

# ENSURING U.S. SOVEREIGNTY IN NORTH AMERICAN TRADE

CPA Comments Relating to the  
Operation of the Agreement Between  
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## *Ensuring U.S. Sovereignty in North American Trade*

The United States must fundamentally restructure its North American trade architecture to defend its sovereignty, industries, and workers. The current United States–Mexico–Canada Agreement (USMCA) has failed to protect U.S. jobs, manufacturers, and prosperity. Both Canada and Mexico have engaged in trade-distorting practices that harm U.S. producers, though in fundamentally different ways. Canada’s actions—such as manipulating dairy quotas, subsidizing aluminum, and distorting softwood lumber markets—reflect industrial policy typical of a developed competitor. Mexico’s violations—ranging from steel and tomato dumping to transshipment of Chinese goods—represent systemic evasion by a developing-country exporter exploiting weak U.S. enforcement and ultra-low prices.

The current trilateral USMCA framework ties two vastly different economies to a single enforcement model, each reliant on the far larger U.S. consumer market. This design cripples U.S. trade sovereignty and prevents tailored responses. The United States must replace it with two distinct bilateral arrangements:

- **A U.S.–Mexico Agreement** that protects U.S. manufacturers from ultra-cheap imports from Mexico by prioritizing automatic enforcement, U.S.-administered quotas, and strict oversight of Chinese investment and transshipment.
- **A U.S.–Canada Agreement** that recognizes Canada’s developed-market sophistication but imposes binding safeguards for U.S. industry against subsidized products and market displacement.

These are two very different economic relationships. Only separate, calibrated frameworks can restore the United States’ ability to manage its trade relationships and defend domestic production from both developed-country manipulation and developing-country circumvention.

## **Background: The Case for Structural Reform**

Both NAFTA and USMCA were sold as engines of shared prosperity. Instead, they displaced between 500,000 and 700,000 U.S. jobs, primarily in manufacturing. The Economic Policy Institute estimated 682,900 U.S. jobs were lost directly due to NAFTA—60% in manufacturing [\[1\]](#)—while the Keystone Research Center found total losses nearing 879,000, including 687,000 in just manufacturing [\[2\]](#). These losses were concentrated in the regions that once anchored the American middle class—motor vehicles, electronics, apparel, and steel.

Under USMCA, these imbalances persisted. Canada has weaponized dairy quotas and provincial control regimes to undermine U.S. producers, defy dispute rulings, and subsidize energy-intensive industries. Mexico has flooded U.S. markets with dumped goods, violated export caps, and become a transshipment hub for Chinese components. A single framework for both partners has proven unworkable.

Separate agreements would allow the United States to calibrate enforcement mechanisms to partner behavior:

- **Mexico:** A developing exporter requiring automatic U.S.-administered enforcement to curb cheap products undercutting U.S. manufacturers.
- **Canada:** A developed competitor requiring safeguards to curb industrial policies and state aid.

## Mexico: Systemic Violations and Evasion of Trade Obligations

Mexico's record under both NAFTA and USMCA demonstrates chronic noncompliance across sectors. From steel to autos, heavy trucks, and agriculture, Mexico has treated trade agreements as tactical delays and tools for evasion rather than cooperation. It consistently exploits weak verification systems and delays enforcement actions. Mexico's U.S. market access is also exploited by Chinese-linked investment to expand export capacity at the expense of U.S. industries. The following cases illustrate this pattern and underscore the need for automatic, U.S.-controlled safeguards in the form of hard quotas enforced by U.S. Customs on imports from Mexico.

### Steel and Conduit

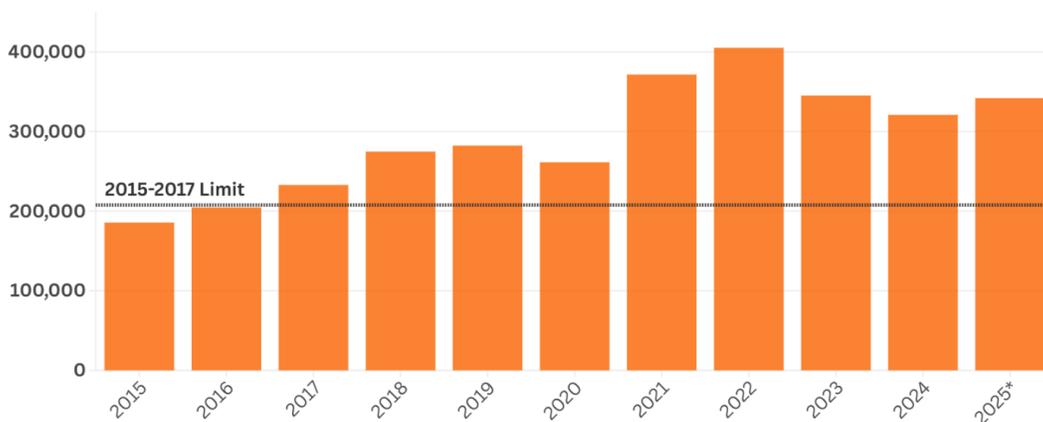
In 2019, the United States lifted Section 232 tariffs on Mexico in exchange for a commitment not to exceed its 2015–2017 steel export baseline [\[3\]](#). Mexico violated that pledge immediately. By 2025, total Mexican steel and iron exports to the U.S. were 65% above the baseline [\[4\]](#).

