



## A Fox Rothschild Podcast

### Labor Law Lineup

#### Episode 12: Labor Law Meets Trade Policy: The USMCA's Next Chapter

*Featuring Mark Eskenazi and Ian Melinksy of Fox Rothschild*

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**Mark:** Welcome back to "Labor Law Lineup." We recorded this on March 6. Today, Ian Melinksy and I will explore the intersection of labor law and international trade law.

In short, trade policy and traditional labor law are converging. And management-side employers, especially multinationals, should pay close attention.

**Ian:** You're correct, Mark. Today we're talking about the ongoing review of the United States-Mexico-Canada Agreement, commonly referred to as the USMCA, and whether revisiting it can really strengthen workers' rights and reduce outsourcing, and how employers can prepare.

**Mark:** Worker and union groups have been pretty clear on this. At a December 2025 U.S. government hearing, they urged broad changes, things like enforceable wage floors and stronger labor protections in the USMCA agreement itself. The goal? Narrow that huge wage gap that still exists between U.S. and Mexican manufacturing workers.

**Ian:** You're right. They argue that companies have continued to offshore jobs because lower wages and weaker labor protections still make Mexico an attractive place to locate factories, even under the USMCA. Some union voices even hearken back to the old giant sucking sound of jobs leaving the U.S. under NAFTA. One worker group cites the loss of 5 million manufacturing jobs and the closure of 90,000 facilities since NAFTA was signed.

That group also said that while U.S. union members in aerospace manufacturing earn \$40 to \$50 an hour, the average Mexican worker earns just \$4 to \$6 an hour. Another worker group said the USMCA did not stop the trend, observing that since 2019-- the year before the USMCA went into effect-- the trade deficit with Mexico increased by 74% to \$171 billion.

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**Mark:** But it's not all one-sided. The U.S. Trade Representative has noted that the USMCA has had some real successes, including increased certainty in North American trade and almost doubled wages for Mexican workers, from about \$2.30 an hour in January 2020 to about \$4.20 an hour in September 2025.

The USTR tied some of the success to labor reforms in the USMCA itself and stronger enforcement tools like the USMCA's rapid response mechanism.

However, USTR also said in its recent trade policy agenda that Mexico's labor laws were "inadequate," and that "the lax protection of such laws continues to undermine U.S. workers."

**Ian:** Exactly. The USMCA's rapid response mechanism, the RRM, was definitely a breakthrough.

It allows enforcement at the facility level when workers' rights to organize or bargain are denied, which is something unprecedented in a trade deal. The rights in the RRM are similar to those protections under the National Labor Relations Act, the NLRA, which employers with operations in the United States are very familiar with.

**Mark:** Worker advocates want to expand that RRM --rapid response mechanism --beyond just freedom of association and collective bargaining to include other labor issues like health and safety and discrimination, and even suggest similar mechanisms for environmental enforcement.

**Ian:** From a corporate perspective, companies should pay close attention. Even though they aren't formal proposals yet from the White House, this review process signals that labor enforcement could become more aggressive. That could affect operations, especially in North America supply chains. Mark and I provide training to HR departments and multinational employers to ensure they comply with the USMCA's labor rules.

**Mark:** So the key question isn't just can the USMCA be revised to curb outsourcing and strengthen worker rights? It's how those changes would work in practice and what they'll mean for companies and workers on both sides of the border.

Also, in early March, the U.S. Trade Representative and the Mexican Secretary of the Economy announced the first round of bilateral discussions in preparations for the USMCA's joint review. These discussions could involve changes to the RRM and other parts of the USMCA, including areas other than labor.

**Ian:** That's right, and we'll be watching the developments closely. If you're managing cross-border operations, now's the time to be thinking about these trends and proactively offering training to the human resource management at your company. That's it for now. Thanks for listening.

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