USMCA Review 2026: Pathways, Risks and Strategic Considerations for North America's Economic Future

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Executive Summary

The 2026 USMCA review will be a defining test for North American competitiveness and cohesion. Far from a routine procedural step, the review will determine whether the region can modernize its trade framework to meet today's economic and security challenges or risk eroding 30 years of economic integration at a time of increased uncertainty and economic fragmentation.

What the 2026 Review Is and Why It Matters?

Under Article 34.7, the United States, Mexico, and Canada are required to assess the USMCA's performance six years after its entry into force and determine whether to extend it to 2042. If no consensus is reached, annual reviews will follow, with the agreement set to expire in 2036 absent resolution. The process will take place against a backdrop of rising global fragmentation, intensifying competition with China, and domestic political pressures in each country. Demands for stronger labor enforcement, energy sovereignty, and protection of manufacturing jobs will shape the negotiating landscape, while security concerns, particularly where trade, migration, and crime intersect, will add further complexity.

What's at Stake

Five potential pathways could emerge from the review: 1) a smooth renewal that preserves stability; 2) unilateral withdrawal by one party; 3) a fallback to fragmented bilateral deals; 4) expiration of the agreement by 2036, or 5) a stalemate that ushers in annual reviews and prolonged uncertainty. Each scenario carries profound implications for regional supply chains, investor confidence, and North America's competitiveness on the global stage. Failure to act decisively risks eroding the gains that have made the region the world's most competitive manufacturing platform. Delays or missteps would weaken North America's position relative to rivals like China, while undermining efforts to strengthen supply chain security, digital trade rules, and energy cooperation. It would also complicate relations with other countries seeking deeper trading and investment ties to the region.

The Strategic Imperative

The review is not simply a technical requirement: it is a critical opportunity to future-proof North American integration. If approached strategically, it can serve as a platform to modernize the agreement through targeted updates, side letters, and new commitments in areas such as digital trade, artificial intelligence, critical minerals, supply chain transparency, and border infrastructure.

These reforms can be achieved without reopening the agreement's core architecture or triggering contentious legislative battles.

Why Action Is Needed Now

The imperative is clear: the time to act is now and waiting until 2026 will be too late, raising costs for all three countries and their private sectors. Early preparation, coalition-building, and clear diplomatic strategies will be essential to ensure the review strengthens North America's economic resilience, safeguards its global standing, and demonstrates that the region is ready to lead in a fragmented world.

Key Takeaways

1. The 2026 review is a high-stakes negotiation that will shape North America's position in the global economy.
2. The region faces both internal divisions and external threats that require coordinated action.
3. Five plausible scenarios range from smooth renewal to outright fragmentation.
4. The review should be used to modernize the agreement through side letters, targeted updates, steps to address related issues, and stronger enforcement without reopening contentious legislative battles.
5. Early, proactive diplomacy is essential to preserve regional stability, safeguard competitiveness, and secure North America's leadership in a fragmented world.

USMCA Scenario Dashboard

	Scenario	Description	Key Risks	Likelihood ▲
1	🟢 Smooth Renewal	Agreement extended to 2036 with potential updates.	Complacency, missed modernization risk.	Low
2	🟠 Expiration in 2036	No consensus 🇺🇸🇲🇽🇨🇦 leads to legal end of USMCA.	Regulatory drift, investment decline.	Low
3	🔴 Early Withdrawal	One country exits via withdrawal clause (Art. 34.6)	Trade & supply chain shocks.	Low-Moderate
4	🟡 Serial Annual Reviews	No deal to extend acheived in 2026, yearly reviews begin.	Uncertainty, subpar growth.	Moderate-High
5	🔴 Fallback to Bilaterals	No regional consensus; members pivot to bilateral agreements	Weaker regional coherence, inconsistent rules, exclusion of third party.	Moderate-Low

Table: Diego Marroquín Bitar (@DiegoTMEC) • Source: Source: Author's own research. For informational purposes only and should not be construed as legal advice or legal opinion • Created with Datawrapper

1. Five Years In: What the USMCA Has Delivered and What It Hasn't

Five years in, the US-Mexico-Canada trade agreement (USMCA) has delivered remarkable growth in trade and investment, activated new labor rights tools and strengthened dispute resolution mechanisms in the region. However, its foundations are fragile. The mandated review process in 2026 will determine whether success can endure and whether the agreement will continue to anchor the region's competitiveness vis-a-vis China and the rest of the world. The table below summarizes these core outcomes:

