



USMCA Renewal Decision This Week

Updated 29 June 2026

Action: The US-Mexico-Canada (USMCA) Agreement, adopted in 2020, comes up for its Joint Review and possible renewal this week, with a decision expected by July 1. The US has several options: extend the agreement for another 16 years, announce that it is ending the agreement (which would keep it in place until 2036), move to annual reviews, withdrawal with six-month notice, or possibly switch the structure to two bilateral agreements rather than a trilateral agreement.

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- Mexico and Canada are the US' two largest trading partners. Analysis by the Economics, Strategy, and Finance Center of The Conference Board on USMCA and potential economic impacts is [here](#). The current Tariff Tracker from The Conference Board is [here](#). USMCA covers about 85% of goods shipped across the three countries.
- Under Article 34.7 of USMCA, if the governments decide to extend the agreement for another 16 years, another Joint Review would automatically take place in 2032. If the governments decide not to renew the agreement for another 16 years, a process of annual reviews would begin.
- At times, the Administration has been harshly critical of USMCA. At a December Congressional hearing, USTR stated that USMCA's "shortcomings are such that a rubberstamp of [USMCA] is not in the national interest" and that the joint review would include discussion of both bilateral and trilateral trade issues¹. A Senate hearing showed that USMCA enjoys broad bipartisan support.²
- Even if the agreement continues, the Administration will likely seek to change it to make it more favorable to the US. One aim of the Administration in any negotiations would likely be to ensure that third countries are not simply taking advantage of USMCA to ship products made outside North America but that only North American products qualify for USMCA treatment.
- Canada hopes for a full 16-year renewal of USMCA. Even as Canada has sought to diversify its trade links in the face of tariff threats and uncertainty on USMCA, Canada is also willing to consider greater regional integration and has made proposals to the US on this,³ possibly involving critical minerals and other inputs US industry needs. Canada had already rescinded its Digital Services Tax, an important issue for the US.⁴
- Mexico also formally endorsed extending USMCA for 16 years.⁵ Mexico is likely to resist efforts to raise the regional value content provisions in the auto sector but is interested in discussions on improving supply chain resilience.⁶ Mexico permits importation of genetically modified corn having lost a USMCA panel dispute on that subject. Energy and agriculture will be important topics in negotiations with Mexico.
- The US held its domestic consultation process on USMCA in late 2025.⁷ Comments from labor and agricultural organizations focused on labor conditions in Mexico and greater access to Mexican and Canadian markets as well as technical regulations that may disfavor US workers.
- Comments from major business organizations focused on a number of issues:
 - Ensuring continued benefits from and operational continuity of USMCA
 - Streamlining regulatory barriers and greater harmonization of technical standards
 - Working to eliminate regulations that can effectively discriminate against US commerce, in industries including agriculture, telecommunications, and financial services
 - Standardizing Customs procedures and documents and modernizing border infrastructure, including greater use of digital platforms
 - Clearer rules as to what goods qualify for USMCA status, to reduce transshipment of goods then qualifying for duty-free treatment even if not

made in North America

- Greater integration in key sectors such as energy and financial services
- Greater integration (and tariff-free trade) in critical minerals

- **What this means for business:** Continued guarantees of USMCA treatment is extremely important for businesses in a wide variety of sectors, notably automotive and other industrial sectors. In other sectors, such as agriculture, the picture is more mixed, with some US producers seeking greater access for US products even as the US has increased imports of agricultural products from the US and Mexico.
 - For some sectors such as the automotive sector, building even deeper North American supply chains offers opportunities for growth and flexibility in operations.
 - The greater policy certainty the Joint Review offers, the more US business would likely benefit.
 - Moving to two bilateral agreements would require an extended period of negotiation and introduce significant new policy uncertainty. Annual reviews would also introduce greater policy uncertainty, making it difficult for businesses to make investment decisions, and could increase compliance costs.
 - It is unclear, however, whether the Administration would seek to move USMCA in a direction promoting greater open trade among the three countries, for instance by expanding tariff-free trade in certain industries, greater regulatory harmonization, or (as one business organization proposed) not applying any sectoral tariffs under Section 232 of the Trade Expansion Act of 1962 to USMCA trade.

[1] Remarks by USTR Greer, "Opening Statement for House Ways and Means and Senate Finance Committees," December 16 and 17, 2025.

[2] Doug Palmer, "Senate Republicans rally behind USMCA even as Trump's support wavers," Politico, February 12, 2026.

[3] <https://www.pm.gc.ca/en/news/speeches/2026/05/28/prime-minister-carney-delivers-remarks-economic-club-new-york>

[4] <https://www.canada.ca/en/department-finance/news/2025/06/canada-rescinds-digital-services-tax-to-advance-broader-trade-negotiations-with-the-united-states.html>

[5] <https://www.reuters.com/world/mexico-backs-extending-usmca-trade-pact-16-years-2026-06-02/>

[6] <https://www.as-coa.org/articles/tracking-us-mexico-talks-usmca-review>

[7] "Request for Public Comments and Notice of Public Hearing Relating to the Operation of the Agreement Between the United States of America, the United Mexican States, and Canada" *Federal Register*, Sept, 17, 2025.

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