2026 USMCA Review: In it for the long(er)-run

April 23, 2026

It is unlikely that all three countries will agree to fully extend USMCA by July 1.

- **APCO forecasts that the USMCA review will enter a series of annual reviews rather than a trilateral agreement for full renewal by July 1.** The process is likely to shift toward staged, issue-specific bargaining, with the United States advancing priority demands through bilateral channels before any broader trilateral convergence.
- **While failure to fully extend the agreement by July 1 may increase perceived economic uncertainty, the agreement will remain in force during the annual review period.** Economic and political pressures may push the capitals toward full agreement by the end of 2026. Failure to agree by year end could push an extension to the end of President Trump's term in 2028, but that does not mean that the agreement will fail.
- **Washington has signaled that it will not simply "rubber stamp" the agreement.** The combination of limited institutional bandwidth, reduced near-term tariff leverage, and the late start to formal talks makes a comprehensive trilateral settlement exceptionally difficult on the current timeline. Annual reviews will allow the United States to preserve pressure for additional concessions without having to close every issue at once. Further, elements of USMCA have not been fully implemented, so annual reviews will increase both the pressure and the opportunity for all three governments to improve the implementation of the existing agreement.
- Mexico is engaged and open to talks on technical issues like rules of origin, transshipment, and critical minerals, but tensions remain in sensitive areas such as steel and autos. Canada's incentives differ, making annual review a more viable path to achieve Ottawa's economic priorities, while managing political sensitivities.
- In a "rolling negotiation" environment, companies that treat USMCA as a static framework will find themselves on the back foot. **Companies that institutionalize policy engagement, scenario planning, and government relations in all three capitals will be best positioned to ensure their priorities are heard.**

While navigating new institutional constraints, Washington will still push for adjustments across a variety of policy areas.

- **The Supreme Court's February ruling invalidating IEEPA tariffs has limited the administration's ability to levy immediate tariff threats**. In the near term, Washington's reduced leverage may make formal negotiations a more practical path to secure concessions, pushing the administration to engage more directly with Canada and Mexico. However, assuming the new Section 301 investigations wrap up in time to apply new tariffs by July 24, the administration will gain greater flexibility to adjust rates and create leverage. This consideration adds uncertainty to the negotiating calculus of the Canadian and Mexican governments.
- **Affordability concerns ahead of the midterms dampened the Trump administration's enthusiasm toward using tariffs as a primary tool for leverage.** The administration's "Liberation Day" anniversary move to simplify Section 232 metals tariffs, along with implementation of

heavily exempted pharmaceutical tariffs, signals a more tempered approach to trade issues and negotiations.

- **Although the 2026 Trade Policy Agenda lists the USMCA review as one of six priorities, USTR and other stakeholders face real bandwidth constraints.** The war with Iran and other trade investigations consumes institutional attention. It is unlikely that the administration will be able to conclude satisfactory elements of a deal such that the President is willing to approve it. USTR Jamieson Greer has repeatedly said the administration will not "rubber stamp" the agreement.

PM Carney's domestic and international aspirations may make Ottawa think twice about agreeing to a full renewal in the near term.

- **Under PM Carney, Ottawa's approach has shifted from "a deal at any cost" to "a deal in Canada's best interests."** While Carney has not always matched his "elbows-up" rhetoric, the government has shown little public appetite to reengage the Trump administration since bilateral talks slowed significantly in October. Reflecting this posture, Chief Negotiator Janice Charette has indicated Canada will likely not be prepared for a full renewal by July 1, reinforcing expectations of a more deliberate timeline.
- President Trump's continual hostility toward Ottawa has become a hallmark of the administration's rhetorical and economic coercion against its northern neighbor. Threats to close the Gordie Howe International Bridge, refusal to certify new Canadian jets, and the president's "51st State" comments have soured the Canadian public's view of the United States.
- While Canada cannot escape its geographic or economic entwinement with the United States, **PM Carney's trade diversification strategy will help Ottawa resist some of Washington's coercion** and reduce the need for Canada to strike a deal in the immediate future. True diversification is neither easy nor immediate, so the continued exemption of USMCA-qualifying goods from many tariffs remains essential to both economies.
- Mexico and the U.S. have already kicked off negotiations without Canada, but Mexico is also maintaining an active bilateral channel with Ottawa. Recent senior-level meetings and delegations between Mexico and Canada underscore that the review is not only being shaped through U.S.–Mexico engagement. This may give Canada early visibility into negotiating lines before formally engaging the United States.