USMCA's At Five: Core Outcomes

Metric	2019 Baseline	2024 Level*	% Change	Bottom-Line
Trade Flows (total trilateral)	$1.41 trillion	$1.86 trillion	➕32%	📈 Trade in goods & services expanded, driven by growth in industrial supplies & autos. Gains fragile amid tensions.
Jobs (supported by USMCA trade)	13.8 million	16.3 million	➕18%	👷 Jobs growth steady but vulnerable if review falters.
Investment (FDI inflows)	$329 billion	$380 billion	➕16%	💰 USMCA & nearshoring boosted flows. Mexico lags in FDI attraction 🇲🇽.
Labor Rights (RRM cases)	0	39 cases (27 resolved)	-	⚖️ RRM transforming labor compliance in Mexico's manufacturing. Avg. 106 days to resolution.
Disputes (State-to-state)	0	9 disputes (4 solved)	-	⚠️ Enforcement tested. Outcomes mixed on compliance 🇺🇸 with credibility at stake.

** 2024 or latest available figure. Cumulative totals for RRM and disputes. For informational purposes only; not legal advice.*

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Compared to its predecessor, the North American Free Trade Agreement (NAFTA), USMCA made trade enforcement, labor rights, and regional content requirements central pillars of North American trade. As the table above shows, the agreement has driven a 32% increase in intra-regional trade in goods and services, strengthened dispute resolution, and activated new labor rights tools. Thousands of Mexican workers in the auto sector (61% of Rapid Response Mechanism cases) have secured wage increases, government-sponsored training on their rights, bonuses, or reinstatement after wrongful termination. These advances underscore the USMCA's role in reshaping the region's trade-labor nexus and its potential as a platform for further progress.

Some experts, including Levy and Fontanés, argue that USMCA's labor provisions, particularly its new wage thresholds well above Mexico's average, risk suppressing overall productivity and pushing more workers into Mexico's informal sector. They warn that few factories can meet these requirements, which may limit access to USMCA tariff preferences and reduce the competitiveness of Mexican manufacturing workers relative to their U.S. and Canadian counterparts.

After five years, it is clear that USMCA, while transformative in parts of the manufacturing sector, falls short as a broader policy solution to Mexico's structural labor challenges (Marroquín Bitar, 2024). The agreement has yet to catalyze a tipping point capable of shifting the dynamics of the informal economy or delivering meaningful, economy-wide improvements in productivity, labor rights, or wages beyond manufacturing. Achieving such outcomes will require ambitious domestic policies that narrow Mexico's formal-informal divide and create stronger incentives for formal employment.

Since USMCA's entry into force, the United States has ranked as the top global destination for foreign investment, attracting $278 billion in 2024. Canada rose to sixth place with $64 billion, up from tenth in 2019. Mexico lagged in eleventh place with $36 billion, highlighting both the opportunities and the limits of leveraging USMCA and nearshoring trends. Growing global uncertainty and the prospects of U.S. tariffs on Mexican and Canadian goods threaten to dampen future investment.

Institutional frictions and unilateral U.S. actions have raised serious concerns about the agreement's long-term durability. Notably, the United States has not complied with a dispute panel ruling on auto rules of origin. On December 14, 2022, the panel found that the United States breached USMCA's obligations on regional value content. More than two years later, Washington has not made a formal commitment to comply. In addition, U.S. use of International Emergency Economic Powers Act (IEEPA) tariffs for non-USMCA compliant goods and Section 232 tariffs on Mexican and Canadian steel, aluminum, and autos undermines both the spirit and the letter of the agreement. These actions weaken investor confidence, jeopardize the region's hard-won gains achieved, and risk eroding North American competitiveness at a critical moment. The result is a growing compliance challenge: Mexico faces incentives to breach in response, while Canada feels less urgency to adhere fully, placing North American stability and USMCA at risk.

2. Understanding the 2026 Review Clause: Pathways, Risks, and Leverage

The USMCA entered into force on July 1, 2020, with an initial term of 16 years, set to expire on July 1, 2036, unless the parties agree to extend it. Article 34.7 of the agreement requires the United States, Mexico, and Canada to conduct a formal review at the six-year mark. This process requires the governments of Canada, Mexico, and the United States, through their Free

Trade Commission (the Commission),[1] to evaluate the agreement's effectiveness, consider each country's recommendations, and agree on any necessary actions, including extending USMCA for another 16 years or letting the agreement expire in 2036. Each country may gather input from its stakeholders, including businesses, unions, NGOs, legislators, and local authorities involved in or impacted by the USMCA.