Figure 1:

#### Mexico's Steel Shipments Blew Past the Agreed Cap from the Start

Steel & Iron (Ch. 72) Imports from Mexico - Monthly Average

Metric Tons



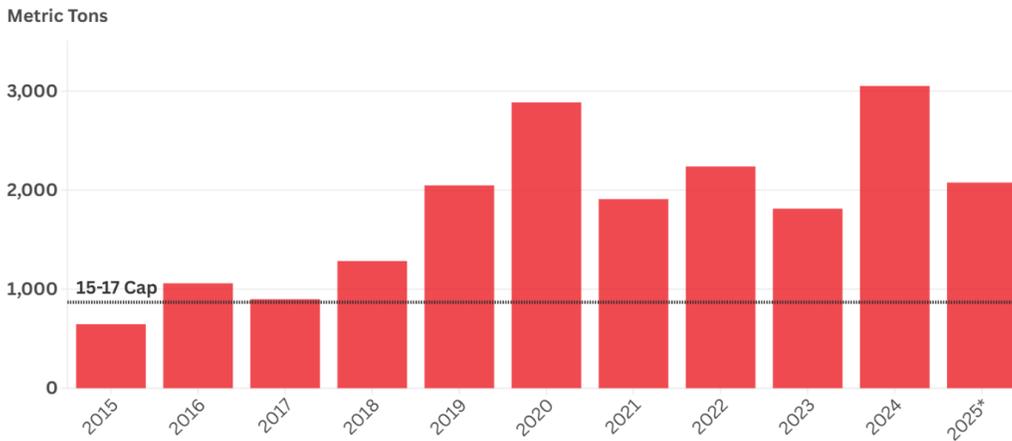
Source: U.S. Census Bureau  
\*2025 Import Data through July

The surge in certain products was even worse, with more devastating effects for U.S. manufacturers. Steel conduit shipments surged 140–250% beyond agreed 2015–2017 limits—capturing 87% of U.S. conduit imports [\[5\]](#).

**Figure 2:**

**Mexico’s Steel Conduit Exports Over Twice Agreed Limit**

Steel Conduit (7306305028) Imports from Mexico - Monthly Average



Source: U.S. Census Bureau  
\*2025 Import Data through July

This surge depressed U.S. conduit prices and contributed to the closure of Zekelman Industries' Long Beach mill, eliminating 150 jobs [6]. If Mexico is allowed to export steel with no limits or controls, thousands of jobs are at risk. Pennsylvania alone supports about 31,000 direct steel jobs and over 123,000 indirect jobs [7], now threatened by Mexican oversupply. With no built-in hard quota from U.S. Customs, which should be the standard, this damage became ingrained with little recourse.

In 2024, the Biden administration imposed “melted and poured” rules to limit duty-free access to North American-made steel [8]. But this addressed little: Chinese-origin steel made up just 0.01% of U.S. steel imports from Mexico in 2023 [9]. The real surge comes from Mexican-melted steel itself—U.S. action must target that directly to protect domestic manufacturing.

**Table 1: U.S. Steel Imports from Mexico—Country of Melt and Pour—2024–2025**

Country of Melt and Pour (Mexico Imports)	Imports - Metric Tons (2023)	% of Imports
Mexico	3,353,112	86.67%
Brazil	281,130	7.27%
Korea	65,427	1.69%
Japan	37,280	0.96%
Vietnam	34,394	0.89%
United States	33,553	0.87%
Australia	14,106	0.36%

Argentina	13,863	0.36%
China	334	0.01%
Rest of World	35,625	0.92%

Source: U.S. Department of Commerce: International Trade Administration – Melt & Pour Dashboard

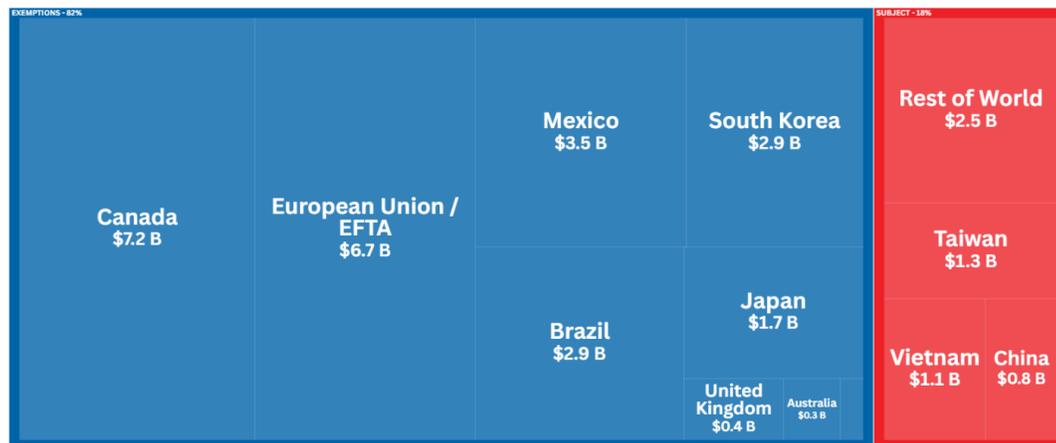
Country exemptions under USMCA, voluntary caps, and melt-and-pour rules have failed. As shown in Figure 3, country exemptions have allowed 82% of Section 232 steel imports to enter the United States duty-free from countries such as Mexico and Canada—even though the original investigation found that these very imports were harming the U.S. industry and required protective action. Only automatic quotas or tariff-rate quotas (TRQs) tied to real-time Customs data and historic trade volume can prevent further injury.

