



**Statement before the
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE**

***“Public Hearing Relating to the
Operation of the Agreement Between the
United States of America, the United
Mexican States, and Canada.”***

A Testimony by:

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Securing U.S. Interests in the 2026 USMCA Review: Building a Fortress North America

Congressman Smith, Congressman Riley, distinguished Members of the U.S. International Trade Commission and US Trade Representative's Office, I am honored to share my views with you on this critical topic. CSIS does not take policy positions, so the views represented in this testimony are my own and not those of my employer.

My name is **Diego Marroquín Bitar**, Fellow at the Center for Strategic and International Studies, where I lead work on North American economic integration, supply chains, and the future of the USMCA.

The **2026 review is not a routine exercise**. It is a **defining test** of whether the United States can preserve good jobs, secure supply chains, and maintain technological and energy leadership in an increasingly volatile world.

Over the past five years, the USMCA has delivered **real economic gains**:

- **Intra-regional trade is up 37 percent**, driven by industrial inputs and autos. Monthly trends show remarkable resilience through multiple disruptions: Section 232 tariffs (2018), USMCA's entry into force (2020), pandemic-era supply chain realignment, and even more recent IEEPA tariffs (2025). The data reveals structural, as opposed to temporary, regional integration. Since 2020, Mexico has remained the United States' fastest-growing, most stable export destination
- **Foreign direct investment has grown 16 percent**, and the United States remains the number one destination globally.
- The **Rapid Response Labor Mechanism** has effectively addressed unfair practices in Mexico and protected American workers from low-wage competition.

But the agreement has also revealed **areas of fragility**.

We have **unresolved disputes**, including non-compliance with the automotive rules of origin decision and ongoing concerns about Mexico's energy policies and judicial system. These undermine investor confidence and weaken the competitiveness of American exporters.

And if the USMCA were to weaken or lapse—the costs would be felt immediately:

Supply chains would fracture.

Manufacturers in autos, aerospace, agriculture, and advanced industries would face higher costs and more delays.

Millions of American jobs would be at risk.

And competitors like China would gain ground in sectors where North America currently leads.

Every month of uncertainty regarding the outcome of the review acts as a **silent tax on competitiveness, job creation, and trust** in the region's economic governance.

For these reasons, the United States should approach the 2026 review as an **opportunity to modernize and strengthen the agreement**, not fear it as a threat to job creation and regional competitiveness.

Recommendations

My six recommendations focus on practical steps to build a stronger, more resilient, and more secure North America, where the United States locks in job creation, secures technological leadership, and cements energy dominance while maintaining fair and reciprocal trade with Canada and Mexico.

First, the United States should **secure reliable access to critical minerals** by eliminating tariffs on Mexico and Canada and negotiating a new chapter or side letter that aligns standards, accelerates permitting, and guarantees supply during crises. U.S. manufacturing, from autos to defense, depends on reliable access to critical minerals. Recent Chinese export restrictions on rare earths and magnets underscore the need for secure regional supply chains.

Second, we should **institutionalize a North American Economic Security Committee** to coordinate investment screening. Mexico lacks a formal investment-screening mechanism today, and divergent approaches expose the U.S. to security risks and regulatory gaps. Resilient and transparent supply chains protect U.S. jobs and reduce reliance on adversaries.

Third, the U.S. should lead the creation of a **North American product passport**—a digital tool that tracks inputs in real time. Coordinated screening would strengthen enforcement against forced labor, prevent transshipment, and increase supply-chain transparency across the region. This is how we build a **Fortress North America that is resilient to external manipulation and coercion**.

Fourth, the U.S. should **formalize energy cooperation** through a **North American Energy Business Council** and integrate energy planning into the USMCA Competitiveness Committee. Our shared energy abundance is one of our biggest assets versus our global competitors. Institutionalizing energy cooperation helps protect domestic producers, innovation, and our position in the global economy.

Fifth, the U.S. should modernize the agreement's **digital trade and emerging technologies provisions** to address AI governance, data flows, and interoperability of digital platforms. If we do not set the rules and promote our standards, others will—and not in ways that reflect U.S. (and even democratic) interests.

Finally, deeper **financial integration** and stronger anti-money laundering coordination would reduce transaction costs, support small businesses through expanded access to capital, and strengthen the region's defenses against illicit flows.

The bottom line is this:

A **stronger, modernized USMCA** is the foundation of a **Fortress North America** that protects American workers, secures strategic industries, and reinforces U.S. leadership in a fragmented world.

The United States cannot compete globally without a strong North America. And North America cannot be strong without a USMCA that is predictable, enforceable, and aligned with our strategic priorities.

Thank you for the opportunity to testify. I look forward to your questions.