However, Article 34.7.2 leaves critical gaps and does not explicitly establish how the Commission will evaluate or prioritize these proposals, nor does it specify criteria for deciding which suggestions will be considered or dismissed. Arguably, the text of the article suggests that the review mechanism is intended to evaluate the agreement's operational outcomes, not to launch a comprehensive renegotiation of its foundational terms. However, the USMCA text does not establish what ideas qualify as part of the "review" process vis-à-vis those that might constitute a more substantive "renegotiation." This ambiguity creates political space for the review process to become a venue for broader demands, rather than a technical assessment of implementation and compliance. The political context mentioned above suggests this process will more likely be a comprehensive renegotiation of key USMCA provisions such as regional content rules and export controls.

Five Possible Pathways for USMCA

Following each country's internal consultations and ample bilateral and trilateral preparatory work, the three governments should officially begin the review on July 1, 2026, unless they decide to begin sooner. As the table below shows, this process could lead to five possible outcomes or "pathways," each each with different implications for North American trade, investment, and competitiveness:

[1] The Free Trade Commission (FTC) consists of representatives from the three member governments, each led by their respective trade ministers, and it is the highest authority within the USMCA. The United States is represented by the U.S. Trade Representative, Canada is represented by its Minister of Export Promotion, International Trade and Economic Development, and Mexico is represented by the Secretary of Economy.

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1. Smooth Renewal

The three countries agree to extend USMCA for another 16 years through 2042. They may also agree on targeted updates to modernize the agreement without reopening its core architecture. Smooth renewal would preserve the stability that investors and businesses seek. However, it risks complacency. The parties may delay necessary modernization to address new and important challenges such as integrating artificial intelligence, developing critical minerals, working to assure better energy independence, and supply chain security.

2. Early Withdrawal

Any party can invoke Article 34.6 of USMCA and exit the agreement with six months' notice, regardless of the review process. While no government has signaled an intention to invoke this provision, there could be a temptation to use it as a bargaining chip, reminiscent of Trump's approach during his last term that led to NAFTA's renegotiation. Early withdrawal would trigger immediate trade disruption and likely provoke retaliatory measures, compounding economic uncertainty, harming cross-border industries and raising tensions between parties. This scenario would also reflect a deeper policy shift away from regional integration.

3. Fallback to Bilateral Deals

In the event of failure to sustain USMCA, the parties may pursue bilateral trade agreements to preserve market access and supply chain ties. Such deals would likely offer less coherence and efficiencies associated with a unified regional framework.

However, trade and investment would continue, but under more fragmented conditions. Mexico and Canada could maintain preferential access to each other's markets through the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Canada and the United States could revert back to their 1989 trade agreement. All three countries could fall back on World Trade Organization (WTO) rules, but the WTO's weakened dispute settlement system and new U.S. tariffs across multiple sectors would provide little meaningful enforcement and few opportunities to expand trade or job creation.

This pathway would impose unnecessary costs on trade and investments vital for North America's long-term security, competitiveness, and other goals, including labor and environmental standards. Bilateral fallback deals would fragment the North American market where firms would face inconsistent rules of origin, standards, and customs procedures, undermining supply chain integration and eroding and the region's collective leverage in global markets. The chances of all three countries losing in this scenario would seem to increase. The table below shows the timeline of the review process, including the available pathways for the three countries.

4. **Expiration in 2036**

If over 10 years the parties fail to resolve differences through the annual reviews, USMCA would terminate on July 1, 2036. This would dismantle the institutional framework supporting North American trade and investment, and regional trade relations would revert to WTO terms or pre-USMCA arrangements. Expiration in 2036 would unravel the institutional gains of USMCA. The return of tariffs and regulatory fragmentation would damage North America's position in global supply chains and reduce its competitiveness vis-à-vis China, Europe, and other Asian countries.

5. **Serial Annual Reviews**

At least one government refuses to agree to an extension during the 2026 review. This triggers annual reviews beginning in 2027. The agreement stays in force, but under a cloud of uncertainty that could persist for up to a decade. Annual reviews would weaken investor confidence and long-term investment bets on North America, slow nearshoring momentum, and weaken supply chain integration.

Timeline of the Review Process

Date	Milestone
July 1, 2020	USMCA enters into force ✅
2024-2025	Domestic consultations and stakeholder input intensify
July 1, 2026	Mandated review by Free Trade Commission begins
2026–2027	Decision on renewal or start of annual reviews ⚠️
2027–2036	Annual reviews if no renewal agreement ⏳
July 1, 2036	USMCA expires if no renewal ⌛
At any point	A party may withdraw with six months' notice🚨

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The Strategic Stakes

"Fragmentation of North American trade would erode competitiveness at a time of rising global threats."