**Figure 3:**

### 82% of Current Sec 232 Steel Imports Come from Exempted Countries

2024 All Section 232 Steel Imports

■ Exemptions - 82% ■ Subject - 18%



Source: U.S. Census Bureau

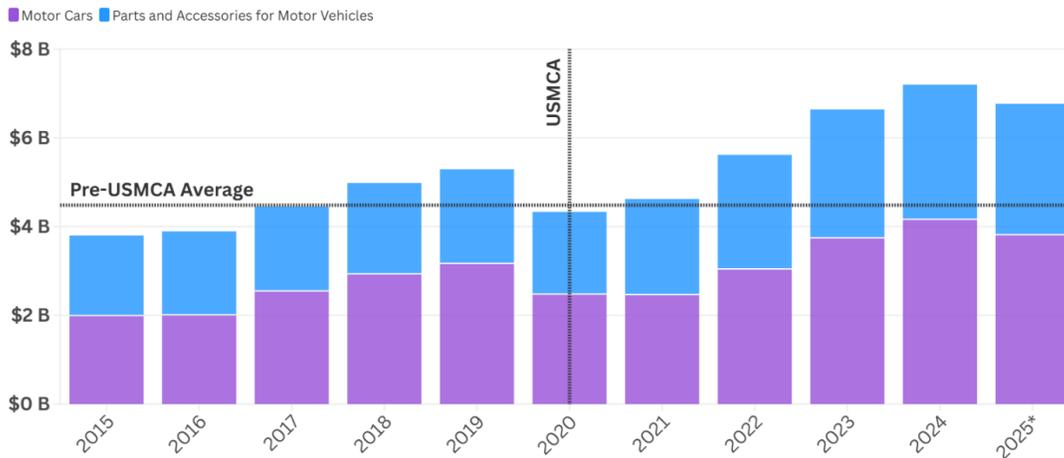
## Motor Vehicles and Auto Parts

Mexico is the largest exporter of vehicles and parts to the U.S., with 2024–2025 imports valued at \$133.7 billion [10]. USMCA was supposed to raise the “regional” content threshold to 75% for cars and parts and mandate that 40% of production come from plants paying \$16/hour or more [11]. In practice, enforcement has been weak. Mexican plants continue sourcing substantial inputs from China and Asia, then passing them through as “North American” [12]. Even when content technically qualifies under USMCA rules, the base framework is flawed to the core: the benefits of the “North American” preference flow overwhelmingly to Mexican manufacturers, not U.S. producers or workers.

**Figure 4:**

**Motor Car and Parts Imports from Mexico Up 50% from Pre-USMCA Average**

Motor Car (8703) & Motor Vehicle Parts (8708) Imports from Mexico - Monthly Average



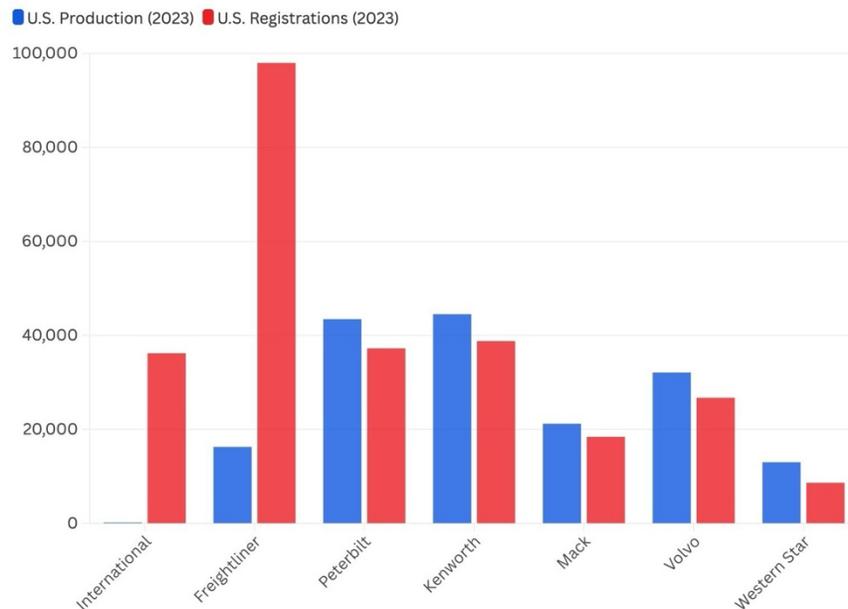
Source: U.S. Census Bureau  
 \*2025 Import Data through July  
 USMCA Effective 1 July 2020, but 20-21 Imports Suppressed due to COVID

Wage disparities drive the distortion. Average manufacturing wages in Mexico range between \$2 and \$6 per hour, compared to \$20–\$27 per hour in the United States [13]. This tenfold gap allows Mexican producers to underprice U.S. goods while maintaining close proximity to the American market, displacing domestic output and exerting downward pressure on U.S. industrial wages. This shift has hollowed out America’s auto supply base, sending wire harness, seat assembly, and often full vehicle production lines to Mexico [14].

Moreover, Chinese electric vehicle and battery firms are expanding in Mexico to exploit duty-free access under USMCA and reach the U.S. market indirectly [15]. These projects serve as conduits for Chinese technology, labor, and products, undermining U.S. trade policy and domestic industry.

**Heavy Trucks**

The U.S. heavy-duty truck sector (Class 6–8) is central to national logistics and defense, yet its production base has been steadily offshored to Mexico under the current USMCA framework. As of 2025, imports of Mexican-assembled trucks represent about half of all U.S. Class 8 sales [16], with over 95% of Mexico’s truck exports bound for the U.S. market [17]. U.S. imports of heavy-duty trucks from Mexico have risen over 50% since 2019, reaching \$19 billion in 2023, even as domestic output stagnated [18].

**Figure 5: U.S. Production vs. Registrations of Heavy-Duty Trucks, by Company**

These vehicles enter duty-free despite being assembled with substantial non-North-American content, taking advantage of weak rules of origin, much cheaper labor costs [13], and Mexico's maquiladora (IMMEX) regime, which allows companies to import parts duty-free into Mexico, assemble or process them, and then export finished goods to the U.S. [18].

The result is a two-tier system that rewards relocation and penalizes U.S. production. Mexico's lower labor and compliance costs—combined with government incentives and unfettered access to the U.S. market—have driven a steady shift of heavy truck production south of the border. Despite record domestic demand, U.S. truck plants operate below capacity, with offshoring eliminating thousands of skilled American jobs [18].

