

Intelligence MEMOS



From: Jon Johnson
To: Canadian Exporters to the US
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Re: CUSMA JOINT REVIEW MAY NOT BE A SMOOTH RIDE

Originally viewed as a formality, the joint review process for the Canada-United States-Mexico Agreement (CUSMA) looks set to be a consequential undertaking.

The first joint review takes place on July 1, 2026, and if the three nations confirm that they wish CUSMA to continue, it remains in effect for another 16 years, with the possibility of further extensions.

However, if the parties do not confirm in the first joint review that they wish CUSMA to continue, they revisit the issue of extension each following year. If they do not on any of these occasions confirm CUSMA's extension, CUSMA will terminate on June 30, 2036.

It is possible that the US negotiators will adopt the view that CUSMA, as the renegotiated NAFTA, satisfies most US current trade concerns and requires only modest changes. However, there is no guarantee of this, and (particularly given the number of congressional advisory [committees](#) involved) the US negotiators may demand extensive changes. And, of course, Donald Trump may be back in the White House.

And even if Joe Biden wins re-election, US trade policy has moved a long way from the days when free trade around the globe was the goal. Katharine Tai, his trade representative, emphasized the need to ensure “more people – especially workers, their communities and those that have been historically left behind by trade – can benefit from the agreement,” as she opened the CUSMA free trade commission meeting in Arizona last week. This does not portend a rubber stamp of CUSMA confirmation.

CUSMA Article 34.7 does not say how joint reviews are to be conducted. However, Section 611 of the *United States-Mexico-Canada Agreement Implementation Act* establishes the elaborate US procedure for conducting reviews. The process begins with a report, not later than the end of 2025, from Ms. Tai, or her successor, to congressional committees on the operation of CUSMA and with recommendations on a US position.

The trade representative's report shall include their assessment of CUSMA's operation, as well as a recommendation on CUSMA extension. The trade representative will report on prior efforts to resolve any concerns underlying the recommendation. The report will also set out the views of the 15 advisory committees established under Section 135 of the *Trade Act of 1974*.

Global Affairs Canada has had many years of experience in negotiating trade agreements with the US, going back to the original 1987 Canada-US Trade Agreement. Global Affairs successfully guided Canada through the difficult CUSMA trade negotiations with the Trump administration, whose instinct was to cancel NAFTA outright.

Meanwhile, Democratic Party thinking on the merits of trade agreements has also changed dramatically, as [outlined](#) in a recent article by Peter Harrel, non-resident scholar, at the Carnegie Endowment.

The US strongly supported the expansion of the GATT and its eventual evolution into the World Trade Organization in 1995, as well as the creation of free trade agreements such as Canada-US Trade Agreement and NAFTA. However, while Hillary Clinton had previously supported the Trans-Pacific Partnership (TPP), she and Donald Trump both opposed the TPP in the US 2016 election, and Trump withdrew the US from the TPP as soon as he was elected.

The article quotes economist Alan Blinder, “most American's belief in free trade is a mile wide but an inch deep,” and notes the unlikely union of Ms. Tai's worker-centred trade policy goals with those of Mr. Trump's former trade representative, Robert Lighthizer.

All of this could portend a bumpy ride for the CUSMA review and Canadian companies whose businesses depend on access to the US should gird themselves for another campaign to persuade their American customers that free trade is worth defending.

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