

Three Nations Trade

Read how USMCA creates shared rules for trade.

SS6E2.d "Explain the functions of the United States-Mexico-Canada Agreement (USMCA)."

NAME _____

DATE _____

1 READ AND MARK _____ Read it twice

YOUR JOB Underline each sentence that explains what USMCA does, then write a small number beside each different function you find.

Rules for Trading Together

- ① Imagine a bakery in Mexico that buys wheat from Canada and sells packaged cookies to stores in the United States. The United States-Mexico-Canada Agreement, or USMCA, helps set trade rules for these three countries. It took effect in 2020 and replaced an earlier agreement called NAFTA. One main function is to keep many goods moving across borders with low or no tariffs. Tariffs are taxes on imported goods. Lower tariffs can make it easier for businesses to buy, sell, and compete in the three-country market.
- ② USMCA also sets standards that affect how products qualify for trade benefits. For example, automobiles must meet rules about where certain parts are made before they can receive the agreement's lower tariff treatment. The agreement includes labor rules meant to support workers' rights, such as the right to organize, and environmental commitments. These rules give the countries a shared way to address trade-related concerns. USMCA also includes a process for settling some disagreements when one country believes another is not following the agreement.
- ③ Trade agreements do not guarantee that every business will succeed or that every product will cost less. Instead, USMCA provides a framework, or shared set of rules, for trade among the United States, Mexico, and Canada. It covers modern trade issues too, including protections for digital trade and rules about intellectual property, such as inventions and creative work. By setting expectations and ways to solve certain disputes, the agreement can make trade more predictable. Countries and businesses can use those rules when planning to exchange goods and services.

2 ANSWER WITH EVIDENCE _____ Use the passage

1 How can low or no tariffs help businesses trade among the three countries?

2 What function do USMCA automobile rules serve before a vehicle can receive lower tariff treatment?

3 How do the labor rules and environmental commitments function in the agreement?

4 Why does USMCA include a process for settling disagreements between countries?

3 YOUR TURN _____ Your own words

A Canadian company sells an online music-learning app to customers in Mexico and the United States. Write three sentences explaining two USMCA functions that could matter to this company, including one about digital trade or intellectual property and one different function.

PART 1 • READ AND MARK

Underline each sentence that explains what USMCA does, then write a small number beside each different function you find. Accept any marking that follows this job and points at the right text.

PART 2 • ANSWERS

#	QUESTION	ANSWER
1	How can low or no tariffs help businesses trade among the three countries?	They reduce or remove taxes on imported goods, making it easier for businesses to buy, sell, and compete.
2	What function do USMCA automobile rules serve before a vehicle can receive lower tariff treatment?	They require automobiles to meet rules about where certain parts are made before receiving lower tariff treatment.
3	How do the labor rules and environmental commitments function in the agreement?	They create shared standards for workers' rights and environmental concerns related to trade.
4	Why does USMCA include a process for settling disagreements between countries?	It provides a way to address claims that a country is not following the agreement and helps make trade more predictable.

PART 3 • YOUR TURN (SAMPLE ANSWER)

The company could rely on USMCA protections for digital trade and intellectual property to help protect its app and original lessons when it sells subscriptions across borders. It could also benefit from low or no tariffs on related physical products, such as printed workbooks, which could lower border costs. If a trade disagreement arose, the agreement's dispute process could provide a shared way to address it.

Accept equivalent explanations of USMCA functions that are supported by the passage. For the open response, students should explain a digital trade or intellectual property function and at least one other accurate function.