To correct these imbalances, the U.S. must renegotiate rules of origin for heavy trucks to raise U.S. content thresholds, and close loopholes exploited through the IMMEX regime. Any agreement must establish specific safeguard tariffs or quotas to address import surges and prioritize U.S.-built trucks in federal and defense procurement. Targeted incentives for domestic reinvestment, workforce development, and supply-chain localization should accompany these reforms to ensure that the backbone of America's transportation network—its truck industry—is once again built and secured at home.

## New CBP Guidance on Medium and Heavy-Duty Trucks

In October 2025, U.S. Customs and Border Protection (CBP) consolidated Section 232 rules for medium and heavy-duty trucks with the automotive 232 program. The new guidance grants duty-free entry to a broad set of "vehicle parts" under 9903.74.10. Rather than maintaining blanket duty-free treatment, the United States should administer managed access through tariff-rate quotas (TRQs) for core parts within HTS 8708, including aluminum chassis and body assemblies.

TRQ levels should be calibrated to current U.S. capacity and reviewed periodically as domestic supply develops. This structure preserves the intent of Section 232 safeguards by ensuring that import relief remains conditional, measurable, and adjustable rather than automatic.

By converting the current open-ended duty-free regime into a rules-based TRQ system, the United States can maintain flexibility where domestic suppliers remain limited, while reinforcing predictable, enforceable protection for U.S. manufacturers. A managed-trade framework of this kind protects emerging U.S. parts producers, deters offshoring, and restores integrity to the 232 program's core purpose: defending critical industrial capacity at home.

## Agriculture

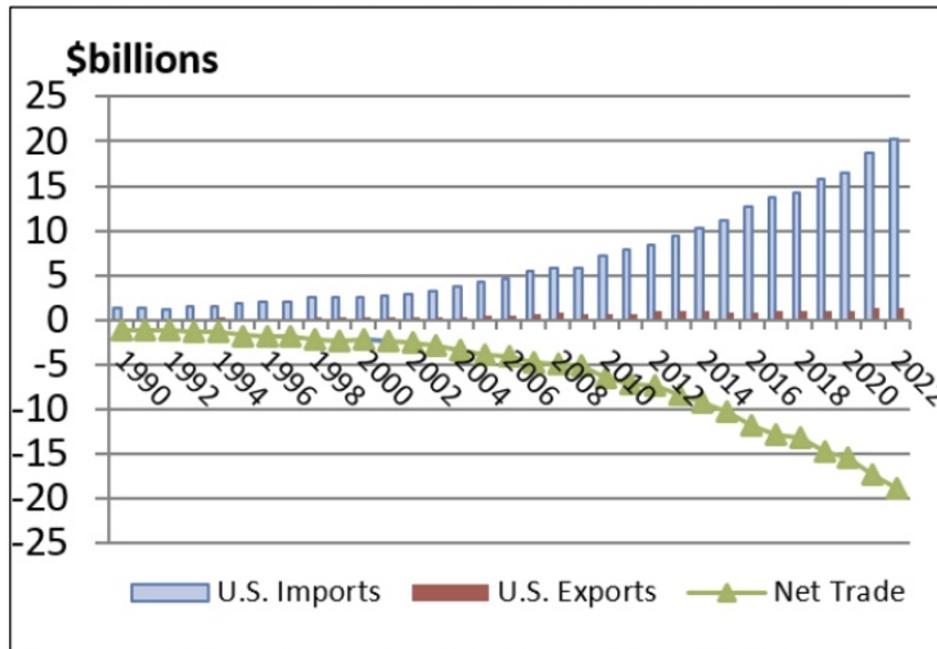
Few, if any, countries believe in unlimited free trade in agriculture. The vast majority of the world's nations want some measure of self-reliance on food production, and use trade policy to protect their home markets. This is rational, virtuous, and should not be a source of trade tension.

Beginning in the 1930s, the United States deployed import quotas across a host of agricultural commodities to protect domestic production. Throughout the twentieth century, those programs were whittled away under successive GATT liberalization rounds and bilateral and regional trade agreements. This has been devastating to American farmers and ranchers, with the U.S. reaching a \$37.6 billion agricultural trade deficit in 2024 [19].

While import quotas remain in place for many agricultural goods [20], in many cases, Mexico and Canada were given a complete exemption from quota restrictions under NAFTA and now USMCA.

The results were disastrous, as clearly evident from the following table prepared by the Congressional Research Service:

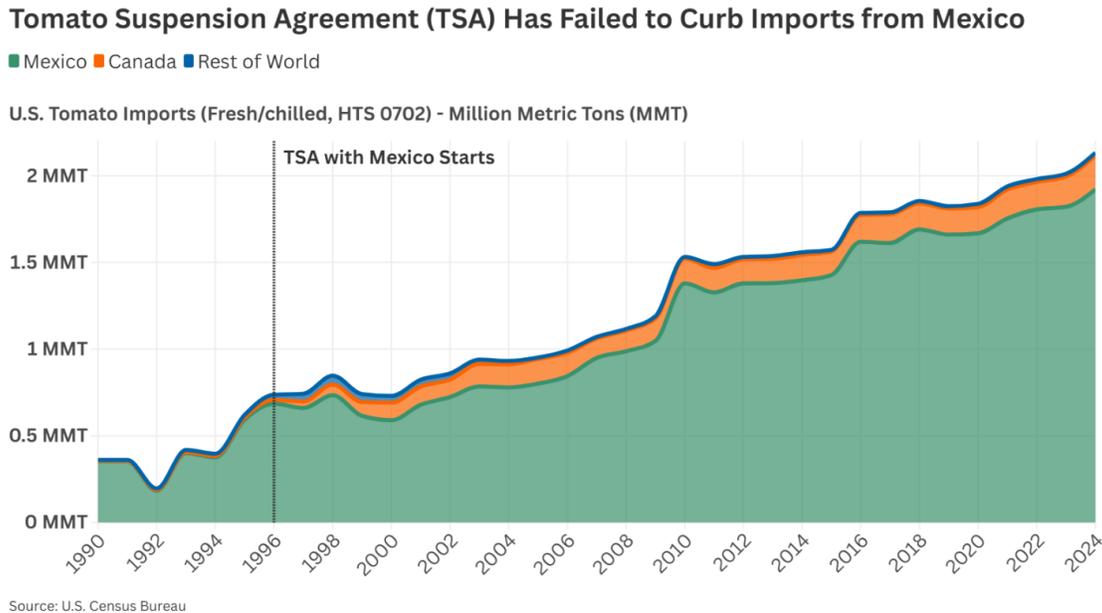
**Figure 6: U.S.–Mexico Fruit and Vegetable Trade**



