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NEWSLETTER

FEDERAL

UAW calls for big changes in USMCA



BY: **DOUG PALMER** | 12/05/2025 05:45 AM EST

QUICK FIX

— **The United Auto Workers called for a “complete rewrite” of USMCA at a hearing Thursday on the agreement** but shied away from discussing its proposal to impose a quota on auto imports from Canada, Mexico and other suppliers.

— **The main U.S. steel industry group wants Canada and Mexico to join with the United States** in imposing a “common external tariff” on the rest of the world.

— **Avocado and other produce growers in the Southwest** want USTR to push for tariff-rate quotas on imports from Mexico.

It's Friday, Dec. 5. Welcome to Morning Trade. Got news tips? Suggestions? Want to grab a coffee? Hit us up at: ahawkins@politico.com, dpalmer@politico.com and ddebrochers@politico.com. Follow us on X: [@_AriHawkins](https://twitter.com/_AriHawkins), [@drdesrochers](https://twitter.com/drdesrochers) and [@tradereporter](https://twitter.com/tradereporter).

DRIVING THE DAY

DRIVING THE DAY: The United Auto Workers union on Thursday called for big changes in USMCA to improve job security and wages for workers, strengthen the protection of labor rights and establish a floor for labor, health, safety and environmental standards in North America.

“We strongly believe that if these three metrics are not met in a renegotiated agreement that the U.S. has a duty to withdraw,” Jason Wade, top administrative assistant to UAW President Shawn Fain, said at USTR’s second day of hearings on the future of the agreement. “We are seeking a complete rewrite of the agreement.”

However, Wade passed up the opportunity to discuss [the labor union’s proposal](#) for the Trump administration to impose new import quotas aimed at boosting U.S. auto production to around 16 million vehicles annually, from about 10 million in 2024.

Nor did any member of the Trump administration interagency panel conducting the hearing ask Wade about the plan during the hourlong late afternoon session.

Matt Blunt, president of the American Automotive Policy Council, used his five minutes of testimony to call for a restoration of trade preferences for Canada and Mexico, but he stopped short of explicitly calling for duty-free treatment.

“AAPC urges the administration to preserve the core structure of the USMCA while pursuing targeted refinements, adequate transition periods, and measures that further incentivize North American supply chain resilience,” Blunt added in a statement issued after the hearing. “We look forward to working with USTR to ensure the USMCA continues to bolster North American competitiveness and sustain the growth of American auto jobs.”

[Click here to read more.](#)

STEEL WALL: Leading business groups, such as the U.S. Chamber of Commerce and the Business Roundtable, kicked off the second day with a strong call for a resumption of duty-free trade in North America.

“All goods complying with USMCA rules should be exempt from tariffs,” Nasim Fussell, BRT’s vice president for trade and international, testified at the hearing, which included 10 panels of witnesses on Thursday.

“Restoring preferential treatment for all USMCA compliant goods, including goods subject to Section 232 measures, will increase sourcing and trade with trusted partners that have committed to the highest standard trade rules,” Fussell continued.

But U.S. steel manufacturers sang from a different songbook when they testified later Thursday.

Although both Canada and Mexico have been pushing for relief from the 232 tariffs, “that should not be on the table” for next year’s USCMA review, said Brandon Farris, vice president for government affairs at the Steel Manufacturers Association.

“Canada and Mexico took advantage of their duty-free status under 232 prior to 2025 by surging products into the U.S.,” Farris said. “Since these countries were brought back under the 232 program this year, there’s a nearly 1-to-1 ratio between the decrease in steel imports from Canada and Mexico and the increase in American raw steel production.”

Subtle difference? However, Kevin Dempsey, president and CEO of the American Iron and Steel Institute, in his testimony did not directly address the question of whether the Section 232 tariffs on Canada and Mexico should be maintained.

Instead, he said the Trump administration should push the two North American neighbors to “adopt a steel tariff regime equivalent in restrictive effect to the current Section 232 tariffs, creating in effect a common external steel tariff for all of North America.”

“Such measures are necessary to address the impacts of global steel overcapacity and to address transshipment, circumvention and evasion,” Dempsey said. “In particular, it is essential that there not be carve-outs from the tariffs for selected countries due to existing free trade agreements or similar arrangements.”

Such a system could presumably set the stage for the U.S. to eliminate or reduce its Section 232 tariffs on Canada and Mexico, but AISI declined Morning Trade’s request to comment on that.