Mexico's priority to preserve USMCA will keep the country anchored to continuity while pushing for stronger dispute settlement and reciprocity.

- Mexico's negotiating posture is being shaped primarily by the federal executive — particularly the Ministry of Economy — working through established USTR-to-Ministry counterparts. Since the start of President Trump's second term, President Sheinbaum has sought to keep channels with Washington open while avoiding escalation that could translate into trade disruption. Given Mexico's heavy export dependence on the United States, the Mexican administration views steady engagement as essential to protect investment confidence, supply chains, and industrial competitiveness. This is reinforced by the decision to launch the first formal U.S.–Mexico negotiating round in Mexico City the week of May 25, following USTR Greer's meeting with President Sheinbaum on April 20.

- Even as Mexico signals a constructive negotiating posture and the private sector pushes for continuity, **President Sheinbaum is likely to use the review period to underscore Mexico's sovereignty and to demonstrate that engagement with Washington does not equate to acquiescence.** At the same time, Mexico's Ministry of Economy has framed its primary strategic objective as the preservation of the agreement itself. Mexico is expected to prioritize:
  - strengthening the dispute settlement system to reduce uncertainty and prevent abrupt decisions that affect multiple industries;
  - removing Section 232 steel, aluminum, and auto tariffs (contrary to U.S. negotiating posture);
  - and pushing for reciprocity in the application of key mechanisms, including labor-related provisions, and other areas where Mexican officials argue implementation has not been even-handed.
- Mexico has been steadily deepening its bilateral engagement with Canada ahead of the USMCA review, **signaling a shared interest in reinforcing trade and investment ties outside the U.S.–Mexico dynamic.** Recent high-level exchanges and commercial outreach underscore a coordinated effort to position Mexico–Canada economic cooperation as a stabilizing pillar of North American trade, focused on attracting investment, facilitating technology transfer, and strengthening direct business linkages to navigate uncertainty during the review process.

Trade policy continues to be interlinked with foreign policy.

- **Transshipment of industrial goods from China remains a key U.S. concern, one the administration must address while managing broader efforts to maintain stability in the U.S.-China relationship.** U.S. heavy industry groups have long called for stricter rules of origin (ROO) to prevent transshipment of Chinese goods, particularly through Mexico. The first round of bilateral negotiations between USTR Greer and Mexican Secretary of Economy Marcelo Ebrard focused on strengthening ROOs and reducing dependence on imports from third party countries. Canada has also shown support for modernizing ROOs, while preserving flexibility for small and medium sized businesses relying on globally sourced components, despite Ottawa's rapprochement with China.
- **The USMCA review offers another opportunity to the U.S. to assert its security leadership in the region.** This approach, often framed as the "Donroe Doctrine," reflects a broader strategy to limit external influence and reinforce U.S. leverage. The administration may favor annual review to ensure that U.S. economic security demands are fully reflected in deal terms.
- **Both Canada and Mexico have explicitly tied the details of a critical minerals partnership with the U.S. to the USMCA review process**. Following the announcement of the Forum on Resource Geostrategic Engagement (FORGE), the U.S.-led plurilateral body for critical mineral supply chain cooperation, both Canada and Mexico indicated that further talks would be part of the review. Critical minerals are unlikely to be a sticking point in the USMCA review; instead, the process could deliver trilateral commitments, such as price floors or joint project financing, that accelerate near-term policy changes.

About APCO's Center for Trade, Investment, and Market Access

APCO brings together our international colleagues to provide strategic advice, geopolitical risk advisory, intelligence, advocacy, and communications around issues at the heart of our global economic and security policy, industrial strategy, and global supply chains. Our team, consisting of former senior government officials, policy experts, and trade specialists, is uniquely positioned to help clients tackle immediate challenges and develop long-term strategies for resilience and success. The Center also draws on the expertise of dozens of former heads of state, ambassadors, elected officials and business leaders who serve on APCO's International Advisory Council.

For more information, please contact:

Jon Lang
Senior Director, Economic Security
Washington, D.C.
jlang@apcoworldwide.com

Peter Cuomo
Project Consultant, Geo-Commerce
Washington, D.C.
pcuomo@apcoworldwide.com

Judit Arenas
Executive Director, Head of Latin America
jarenas@apcoworldwide.com