**Source:** CRS from data in the USITC's Trade DataWeb database.

## Tomatoes

The U.S. tried to implement some import relief through voluntary agreements with Mexico over products like tomatoes. However, for over three decades, Mexican tomato exporters have repeatedly undermined and violated successive U.S. Tomato Suspension Agreements, using price manipulation to evade enforcement. Most of the increases in producer surplus after the TSAs went to Mexican exporters rather than U.S. growers, while Mexican imports continued rising and U.S. growers lost market share [21]. Imports rose from 685 thousand metric tons in 1996 to 1.92 million metric tons in 2024, worth \$3.2 billion despite reference price floors [22].

**Figure 7:**

Mexico has done so by repeatedly violating the TSA. The Department of Commerce (DOC) documented over 100 violations in five years [23]. As a result, Mexico's share of the U.S. fresh tomato market has grown from about 30% in 1990 to approximately 70% in 2024 [24]. In Florida alone, tomato farm acreage declined from 39,400 acres in 2000 to 33,000 in 2015, reflecting the steady displacement of U.S. growers [25].

The model—voluntary export restraints with on-paper price floors—has failed. Enforcement must shift to quotas or TRQs automatically triggered by price or volume breaches. The same pattern extends to countless other agricultural products, where Mexico's production undercuts U.S. growers across the country. But there are strong examples of how we can manage a trade system.

## How Restoring Quotas Stabilized U.S. Sugar: Lessons for U.S. Trade Policy

The history of U.S. sugar trade shows how a transition away from free trade to managed trade can achieve effective results for U.S. producers.

- America was entirely dependent on sugar imports in colonial times and its early history [26]. Sugar production was dependent on slave labor. Major sugar producers like Brazil and Cuba did not abolish slavery until 1888 and 1886, respectively.
- Henry Clay championed rejecting import reliance for food and protecting the home market and American farmers [27]. Protective tariffs helped incubate steam-powered sugar mills in the 1820s, and by the middle of the 19th century, almost half of American sugar consumption was domestically produced.
- President Franklin D. Roosevelt established the highly successful Commodity Credit Corporation in 1933 to set agricultural price floors [28]. To make price supports effective, Congress limited agricultural imports through the Sugar Act of 1934, empowering the President to set import quotas—authority later extended to other crops under the Agricultural Adjustment Act of 1938.

However, in the postwar free trade era, trade protections for U.S. farmers were gradually dismantled. Import protections for domestic sugar producers ended in 1974—and, like so many other industries before and after, price instability quickly followed. Sugar prices nearly tripled, rising from 10 cents per pound in 1973 before the quota's expiration to 30 cents shortly after exposure to global markets, then fluctuating wildly for years.

As *The New York Times* reported in 1986 [29]: “Gyrating sugar prices during the 1970s gave the fledgling corn processing industry a chance to expand its market for less expensive sweetener.”

The experience was so disastrous that Congress reintroduced global quota programs in the 1981 Farm Bill. A major blow to that system came later with NAFTA, which forced U.S. sugar producers into unrestricted price competition with Mexican exporters.

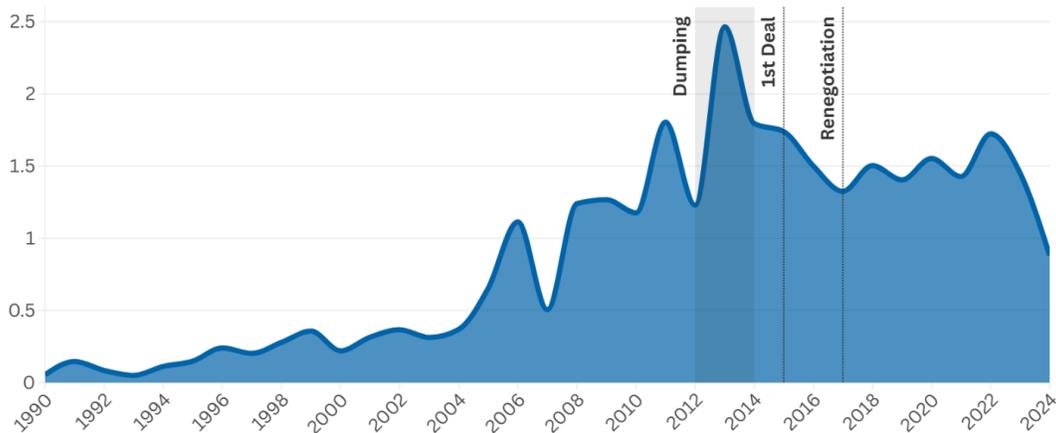
Mexico's sugar exporters exhibit the same manipulative behavior as the tomato growers. After being found guilty of dumping in 2014, Mexico avoided duties through a suspension deal, then exploited loopholes defining “raw sugar” [30]. U.S. producers lost \$4 billion in revenue while import levels remained elevated [31]. Only binding quotas and automatic duties can end this pattern.

