

March 20, 2025

## RE: USMCA Review

### Summary

Under the first Trump Administration, the U.S. prompted a renegotiation of the North American Free Trade Agreement (NAFTA), a 23-year-old trade pact between the U.S., Mexico and Canada. After an intense series of trilateral negotiations over a 13-month period, the newly minted U.S.-Mexico-Canada Agreement (USMCA) was signed on November 30, 2018, and was officially entered into force on July 1, 2020.

One unique element of the USMCA was the inclusion of an unprecedented provision requiring all three parties to conduct a review six years after its entry into force, setting the review for July 2026. According to the provision, which was prompted by the U.S., if the three countries do not agree to extend USMCA in the 2026 review, the agreement will terminate in 2036. Further, if any party does not agree to extend USMCA, the parties will conduct annual joint reviews until all parties agree to extend the agreement for another 16- year period (after which the parties will return to a six-year joint review cycle) or USMCA terminates.

The joint review process, as understood by trade policy practitioners, is intended to ensure continued relevance and functionality of the agreement. The belief was that the review may result in revised text for some provisions, not a full-on renegotiation of an agreement. But it's recognized that this is ultimately dependent upon the leadership of the three parties of the time of the review. Therefore, today the fate of the review will depend on how the Trump (U.S.), Sheinbaum (Mexico) and potentially Carney (Canada) administrations decide on how to engage.

### Process for Review

The USMCA contains a provision providing for a joint review process through which all three parties confirm to continue the agreement. The first joint review is scheduled for July 1, 2026. Per Article 34.7 of the USMCA:

- Revisions to the Agreement: In the review, the parties may submit recommendations for revisions to the agreement, which the group would consider.
  - Each Party may provide recommendations for the Joint Review Commission (Commission) to take action at least ONE month before the Commission's joint review meeting takes place.
- Keep or Delete: The agreement will expire in 2036 unless the parties confirm in writing that they wish to extend the agreement.
  - If ALL "yeas": Agreement automatically extends for another 16 years
  - If at least ONE "no": The Commission shall meet to conduct a joint review on an annual basis for the remainder of the term of the agreement (i.e. 2036) unless an agreement is reached, and all three Parties proceed with extending the agreement for another 16 years.

- After any agreement for an extension of another 16-year period, the Commission shall conduct joint reviews every six (6) years thereafter.

If the Parties decided to make any amendments to the text of the agreement, per Article 34.3 indicates that the "amendment shall enter into force 60 days after the date on which the last Party has provided written notice to the other Parties of the approval of the amendment in accordance with its applicable legal procedures [...]."

The procedures to for engaging in the review process per the provisions laid out above remain unclear and will need to be decided on between the three parties as there is no precedent to follow.

## U.S. Implementing Legislation Requirements

The U.S. Congress approved implementing legislation for USMCA in December 2019 (P.L. 116-113). Within the implementing legislation Congress included a series of provisions associated with the USMCA Review process. These provisions require that the Office of the U.S. Trade Representative (USTR) to:

- Report to the appropriate congressional committees before each joint review on its assessment of the operations of USMCA and the U.S. position on extending USMCA,
- Recommendations for actions to be proposed at the joint review, among other requirements.
- Consult with stakeholders by soliciting public comments and holding a public hearing.

### Key Dates in the U.S.

11/30/18	USMCA signed by the U.S., Canada & Mexico
01/29/19	USMCA signed into U.S. law (P.L. 116-113)
07/01/20	USMCA entered into force
Early Oct. '25*	Federal Register notice for public comment & public hearing date
Early Jan. '26*	USTR report to Congress due
07/01/26*	Joint Review of the USMCA

*\*The dates are built on general assumptions based on no other external factors and should be considered "no later than" dates.*

**Note:** The U.S. is the only party to the agreement that has implementing legislation that requires engagement with its respective legislative body. Though, Canada and Mexico have already begun their own processes for gathering stakeholder input for the USMCA Review.

## Caveat

While Article 34.7(2) of the agreement outlines what should happen if the parties cannot agree on its continuation, it's also important to note that the text provides limited guidance on how the review should proceed, the roles of various stakeholders, timelines, or any follow-up actions associated with the review.

Adding to the confusion is the current trade policy efforts being taken by the U.S. that includes tariff threats against Canada and Mexico. Currently, the U.S. has imposed two rounds of tariffs that affect Canada and Mexico:

- Broad-based Tariffs (*effective 3/6/25*):
  - o 25% ad valorem duty on all non-USMCA compliant products.
    - Exception: 10% ad valorem duty on specified energy products and potash from Canada
- Steel & Aluminum Tariffs (*effective 3/12/25*):
  - o 25% ad valorem duty on all steel and aluminum and certain derivatives of steel and aluminum.

In response to the two rounds of tariffs, Canada has implemented a series of retaliatory tariffs against U.S. products. Mexico has not engaged in retaliatory tariffs to date.

The tariff actions to date and pending April 'reciprocal' actions are expected to play a role on how the three parties interact in and around the USMCA Review. Though, exactly how it will affect it will likely be determined through a series of high-level (i.e. country leader) bilateral, not trilateral, negotiations that may reference back to current USMCA provisions.

## Recommendation for Stakeholders

While it's not completely clear on what can be expected around the review stakeholders should be prepared to engage with Congress and the Administration by outlining their priorities around USMCA, including what is working, it's value to their organization and what under the USMCA may need improvement.

While the official stakeholder engagement process hasn't kicked off in the U.S., stakeholders should be prepared for these conversations at any time as trade policy is leading issue right now.

## Resources

[U.S.-Mexico-Canada \(USMCA\) Trade Agreement CRS Report \(Summary\)](#)  
[Agreement between the United States of America, the United Mexican States, and Canada 7/1/20 Text](#)  
[U.S. Customs & Border Protection - USMCA Site \(General Information\)](#)  
[U.S. Customs & Border Protection - USMCA Resource Center](#)