- Crapo asked Vander Schaaf to discuss further the modifications to USMCA that the domestic dairy industry is interested in; Vander Schaaf argued that Canada's tariff rate quotas should be reformed to ensure full utilization, rather than being allocated to processors who don't use them. He also raised concerns about Canada's production of low-cost dairy proteins undercutting US markets and supported restrictions on common cheese names affecting US producers.
- Sen. **Steve Daines** (R-MT) expressed support for improved digital trade regulations and strengthening rules of origin to ensure benefits flow only to the U.S., Mexico, and Canada.
- McCarthy underscored the importance of strong enforcement and addressing illegal transshipment to ensure a level playing field. Brady agreed that enforcement was necessary, wanting stronger enforcement on the energy front from Mexico
- Sen. **Elizabeth Warren** (D-MA) emphasized the need to tighten existing trade rules to prevent partnerships with countries that have poor labor and environmental standards.

She also expressed support for strengthening USMCA's rapid response labor enforcement mechanism.

- Gottwald agreed that the mechanism has been a major advancement. He suggested that additional improvements, including expanding protections for workplace safety and anti-discrimination, could fortify these efforts, along with conditions that ensure timely enforcement.
- Sen. **Ben Ray Luján** (D-NM) inquired about America's economic allies and whether America fosters a beneficial trade relationship between Canada and Mexico. Brady answered by characterizing USMCA as a bipartisan, "gold-standard" trade agreement and sought advice on fostering bipartisan cooperation in future trade negotiations.

Ensuring Certainty

- Sens. **Peter Welch** (D-VT), Daines, and Brady emphasized the need for continued regulatory certainty by strengthening the agreement to sustain long-term investment.
 - Brady stated that certainty is critical across multiple industries, including agriculture, technology, and manufacturing, and noted that broad stakeholder consensus agrees that USMCA's "secret sauce" is low-to-zero tariffs combined with predictability.
- Brady emphasized the importance of being a reliable trading partner within mutually beneficial agreements.

North American Competitiveness

- Brady expressed support for strengthening and modernizing USMCA to enhance competitiveness against China, emphasizing that the agreement reduces U.S. reliance on China, promotes growth, and prioritizes domestic investments.
 - He emphasized that Canada and Mexico are the United States' largest trading partners, noting that certainty under the agreement drives long-term investment and domestic growth. He also pointed to provisions in the new tax code that aim to incentivize domestic research, reinforcing the US as a top global competitor.
 - Vander Schaff warned that losing the agreement would shift supply chains for current exports and associated streams of revenue overseas.
- Sen. **Bill Cassidy** (R-LA) asked about the Chinese government's involvement in the automotive manufacturing industry. He argued that the US should impose restrictions on Chinese-made cars, and Brady emphasized that economic security should be the highest priority.
- Gottwald warned that the Trump administration's Department of Labor funding cuts undermine USMCA's labor enforcement mechanisms, calling the move "puzzling" and a step backward for US competitiveness.
- Sen. **John Cornyn** (R-TX) argued that the US-Mexico relationship is critical to support national security efforts, specifically referencing the 1944 Water Treaty. McCarthy added that USMCA strengthens supply chain resilience and U.S. security.
- Sens. **Maria Cantwell** (D-WA) and **Todd Young** (R-IN) characterized USMCA as a framework that can be leveraged to further strengthen the U.S. economy and competitiveness.

- Cantwell described USMCA as a critical capacity-building agreement and argued that strengthening partnerships with Canada and Mexico enhances North America's ability to compete with China.
- Sen. **Charles Grassley** (R-IA) asked about the US' role in ongoing trade negotiations, and Brady responded that USMCA positions the US to better compete with China and other countries, citing growth in agricultural exports to Mexico and Canada.
- Sen. **Marsha Blackburn** (R-TN) highlighted a number of opportunities USMCA creates for Tennessee-based suppliers and manufacturers. She also raised concerns about Canada failing to meet dairy quota commitments. Vander Schaaf echoed these concerns.

Tariffs and Other Policies

- Sen. **Catherine Cortez Masto** (D-NV) questioned the Trump administration's ongoing investigations into and use of Section 232 tariffs, expressing concern that they disregard previously binding trade agreements and may harm our economic stability and cross-border relationships. McCarthy emphasized this concern and contended that the US relies heavily on USMCA for certainty.
- Cortez Masto subsequently advocated for the reduction of travel barriers within North America, noting her intent to advance legislation and possibly develop a working group to strengthen regional tourism and travel coordination.
- Sen. **Sheldon Whitehouse** (D-RI) inquired about environmental standards, and Gottwald emphasized the need for increased enforcement measures and the use of pressure to target bad actors.
- Whitehouse also questioned how political risk insurance could incentivize North American-based companies to move their manufacturing lines overseas.
- Gottwald agreed that investor-state dispute settlements (ISDS) encourage companies to offshore their operations, noting they serve as political risk insurance and allow companies to bypass domestic courts. Whitehouse argued that ISDS has historically been abused by industry and called for its elimination.
- Welch raised concerns that the Trump administration's tariffs will increase prices and create broad economic uncertainty, harming long-term investment decisions particularly in states like Vermont. He expressed opposition to proposed tariff increases.
 - Brady stated that durable tariffs can potentially drive investment and competitiveness, but emphasized that long-term certainty is what ultimately supports growth.
- Warren argued that rising living costs contradict claims that tariffs would bring back domestic manufacturing jobs. She contended that across-the-board tariffs are harming Americans, and she condemned the use of tariffs as leverage for other negotiations.
 - Gottwald pointed out that the US lost 70,000 manufacturing jobs in the most recent year of the current Administration.