**Figure 8:**

### Mexico Has Abused NAFTA & USMCA Sugar Access

Dumping Subsidized Sugar and Exploiting Loopholes

Sugar & Related Product (Excluding Honey) Imports from Mexico -- Million Metric Tons



Source: U.S. Department of Agriculture: Foreign Agricultural Service

While not perfect, the sugar program has fared better than any other American industry in defending its home market from unfettered imports. What makes sugar unique is that imports are *managed*. Allowable volumes are adjusted regularly based on forecasts of domestic production and consumption needs [32], [33], and import access is limited to select countries. Legally, this approach is not unique—dozens of U.S. products remain subject to import quotas administered by U.S. Customs and Border Protection [34], [35]—but most are compromised by exemptions, loopholes, or neglect.

The sugar quota has persisted because it works. It is an adaptive, rules-based mechanism that balances domestic supply with stable import flows. As such, it provides a model for other sectors. By learning from sugar, the United States can strengthen future bilateral trade deals and Section 232 reshoring actions through quota-based management of import reliance [36], restoring stability and sovereignty to critical supply chains.

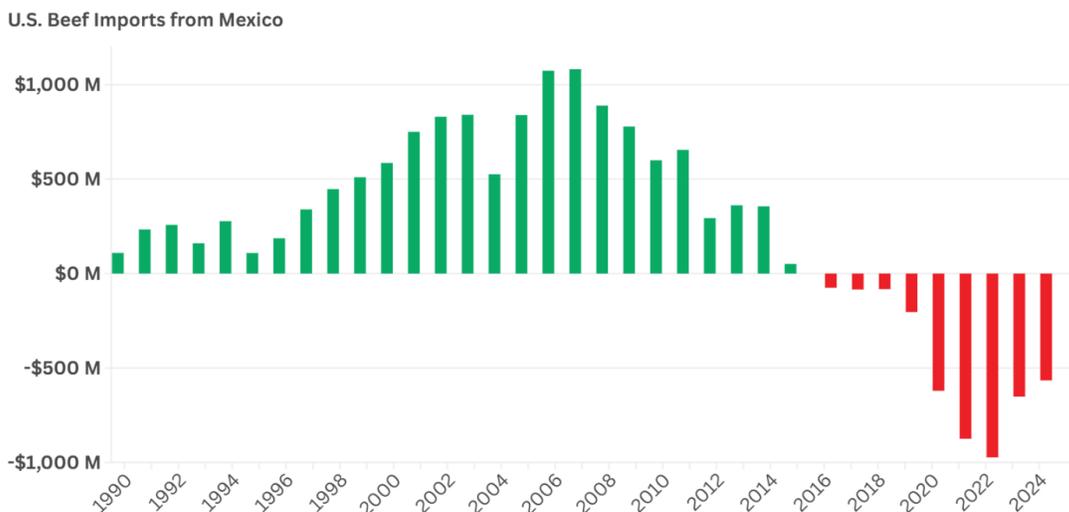
## Beef and Cattle

Mexico’s continued unlimited (quota-free) USMCA beef and cattle market access, despite weak sanitary enforcement, endangers U.S. herds, consumers, and ranchers. In late 2024, USDA’s Food Safety and Inspection Service issued a public health alert after uncertified Mexican beef tallow reached Arizona shelves [37]. In 2025, Mexico confirmed a case of New World screwworm just 70 miles from the Texas border [38].

These incidents reveal systemic gaps in Mexico’s containment and surveillance systems. While American ranchers operate under strict biosecurity and inspection rules, Mexican producers benefit from looser standards yet continued USMCA market access—undercutting U.S. cattle on both safety and cost. The trade balance shows the result of this system. U.S. beef trade with Mexico has flipped from a \$1.1 billion surplus in 2007 to a \$600 million deficit in 2024.

**Figure 9:**

### Beef Trade Balance with Mexico Has Collapsed



Source: United States Department of Agriculture: Foreign Agricultural Service

The damage is compounded by Congress’s 2015 repeal of mandatory Country-of-Origin Labeling (COOL) for beef following WTO challenges by Mexico and Canada [39]. This repeal made it impossible for consumers to distinguish between American-raised beef and imports at the grocery store, a direct blow to U.S. ranchers [40]. Under the old COOL law, labels had to show where cattle were born, raised, and slaughtered. Once repealed, imported beef could be sold under the “Product of U.S.A.” label if it was merely cut or packaged domestically [41].

This loophole lets Mexican beef enter U.S. stores with zero duty and indistinguishable from domestic product, denying consumers the ability to choose American-raised meat and masking the source of unfair import competition. Major U.S. meatpackers exploit this loophole to blend Mexican and U.S. beef, further undermining domestic producers under USMCA’s manipulable beef origin and labeling rules. As a result of all these policies, the total U.S. cattle herd has fallen to 86.7 million head as of early 2024—the smallest since 1951 [42], [43].

## Systemic Pattern: From Steel to Agriculture

Across all sectors, Mexico's approach is consistent: violate, delay, renegotiate, and repeat. Similar behavior appears across a wide range of sectors. This is a deliberate model of noncompliance that undermines U.S. industries and the credibility of multilateral enforcement.

## Canada: A Developed Industrial Competitor

Canada remains a high-income, rule-of-law economy, but it has repeatedly acted against U.S. producers to benefit their own exporters. The bilateral relationship should reflect this economic competition, not rely on an assumption of trust.