In sum, failure to extend or preserve USMCA would destabilize North American trade, stall economic growth, and erase integration gains achieved not only in the past five years but those built over the past three decades during NAFTA. Mexico and Canada are now the United States' first and second largest trading partners. The three countries co-produce manufactured goods, particularly automobiles and auto parts. Without USMCA, these goods would rise in price, lose competitiveness in global markets, and cede market share to rivals in Asia, especially China.

A divided, less competitive, and less resilient North America would also struggle to meet the economic and security challenges of today's fragmented global economy. A breakdown in trade cooperation would have cascading effects on other shared priorities, including efforts to combat drug trafficking, secure borders, and dismantle transnational criminal organizations.

3. Trilateral Context - Politics, Power Shifts, and Tensions

United States

President Trump's return to office on a protectionist mandate has reshaped U.S. trade policy. His administration has doubled down on President Biden's protectionism but leans heavily on tariffs as a major tool of leverage, often stretching or violating USMCA commitments. The White House has implemented a global reciprocal tariff scheme, from which North America is largely exempted for now, but uncertainty looms as ongoing Section 232 and 301 investigations could impact North American supply chains. Recent judicial decisions have also created legal ambiguity over IEEPA authorities, adding to legal and policy uncertainty. Should the courts strike down IEEPA-based tariffs, the administration is likely to shift toward Section 232, Section 308, and new non-tariff barriers, including restrictions at the sub-federal level.

At the same time, the Office of the U.S. Trade Representative (USTR) has grown increasingly skeptical of multilateral enforcement tools. Washington has refused to comply with USMCA panel rulings, including the high-profile decision on auto rules of origin, and instead favors bilateral using tactics which can build pressure on its neighbors to achieve dispute resolution. These choices erode trust in USMCA mechanisms a year before its mandated review.

Mexico

Mexico's political landscape shifted significantly after Congress approved a judicial reform that weakens judicial independence. This development has intensified investor concerns about rule of law and contract enforcement, both essential pillars of the nearshoring narrative and investment attraction. Although the nearshoring narrative remains operative in practice, it no longer benefits from clear U.S. political support.

President Sheinbaum has inherited both Andrés Manuel López Obrador's political legacy and his nationalist economic agenda, complicating efforts to reassure investors and trading partners. Meanwhile, mistrust between Mexico and the United States has grown, notably regarding security cooperation, Chinese investment, and supply chain integration. Canada, meanwhile, has aligned more closely with U.S. positions on tariffs and connected vehicle standards in response to China's growing role, but has not secured exemptions from U.S. tariffs, further straining trilateral cohesion. Mexico's recently announced "Plan México" seeks to strengthen domestic manufacturing and reduce imports from countries with which Mexico lacks a trade agreement, notably China.

Canada

Prime Minister Mark Carney's government seeks to reduce Canada's economic dependence on the United States through market diversification. Ottawa aims to deepen ties with Europe and Asia as alternatives to USMCA-centered trade.

Canada remains committed to multilateralism and rules-based trade, even as it reassesses its leverage within USMCA. Tensions persist with both neighbors in key areas including energy, digital regulation, and agriculture. Carney's decision to raise defense spending to 2 percent of gross domestic product (GDP) has helped reduce bilateral tension with Washington and begun to address a long-standing source of U.S.-Canada discord, though this spending level will be eclipsed at the next NATO summit, as the new burden-sharing threshold will likely be raised to 3.5 percent of GDP plus an additional 1.5 percent to public safety, infrastructure, and broader security needs.

Regional dynamics

The cumulative effect of these political and economic shifts has been a decline in trust in North America's institutions including USMCA, with tensions increasingly crowding out opportunities for bilateral and trilateral cooperation. Some politicians in Canada have at times suggested revisiting bilateral arrangements as a hedge against USMCA gridlock.

Meanwhile, global fragmentation and escalating U.S.-China rivalry have made North American stability and deeper economic integration more urgent, even as the political conditions to achieve them deteriorate. Crucially, as the 2026 USMCA review approaches, the region must resist the temptation to pursue zero-sum strategies that play partners against one another in search of short-term leverage. Instead, the United States, Mexico, and Canada must identify clear, durable pathways to cement –and expand– cooperation and to secure the region's competitiveness in a rapidly fragmenting global economy.

