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More trade news: Mexico ratifies US-Mexico-Canada Agreement

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The U.S.-Mexico-Canada Agreement, or USMCA, is one step closer to becoming reality, after Mexico's Senate voted to ratify the trade agreement 114-4 on June 19. The USMCA was signed in November 2018, following more than a year of tense negotiations, and it provides substantial updates and changes to its predecessor, the North American Free Trade Agreement.

The agreement establishes supply chain continuity for a complex web of supply chains that crisscross North America; adds new changes and requirements to the three countries' automotive industries; opens markets and reduces duties across a wide range of industries, most notably agriculture; and provides dispute resolution mechanisms to iron out disagreements. The agreement governs trade worth more than USD 1.2 trillion and will go into effect in 2020.

Mexico ratified the treaty under pressure from the Trump Administration, which was threatening escalating tariffs on all goods imported into the U.S. from Mexico, if the Mexican government did not do more to stem the flow of migrants across its borders. The Mexican delegation, and several U.S. policymakers who opposed the use of tariffs, argued that tariffs and immigration were two separate issues. Nevertheless, after the Trump administration backed off of tariffs, the road was paved for the Mexican Senate to sign the bill.