

CLOSING THE GAP: EVALUATING RAPID RESPONSE LABOR MECHANISM OUTCOMES AND CHARTING A PATH THROUGH THE 2026 USMCA REVIEW

Executive Summary

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The Rapid Response Mechanism (RRM), created by the United States-Mexico-Canada Agreement (USMCA), is an unprecedented tool designed to enforce labor rights via trade agreements. For the first time, a trade deal allows complaints against specific facilities that deny workers freedom of association or collective bargaining and makes possible direct sanctions on companies. The RRM's record demonstrates that including enforceable labor standards in a trade agreement can deliver tangible gains for workers, such as reinstatements after retaliatory firings, new opportunities for independent unions to organize, and stronger contracts. However, this research finds that, in the latter years of the mechanism's first five in operation, these gains have diminished as employers developed ways to limit durable remediation, while structural design flaws and ambiguities created off-ramps to evade sanctions. The key lesson from the RRM's first five years is that facility-specific trade-labor enforcement tools can be highly effective, but it is essential to address systemic shortcomings to ensure these tools deliver more consistently on their promises.

The RRM's transformational approach was designed to address decades of wage

suppression in Mexico under employer-dominated unions and sham collective bargaining agreements (CBAs). The systematic suppression of fundamental labor rights and independent unions, along with the resulting rock-bottom wages, incentivized corporations to relocate thousands of industrial facilities from the United States to Mexico under the 1994 North American Free Trade Agreement (NAFTA). By mid-2020, the U.S. government had certified more than one million American workers as having lost their jobs due to offshoring and import competition under NAFTA. During his first term, President Trump promised that his NAFTA renegotiation and USMCA would end job offshoring to Mexico and the NAFTA trade deficit.

In its first five years, the RRM has produced important results. It led to reinstatement of workers fired for union activity, expanded access to trainings on freedom of association, and supported new opportunities for independent unions. Between July 2020 and June 2025, the United States initiated 37 RRM cases targeting 36 facilities involving mining, call centers and air transport services, food, electronics, apparel, and, most notably, automotive sector manufacturing.

Tens of thousands of workers in facilities where RRM cases succeeded have made real gains. But the USMCA has not delivered on topline promises to end the race to the bottom in wages and labor conditions or balance regional trade. Wages in Mexico remain very low despite some gains. Workers in the automotive and electronics manufacturing sectors still earn only \$3 to \$5 per hour, even as productivity approaches U.S. levels. Manufacturing wages in Mexico remain about 40% lower than in China.

The mechanism's early implementation has highlighted areas where further progress is needed. Not enough cases have resulted in real penalties for employers violating labor rights to incentivize systemic, prophylactic changes, such as employers ending abuses against independent unions or improving pay and conditions. RRM remediation has sometimes taken the form of surface-level measures that, while accepted by governments, have not always resulted in durable improvements to workers' ability to organize and bargain collectively. Independent Mexican unions have made headway in certain facilities but still face challenges in securing contracts and meaningful wage gains after cases are closed. These patterns underscore the importance of using the mandatory 2026 USMCA review to refine the mechanism so that it can fulfill its long-term potential.

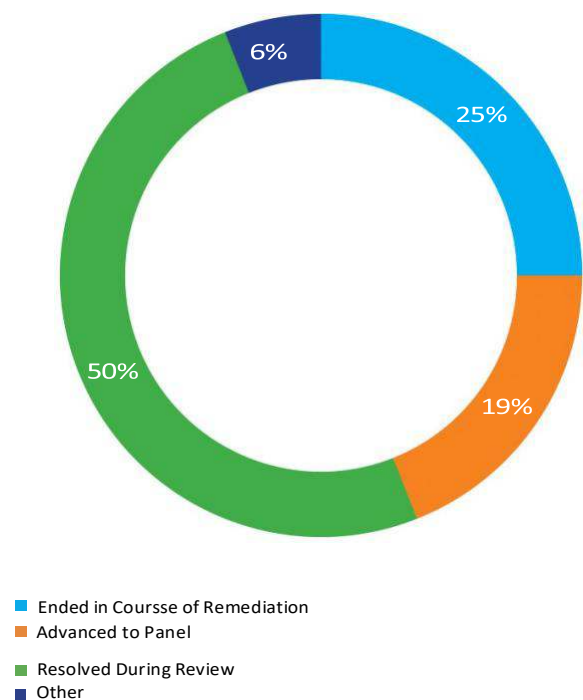
Key Findings:

1. The governments are “resolving” too many cases without securing long-term gains for workers.

By mid-2025, of 32 concluded cases initiated by the U.S. government concerning labor violations in Mexico,

half were deemed “resolved during review,” eight resulted in a formal Course of Remediation, and six advanced to panels— independent groups of three labor experts that determine whether violations occurred and whether they were remedied. The USMCA text does not clearly outline the consequences of cases being “resolved during review.” The increasing tendency to close cases without a Course of Remediation or panel action calls into question whether this approach genuinely tackles union-busting practices or holds companies accountable through a clear record of denial-of-rights violations.