AROUND THE WORLD

MEXICAN VIEW: A leading Mexican business official echoed the call for the Trump administration to restore duty-free trade for all goods that comply with USMCA rules of origin, including those now subject to Section 232 duties.

Sergio Gómez Lora, head of the Washington office for the Business Coordinating Council of Mexico, also had three other main recommendations:

- Ensure that USMCA rules of origin promote regional integration, maximize North America’s complementarities and do not discriminate among the three members.
- Leverage USMCA committees to promote ambitious regulatory convergence, particularly in industrial sectors critical for the competitiveness of the region.

— Strengthen dispute settlement mechanisms to ensure timely enforcement of the obligations of the agreement.

“An expeditious review of the USMCA in 2026, which extends the duration of the agreement, would send an unequivocal signal to the rest of the world that North America is united, strengthened and ready to outcompete all other regions,” Gómez Lora said.

CANADIAN VIEW: Goldy Hyder, president and CEO of the Business Council of Canada, urged the three countries to build on existing USMCA institutions by creating two new committees: one focused on energy issues and the other on economic security.

The first “would develop a shared vision so our abundant energy resources, critical minerals, technologies and trade-enabling infrastructure become a continental advantage, not a mismatched patchwork,” Hyder said.

The second would assess risks, coercive trade practices, supply chain disruptions and cyber threats, then develop strategies to coordinate responses, Hyder added.

“Today, the concept of ‘security’ in the USMCA text is about exempting us from obligations,” Hyder said, in what appeared to be a reference to Trump’s use of Section 232 to raise tariffs unilaterally. “It should instead be a basis for collective action.”

AGRICULTURE CORNER

TRQ PLEASE: California avocado producers, during the first day of hearings Wednesday, urged USTR to establish a tariff-rate quota to restrict imports from Mexico.

Ken Melban, president of the California Avocado Commission, alleged the Biden administration undermined the border inspection system for Mexican avocados when it replaced U.S. government inspectors with inspectors employed by Mexico.

That “destroyed the paramount safeguards” of a 1997 protocol between the two countries, Melban said, “sharply increasing the pest risks and making the inspection system more susceptible to [Mexican drug] cartel activity.”

He urged USTR to put the onus for ensuring the “safety and integrity” of the inspection system on the Mexican government by threatening to shut down access to the U.S. avocado market if problems persist.

Melban also called on the Trump administration to use Section 232 to impose a seasonal tariff-rate quota on imports of fresh avocados from Mexico from March to September, when California growers typically market their crops.

Another plea: Michael Joyner, president of the Florida Fruit and Vegetable Association, also called for seasonal TRQs on a list of fresh produce, including

strawberries, blueberries, bell peppers, squash, cucumbers, watermelons, sweet corn and lettuce.

“Without these measures, American consumers may soon be forced to rely entirely on foreign-source fresh produce during seven months of the year, compromising our country's core nutritional needs,” Joyner said.

However, importers pushed back, warning that “protectionist” trade measures would raise costs for consumers.

“Our recommendations are to preserve free trade for fresh fruits and vegetables [and] to reject seasonal trade remedies,” said Raquel Espinoza, chair of the Fresh Produce Association of the Americas.

ETHANOL DREAMS: U.S. grain groups that have benefited from USMCA urged the administration to keep the basic terms of the agreement in place when they testified Wednesday.

But the Trump administration should try to make certain improvements, such as tearing down Mexico’s barriers to U.S. ethanol exports, said Jed Bower, president of the National Corn Growers Association.

“Ethanol access in Mexico would provide a new demand opportunity and the potential to reduce the overall trade deficit with Mexico by 16.7 percent,” Bower said.

TRADE OVERNIGHT

- Carney to meet with Trump, Sheinbaum on Friday in Washington, [Global News reports](#).
- EU considers removing tariffs on Volkswagen EVs built in China, [Reuters reports](#).
- France and China pledge cooperation on global crises and trade, [AP reports](#).
- U.S. trade teams plan to visit India next week for talks, [Bloomberg reports](#).

ON THE CALENDAR

10 a.m.: The Brookings Institution's Strobe Talbott Center for Security, Strategy and Technology [holds a discussion](#) on "Securing Critical Supply Chains in an Age of Great Power Rivalry."

THAT’S ALL FOR MORNING TRADE! See you again soon! In the meantime, drop the team a line: dpalmer@politico.com, ddesrochers@politico.com and ahawkins@politico.com. Follow us [@POLITICOPro](#) and [@Morning_Trade](#).

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