4. What Will Be on the Table: Disputes, Demands, and Deal Breakers

"The 2026 USMCA review will not simply test the durability of North America's trade framework: it will serve as a defining moment for the region's ability to manage competing priorities, navigate shifting alliances, and secure its place in an increasingly fragmented global economy."

It is clear that the 2026 review of USMCA will not be a simple exercise in affirmation or a maintenance exercise. It will be a high-stakes negotiation where each government will seek to address long standing grievances, secure new concessions, and defend core economic interests. The following pressure points are likely to dominate the review process:

Labor Enforcement

Labor will remain at the forefront of U.S. priorities. The United States will push for stricter implementation of USMCA's minimum wage provisions and seek to expand the use of the

Rapid Response Mechanism (RRM) in Mexico. U.S. unions, backed by key members of Congress and USTR, will likely demand faster case resolutions, broader application of RRM beyond the manufacturing sector case resolutions, and stronger efforts to combat forced labor, not just as a labor issue, but as a tool to limit China's trade footprint in North America.

Regional Content Rules

Rules of origin will remain a contentious topic. The United States is expected to revisit demands for higher regional content thresholds in autos, steel, aluminum, and other key sectors, with proposals that could include:

- Raising regional value content thresholds for finished vehicles and parts;
- Minimum thresholds for U.S. content within those broader regional targets;
- Introducing export caps on vehicles and other goods that do not meet higher North American content standards.

These demands reflect growing pressure to secure U.S. manufacturing jobs, and also to reduce the amount of Chinese presence in basic inputs that are then assembled in North America, but could strain supply chains and create friction with both Mexico and Canada. A failure to find common ground on rules of origin during the review could result in new compliance disputes and undermine North American supply chain integration. As Wood notes, "Rules of origin are only as good as our tools to enforce them." Rather than simply raising thresholds, the three countries should focus on strengthening enforcement to combat transshipped and misclassified goods effectively.

Energy Policy

Mexico's state dominance in oil and electricity will remain a flashpoint. The United States and Canada will seek assurances that energy prices, electricity generation, and market access are non-discriminatory, that is, no favoritism for Mexican state-owned enterprises (SOEs) at the expense of foreign investors or importers. Both countries have already launched USMCA consultations over Mexico's policies, alleging breaches of chapters on Market Access, Investment, and State-Owned Enterprises.

Negotiations may explore tax adjustments or other balancing mechanisms to address price differentials that disadvantage U.S. or Canadian companies, but the complexity of these issues, coupled with Mexico's nationalist energy policies (now crystallized in the country's constitution), will make resolution difficult. Similar to the rules of origin issue, energy tensions could stall broader review progress and chill investor confidence.

Digital Trade

The U.S. retreat from its earlier digital trade commitments has opened a new front in the review. Canada and Mexico will likely press the United States to clarify its stance on cross-border data flows, source code protections, and digital services market access.

USMCA's digital trade provisions (Chapter 19) were cutting-edge when negotiated, but no longer fit the fast-paced, data-driven economy of today, particularly with the rise of artificial intelligence. An updated framework will need to preserve open digital trade among the three partners while addressing concerns over national security, privacy, and competition not present when USMCA was first negotiated. Digital modernization is critical to safeguard North America's competitiveness.

Agriculture

Agricultural disputes, particularly over corn, dairy, and biotechnology, are likely to resurface. The United States will press Mexico to fully honor its commitments on biotech products, including corn for non-human consumption. Canada's protectionist dairy policies will remain a sore point, with pressure to expand U.S. market access or face penalties. Agricultural frictions could become symbolic of broader dissatisfaction with the agreement, intensifying political pressure on all sides. Disputes over seasonal fruit and vegetable competition may need to be addressed.

The China Question

A critical focus of the 2026 review will be how North America responds to China's growing role in regional supply chains. U.S. officials have clearly signaled their intent to use the review to bring Mexico's and Canada's policies on China more in line with Washington's approach.

Canada has largely mirrored U.S. trade policy by tightening restrictions on Chinese goods, including the imposition of higher tariffs. Mexico, by contrast, has pursued a more nuanced stance. Some Mexican officials are actively courting Chinese investment to bolster investment flows, while others have promoted import substitution policies designed to reduce dependence on Chinese imports, as reflected in Mexico's recent hikes in most-favored-nation tariffs on non-preferential trading partners (which disproportionately affect China) and initiatives like the Plan México.