Pre-Panel Outcomes of known RRM Cases



2. Remediation has been real, but it is often standardized and insufficient in some cases.

Common remedies agreed by governments to end cases without panel activation include neutrality statements, worker reinstatements, and freedom of association (FOA) trainings. These measures are important steps, particularly the reinstatement of workers fired for their

union activities or preferences. However, commitments to grant union access to facilities or recognize and bargain with petitioner unions have been less frequent. Strengthening remedies to prioritize actions that enable independent unions to organize and bargain collectively would help advance the core objectives of the RRM.

Top 10 Most Common Remediation Actions Achieved through the RRM

Common Remedial Actions	Total Number of Cases
Neutrality Statement and/or Zero-Tolerance Policy	26
Mexico-Provided FOA Training	24
Facility-Provided FOA Training	19
Worker Reinstatement and/or Backpay	19
Anonymous Hotline to Report Violations	14
Severance Payments	7
Union Access to Facility	7
Proper Management of Union Dues	6
CBA Distribution	5
Recognizing and Engaging in Bargaining with Petitioner Union	5

3. Progress has been made on freedom of association, but there is less movement on collective bargaining.

Twelve workplaces out of 32 concluded RRM cases saw workers gain new union representation and/or contracts, but a larger share of RRM cases did not produce such results. Early RRM cases were

notably successful in delivering durable gains for workers. Later cases suggest that corporations have developed strategies to persuade authorities that limited actions amount to sufficient remediation without enabling workers to organize independent unions or negotiate strong collective bargaining agreements.

Union Representation and Collective Bargaining Outcomes of Concluded RRM Cases by Workplace

Workers gained new union representation and/or a new/ revised CBA	Workers only gained new union representation	RRM activity did not result in new union representation or a new/ revised CBA
1. General Motors (2021)	1. Manufacturas VU (2022)	1. Draxton (2023)
2. Tridonex (2021)	2. Unique Fabricating (2023)	2. Grupo México – San Martín mine (2023)
3. Panasonic (2022)		3. Grupo Yazaki (2023)
4. Teksid Hierro (2022)		4. Asiaway Automotive Components (2023)
5. Goodyear (2023)		5. Tecnología Modificada – Caterpillar (2023)
6. INISA (2023)		6. Fujikura* (2023)
7. Aerotransportes MAS de Carga (2023)		7. Atento Servicios (2024)
8. Teklas (2023)		8. RV Fresh Foods* (2024)
9. Autoliv (2023)		9. Servicios Industriales González (2024)
10. Minera Tizapa (2024)		10. Volkswagen* (2024)
11. Odisa (2024)		11. Impro (2024)
12. Modern Metal Alloys (2025)		12. Vidrio Decorativo Occidental (2024)
		13. Aludyne Automotive (2025)
		14. Superior Industries (2025)

The fact that half of all concluded RRM cases have not resulted in new union representation and/or a new or revised contract raises questions about the effectiveness of the mechanism to fulfill its ultimate objectives. The cases marked with an asterisk in the table are those in which securing new union representation or a new or improved collective bargaining agreement was likely not the petitioners' ultimate goal when filing the complaint.

4. Secrecy about why petitions are rejected or even how many are filed chills use of the RRM and hinders accountability.

There is no public information on the total number of petitions filed under the RRM, nor any transparency about the reasons some were rejected. Through a Freedom of Information Act (FOIA) request, we discovered that 56 petitions were filed during the first five years of the RRM, although one was later withdrawn. The U.S. government initiated action on 38 cases: 36 resulting from petitions and two self-initiated. But there is limited public information about why 19 petitions were rejected or otherwise did not trigger activation of the mechanism. The lack of transparency that has marked the RRM's initial years is a key area requiring improvement.

