



February 19, 2026

From: Lawrence Herman
To: Trade Observers
Re: CUSMA REVIEW TALKS COULD BE BRIDGE TO NOWHERE, OR WORSE

Donald Trump's latest threat – holding the opening of new Windsor-Detroit bridge to ransom – shows how far Canada-US relations have deteriorated.

This aggressive bullying won't stop and is likely to spill into the review of the Canada-United States-Mexico Agreement slated to begin in July.

Look at what's happened over the last months. Mr. Trump cancelled tariff negotiations in October because of an Ontario ad in US media that featured former president Ronald Reagan being critical about tariffs. After insulting Canada and Prime Minister Mark Carney at the World Economic Forum meeting in Davos, Mr. Trump threatened more tariffs because of a Canadian compromise with China over electric vehicles. Then he threatened even more tariffs because of procedural delays in Canadian certification of US-made aircraft.

Even if the US Supreme Court disallows the use of the *International Emergency Economic Powers Act* in its soon-to-be-released decision, uncertainty will still reign. Mr. Trump can use other statutes, particularly Section 232 of the 1962 *Trade Expansion Act*, a statute that was discovered and dusted off during his first term. This and other laws that allow executive orders are more complicated to use, but the point is that Mr. Trump is not going to back away from the tariff weapon as the foundation of his MAGA trade policy.

The CUSMA review process will not help Canada. The agreement requires the review to be conducted by the CUSMA Free Trade Commission, and it says that if the three governments don't agree to extend the agreement for 16 years, there will be annual reviews by the commission until the 2036 termination date is reached. But the commission is no free-standing, independent body. It is just an impermanent paper organization, made up of the deal's three trade ministers.

The commission's lack of independence and power was designed to give maximum leverage to the US side. The review will not be some kind of orderly process but rather Canada and Mexico trying to negotiate an accommodation on tariffs while keeping CUSMA alive in some way. And hearing the president say it is "irrelevant," and judging from the eruptions and threats we've seen over the last months, Mr. Trump and his team could demand sidestepping the process altogether and moving to full-scale renegotiations of the entire deal.

The fallout of the bridge threat is yet another sign that the talks will be fraught. Mr. Trump said the United States should own half the bridge and complained about what he saw as the lack of US steel in it. He also railed against supply management, Ontario liquor stores and Canada's dealings with China. The record since Mr. Trump was sworn in shows a White House with little interest in the North American free-trade ideal or for a balanced and mutually satisfactory set of arrangements.

Instead of equal players around the negotiating table, what may emerge at the CUSMA talks is a situation where the United States asserts itself as the undeniable economic giant, a hegemonic bully with the largest and most lucrative market in the world, and Canada and Mexico being lesser players, facing demands for the privilege of joining any sort of trade deal.

The conclusion is that whether the formal CUSMA review process is adhered to or not, we will be into a difficult renegotiation period with the Americans with no specific end date and one that could easily deteriorate into acrimonious confrontation.

Maybe concerned US business voices will have influence on the White House. And maybe the bond markets will exert some discipline, as the pass-through costs of tariffs start to be felt more broadly across the US economy.

Should the worst-case scenario unfold, however, with the Trump team insisting on a full-scale renegotiation of the deal and putting down a slate of unreasonable demands backed by continuing tariff threats, Canada will have to consider how to stay at the table.

At this stage, we really can't say what will happen. The bridge episode shows how explosive and volatile things are with Mr. Trump. All of this portends an extremely messy and uncertain future for the CUSMA and for bilateral relations in general.

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