Importantly, USMCA's Article 32.10, which limits trade agreements with non-market economies such as China, does not address the national security challenges associated with increased Chinese investment. While the U.S. employs the Committee on Foreign Investment in the United States (CFIUS) to screen inbound investments for security risks, and Canada uses mechanisms under its Investment Canada Act, Mexico has yet to establish a comparable national security review framework, despite promising the Biden administration that it would stand up a comparable institution.

To close this gap, a trilateral or regionally coordinated investment screening mechanism could help safeguard North America's security and economic interests. By defining and enforcing shared "red lines" on sensitive investments, such a system could prove more effective than unilateral tariffs or ad hoc restrictions and better equip the region to meet the strategic challenge posed by China.

Coalitions and Cross-Currents
The review will not follow a simple two-against-one dynamic. Expect shifting coalitions depending on the issue:

- The United States and Canada will align on agricultural biotechnology, energy, critical minerals, China policy, and the importance of the rule of law.
- Canada and Mexico may find common cause in resisting U.S. demands on automotive rules of origin or extraterritorial labor enforcement.
- New areas for trade may well divide the parties differently, as they seek to expand areas covered by USMCA and/or to create new limits to third party participation.

These shifting alliances will require careful diplomacy and a shared commitment to preserving regional stability and competitiveness. The challenge will be to balance national interests with the collective imperative of sustaining a cohesive, resilient North American economic bloc.

3. Looking Ahead: Options to Deepen Cooperation and Preserve USMCA

"By focusing on supply chain security, technology governance, and infrastructure alignment, the region can shift from managing risks to seizing opportunities, ensuring it stays competitive in an era of global uncertainty."

The 2026 USMCA review should not be seen as a threat to North American integration, as it is an opportunity to modernize, future-proof, and strengthen the agreement. To secure the region's economic and strategic interests in an era of global fragmentation, the three countries should focus on cooperative solutions that reinforce North America's competitiveness, resilience, and cohesion.

1. Launch a Regional Supply Chain Security Mechanism
The three countries should create a permanent platform dedicated to supply chain security and transparency. Such a mechanism would:

- Map regional supply chains to identify vulnerabilities, especially regarding critical goods and inputs.
- Develop joint standards for traceability and origin verification, helping prevent transshipment, misclassification of goods, and forced labor, particularly from

non-market economies like China.

- Coordinate customs practices to minimize friction, align security protocols, and better protect sensitive industries.

This would be a complex but achievable outcome, providing North America with the tools to defend its economic security while supporting nearshoring and regional integration.

2. **Harmonize Infrastructure and Border Management**

To enhance the efficiency of cross-border trade, the parties should:

- Expand joint inspections and preclearance programs at key border crossings.
- Align infrastructure investments (e.g., ports, rail, highways, energy connections) to ensure that physical and digital infrastructure supports seamless commerce.
- Develop common protocols for managing future crises (e.g., pandemics, natural disasters) that could disrupt trade flows.

3. **Modernize USMCA with New Side Letters and Additional Commitments**

The 2026 review should serve as a platform to update and future-proof North America's trade framework. Rather than reopening the core text—which could prove politically difficult, especially given the absence of Trade Promotion Authority (TPA) in the United States—the parties should consider adopting side letters or other binding instruments to address new priorities without triggering full legislative approval processes. Key areas for modernization include:

- Artificial Intelligence: Define shared principles for AI governance, including transparency, ethics, and interoperability standards, with flexibility to update as technologies evolve.
- Critical Minerals: While much of this will involve bilateral coordination, a trilateral framework could set common principles for sourcing, environmental standards, and shared strategic reserves to reduce dependence on external suppliers and build a regional critical minerals supply chain.
- Digital Trade: Revise Chapter 19 to address cross-border data flows, AI, cybersecurity, and emerging technologies, preserving an open and secure digital economy in North America. This area will require careful work by all three parties.

The Strategic Imperative

The USMCA review is not just a procedural step. It is a defining test of whether North America can remain competitive, cohesive and resilient in an era of global uncertainty. By leveraging side letters, strengthening enforcement of both existing and new commitments, and targeting areas for modernization, the region can achieve the flexibility needed to deepen integration, secure supply chains, and position North America as a global leader without reopening contentious legislative battles.

Failure to modernize and preserve the USMCA would risk a return to uncertainty, fragmentation, and lost competitiveness that the region simply cannot afford. By embracing cooperation, the United States, Mexico, and Canada can demonstrate that North America is not only stronger together, but ready to lead in a new era.