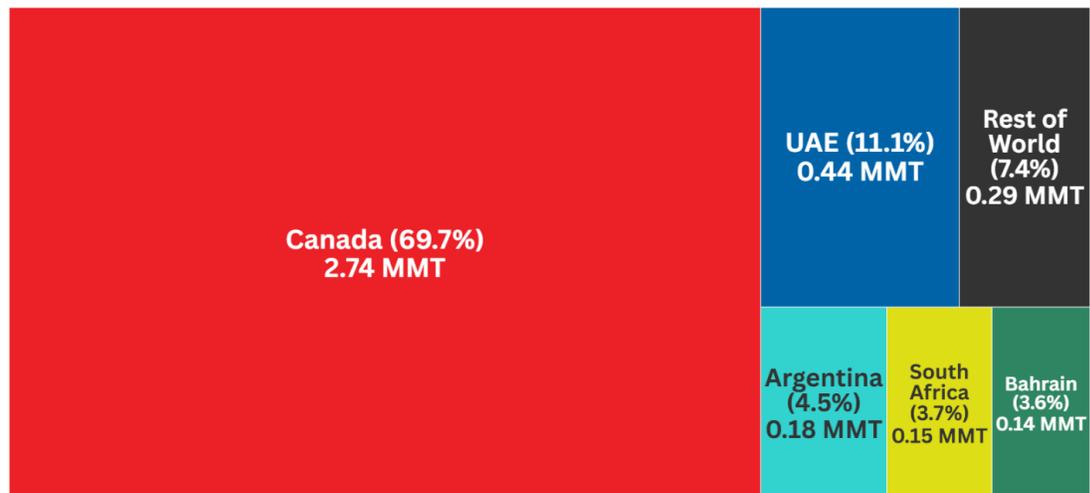
## Aluminum and Energy Subsidies

Canada supplies 2.74 million metric tons of unwrought aluminum to the United States each year—roughly 70% of total U.S. imports—a dominant share of the market [44]. Tariff exemptions for Canada under USMCA removed the very protections that the 2018 Section 232 investigation deemed essential to restore U.S. capacity. That investigation concluded U.S. capacity utilization for steel and aluminum must remain above 80% to be sustainable, and that surging imports threatened this threshold [45]. Nevertheless, aluminum imports from exempted countries such as Canada continued to rise; by 2024, total import volumes were 14% higher than the 2015–2017 average preceding the Section 232 tariffs [46].

Figure 10:

### Canada Dominates U.S. Unwrought Aluminum Imports

U.S. Unwrought Aluminum Imports (HTS 7601), Million Metric Tons (MMT), Jan-Dec 2024



Source: U.S. Customs Bureau

On the Canadian side, the low-cost structure of hydroelectric smelting in Quebec and British Columbia provides a major cost advantage—effectively an industrial subsidy that lowers energy costs and strengthens export competitiveness [46]. This advantage allows Canadian producers to undercut U.S. smelters and exert sustained price pressure across the North American market, even without reciprocal trade obligations or tariff discipline.

The history of NAFTA and USMCA demonstrates why robust and enforceable tariff protections are essential for U.S. aluminum. The United States should eliminate blanket country exemptions, establish automatic quota or tariff triggers to prevent import surges, and apply stricter rules of origin and domestic-content requirements to ensure Canada cannot serve as a conduit for third-country aluminum entering the U.S. market.

## Softwood Lumber

Canada's lumber industry benefits from provincially managed stumpage fees and other programmatic support, which the U.S. DOC has found to confer countervailable subsidies averaging 12–17% in recent reviews [47]. U.S. antidumping and countervailing duty orders on Canadian softwood lumber reflect findings that those imports have caused or threatened material injury to the U.S. industry.

The U.S. International Trade Commission's (USITC) 2023 review confirmed that removing these orders would "likely lead to the continuation or recurrence of material injury," citing sustained Canadian cost advantages, persistent oversupply, and the high substitutability of imported lumber for U.S. production—conditions that continue to depress domestic prices and capacity utilization [48].

During the previous softwood lumber cycle, Canadian imports rose 24% between 2014 and 2016, capturing most of the growth in U.S. demand as domestic prices fell roughly 10%, threatening an industry supporting more than 350,000 American sawmill and forestry jobs [49]. The persistence of these subsidies—despite multiple U.S. and WTO findings—shows that Canada treats softwood lumber not as a trade issue but as a domestic employment strategy at U.S. expense.

## Beef and Cattle

Canada's beef exports also enter the U.S. under labeling ambiguity similar to Mexico's. To ensure transparency and consumer choice, any new bilateral deal must restore mandatory Country-of-Origin Labeling (COOL) and harmonize sanitary rules for animal feed, inspection, and traceability.

Canada's beef and cattle sectors also benefit from extensive government support that distorts competition across North America. Federal and provincial programs—such as Alberta's Cattle Feeder Association Loan Guarantees [50], Saskatchewan's Animal Health and Biosecurity Program [51], and national research funding through the Beef and Forage AgriScience Cluster [52]—provide subsidized financing, risk guarantees, and cost-sharing assistance to Canadian producers. These programs reduce input and borrowing costs, effectively operating as countervailable subsidies that give Canadian producers a persistent cost advantage. Combined with tariff-free access under USMCA and the absence of origin labeling, these incentives allow Canadian beef to move seamlessly into the U.S. market. Without enforceable subsidy disciplines and restored transparency through COOL, U.S. ranchers remain at a systemic disadvantage in their own market.

## Agriculture

Canadian greenhouse agriculture—centered in Ontario—has evolved into a state-supported export industry that undermines fair competition for U.S. farmers. Nearly 99.5% of Canada's greenhouse vegetables are exported to the United States [53], flooding the market with underpriced produce and displacing domestic growers. Provincial initiatives such as Ontario's Grow Ontario Market Initiative, which commits CAD \$23.5 million to horticultural research and innovation, provide cost-shared grants that directly enhance productivity and export capacity [54]. At the same time, federal and provincial programs layer in energy-efficiency incentives, heating rebates, and construction grants, lowering input costs and reinforcing Canada's dominance in the U.S. fresh-produce market [55].

These policies have steadily eroded U.S. growers' market share and created a one-way trading system in which Canada finances its producers while exploiting tariff-free access to American consumers. The USMCA renegotiation must correct this imbalance by requiring full subsidy transparency, imposing seasonal safeguard triggers, and subjecting greenhouse-sector supports to countervailing-duty review. Without corrective action, Canadian greenhouse production will remain a de facto export-subsidy regime—undermining U.S. family farms and rural employment.