Summary of Recommendations for the 2026 USMCA Review:

Based on the findings in this report, we recommend a set of quick targeted adjustments and broader systemic improvements:

Targeted Adjustments:

1. Shorten the respondent Party's period for internal review: The respondent Party's 45-day internal review period should be shortened to 30 days, matching the complainant Party's timeline. While the U.S. government has demonstrated that such investigations can be completed within this shorter timeframe, Mexico's greater access to facilities and investigative tools makes a longer period unnecessary. More importantly, the current 45-day window often results in cases being superficially "resolved during review," with companies offering quick fixes that fail to address deeper violations of workers' rights. A 30-day limit would push for more substantive evaluations and reduce incentives for shallow remediation.
2. Extend or modify the Interagency Labor Committee's deadline to determine whether to invoke a panel: Congress should extend or modify the 60-day deadline imposed on the Interagency Labor Committee to decide whether to request a panel after invoking the RRM. Under current rules, the U.S. government has only 15 days following Mexico's 45-day internal review to make this determination, which can lead to premature closure of cases based on short-term or superficial remedies. Extending the deadline by 15 to 45 days—or allowing extensions when necessary—would provide sufficient time to assess whether commitments are being effectively implemented and ensure decisions reflect lasting improvements in workers' rights.

3. Require Parties to consult with stakeholders—especially petitioners—when developing remediation actions, and disclose investigation findings while safeguarding witness workers: Including petitioners in the Course of Remediation process would help ensure that remedies address ongoing violations, while sharing investigation outcomes in writing would strengthen accountability and improve the RRM's effectiveness.
4. Clarify that a "Resolved During Review" outcome counts as a Denial of Rights Determination: The mechanism is designed around escalating penalties, making it critical that corporations involved in violations face lasting consequences and an increased risk of future cases. The growing trend of categorizing outcomes as "resolved during review" raises concerns that governments and companies may use this designation to avoid a formal "first strike." Explicitly stating in the USMCA text that such cases qualify as Denial of Rights Determinations would strengthen deterrence and preserve the integrity of the penalty system established in Article 31-A.10.
5. Clarify that administrative and judicial authorities' actions can constitute a Denial of Rights under the RRM: The agreement does not require attributing violations solely to companies or governments, which is critical since employers often rely on protection unions or local authorities to obstruct workers' organizing and bargaining efforts. However, in practice, there has been reluctance to address violations

involving administrative or judicial misconduct through the RRM. To reaffirm the Parties' intent, the USMCA text should be clarified to explicitly include such actions within the scope of the mechanism.

Systemic Improvements:

1. Add a substantive obligation requiring all USMCA Parties to ensure employers bargain in good faith: While the RRM has been effective in addressing freedom of association violations, remediation related to collective bargaining has been rare, in part because Mexican labor law does not explicitly require employers to negotiate in good faith. The result is that domestic enforcement often focuses on compliance with strike procedures rather than employers' bargaining conduct. To strengthen workers' ability to secure union contracts, the USMCA should include a clear obligation for all Parties to impose a duty to bargain in good faith, with a commitment for Mexico to amend its Federal Labor Law accordingly.
2. Require Mexico's Federal Center for Labor Conciliation and Registration to have sanctioning authority: While the RRM has advanced labor rights enforcement, it cannot address all violations. Amending the USMCA to require that Mexican law grant the Federal Center sanctioning authority—an initiative already approved by the lower house of Congress but stalled in the Senate—would bolster enforcement and extend protections nationwide.

3. Isolate fact-finding aspects of the RRM process and make it equally applicable to all USMCA Parties: Currently, governments must both investigate petitions and—in the case of Mexico—defend companies accused of labor rights violations, a conflict that undermines credibility. The process also lacks transparency, with neither petitioners nor companies having access to investigators' reports or evidence the other party submits. Establishing an independent body—potentially modeled on precedents like the U.S.–Cambodia Textile Agreement or the Bangladesh Accord—would enhance impartiality, ensure stakeholders receive findings, and build trust in the system. Finally, extending the RRM to cover facilities in the United States and Canada would guarantee equal protection for workers across all Parties and prevent distortions in labor standards and competition.

The RRM offers a new model for labor enforcement via trade agreements. Unlike past trade pacts that relied on state-to-state disputes, the RRM provides facility-specific accountability. This represents a significant advancement in the trade and labor field and has already proven effective in addressing clear cases of rights violations. But for the RRM to deliver on its promises, critical improvements are necessary.



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