Canada is a problematic trade partner. The U.S.–Canada relationship must evolve from assumption of trust to structured reciprocity and built-in protections for U.S. producers.

## Policy Recommendations: Restoring U.S. Sovereignty through Two Bilateral Frameworks

CPA agrees with President Trump's suggestion to restructure USMCA. As President Trump recently stated, "We can renegotiate it, and that would be good, or we could just do different deals...We might make deals that are better for the individual countries" [56]. Ontario Premier Doug Ford has expressed the same, supporting a bilateral agreement with the United States without Mexico [57].

The United States should replace the flawed trilateral USMCA with two bilateral agreements—one with Mexico focused on automatic enforcement, and one with Canada focused on reciprocal safeguards. The U.S. should not bind two fundamentally different economies to a single enforcement model. A U.S.–Mexico pact must confront dumping, transshipment, and wage arbitrage; a U.S.–Canada pact must counter state-backed industrial policy, subsidy distortion, and managed-market practices.

### U.S.–Mexico Managed Trade Framework: Automatic Control, U.S. Verification

1. **Managing Trade Outcomes:** Unlimited price competition between U.S. producers and low-cost foreign competitors should never be the default in U.S. trade policy. Instead, the United States must be explicit about how much market access it is willing to exchange in pursuit of unrelated export gains. Is the United States prepared to watch the last American car factory close and relocate to Mexico—or the last cattle ranch disappear? Of course not. It is therefore in the national interest to define precisely how much of our domestic market we are willing to cede to Mexico in any given sector. Once those volume thresholds are established, the resulting quotas should be administered by U.S. Customs and Border Protection (CBP) under U.S. law (e.g., 19 C.F.R. Part 132). Voluntary restraint agreements, such as the 2019 steel and aluminum deal, should not be used; decades of trade experience show that Mexico lacks both the capacity and the will to police its own exports.
2. **Transshipment & Investment Controls:** Bar non-market entities (e.g., Chinese affiliates) from using Mexico as a conduit by developing more product-specific rules of origin in any area where Chinese investment appears; create a Commerce–Homeland Security task force to revoke duty-free status upon violations; consider the use of importer-licensing for other sensitive products, similar to the system used for beverage alcohol.
3. **Real-Time Digital Origin:** Require pre-entry digital certificates (origin, wage, supplier) with automated anomaly detection for third-country content. The Department of Homeland Security (DHS) Science and Technology Directorate (S&T) has worked with outside vendors for several years to develop blockchain and distributed ledger technologies (DLT) precisely for trade enforcement purposes [58]. USTR should look to deploy DLT as it drafts rules of origin and transshipment controls.
4. **Agricultural Safeguards:** Replace voluntary restraints and paper price floors (tomatoes, sugar, peppers) with orderly quota programs modeled after the sugar quota system in more recent trade agreements, such as the Panama and Colombia free trade agreements.

### U.S.–Canada Managed Trade Framework: Fair Competition with a Developed Competitor

1. **End Blanket 232 Exemptions:** Any tariff relief must be conditional on measurable protection for U.S. industry via enforceable tariffs and tariff-rate quotas.
2. **Automatic Quotas for Metals:** Set aluminum/steel quota triggers from 2015–2017 baselines; automatic 232 reactivation or hard caps if exceeded.
3. **Subsidy Transparency & Countervailing Duties (CVD):** Require full disclosure of federal/provincial supports (hydro-pricing for aluminum, stumpage for lumber, greenhouse/beef grants) with automatic countervailing review linked to export expansion.
4. **Agricultural Safeguards:** Impose seasonal TRQs and CVD reviews for dairy, beef, and greenhouse products that displace U.S. growers (e.g., Ontario greenhouse programs, energy rebates).

## Conclusion: Sovereign Trade for a Sovereign Nation

Canada and Mexico have both exploited U.S. market access—Canada through subsidies and industrial policy, Mexico through dumping, transshipment, and non-market investment. Both have weakened America's productive base and displaced U.S. workers. Their offenses differ, and so must the remedy. The U.S. needs separate bilateral trade agreements with Mexico and Canada.

Canada must face reciprocal safeguards against state-supported export industries. Mexico must face automatic enforcement against low-price imports and transshipment. The trilateral USMCA-NAFTA model has failed, tying three incompatible economies to one unenforceable system.

U.S. trade must be bilateral, sovereign, and self-enforcing. A model built on U.S. control—not negotiation—should define America's posture worldwide. North America can no longer be governed by compromise at the expense of U.S. industry and sovereignty.

Separate agreements. Automatic quotas. U.S. control.

These are the foundations of restored national production—where American labor, industry, and agriculture are once again protected by their own laws.

### In closing, CPA offers a statement of principles adopted by the American Protective Tariff League in 1903:

*"Reciprocity in competitive products by treaty is unsound in principle, pernicious in practice, and is contrary, alike to the principle of protection, to the fair treatment of domestic producers, and to the friendly relations with foreign countries.*

*Reciprocity is neither ethical nor economic, since it seeks to benefit some industries by the sacrifice of others, which is the essence of injustice. As at present advocated, reciprocity is a policy of favoritism. It would tend to array industry against industry and section against section at home, and foment industrial retaliation and political antagonism abroad. Such a policy would open the door to the grossest favoritism in legislation, promote the growth of a corrupting lobby, and increase the power of debasing bossism. Such a policy has no justification in economics, statesmanship, ethics, or good politics.*

*True American policy is protection of all the opportunities and possibilities of the American market for American enterprise, and fair, equal treatment for all other countries, namely the equal right to compete for American business in the American market by the payment of American wages. This alone is honest protection, good Republicanism, and the true American Policy."*

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