



May 25, 2026

**From:** Daniel Schwanen  
**To:** CUSMA Review Watchers  
**Re:** HERE'S A CANADIAN PLAN TO GET DEAL OUT OF THE CUSMA REVIEW ORDEAL

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Reports that Washington wants a “down payment” from Canada just to begin talks on extending the Canada-United States-Mexico Agreement (CUSMA) provoked a wide Canadian consensus that we should refuse to pay for the “privilege” of sitting at the table.

That instinct is right. But refusal is not a strategy.

If Canada wants to protect its interests, it needs to show up with a clear plan. Here's one built around an underappreciated truth in Washington.

As the July 1 CUSMA review nears, the stakes are rising. The agreement's protection is already being eroded by expanding US sectoral tariffs imposed on national security grounds under section 232 of the *Trade Expansion Act of 1962*. If the three countries cannot agree to extend, an annual renewal process is triggered, compounding uncertainty for jobs, investments and supply chains.

US negotiators are also expected to push for more “made in U.S.A.” content into North American supply chains via changes to CUSMA rules of origin, as the minimum price for an agreement.

This situation calls for Canada to not offer an upfront concession, but an upfront vision.

US officials have signalled that Canada should put forward a short, high-level framework to facilitate renewal. Ottawa must take this invitation seriously by proposing a simple bargain that speaks to Donald Trump's stated goal of eliminating the US bilateral trade deficit with Canada.

Here is the underappreciated truth on which this approach would be built, which Canada should put front and centre: when Canada grows more strongly, the United States trade balance with Canada improves. Canada already is the top US customer and perennial source of trade surplus for finished manufactured goods, and a stronger Canada would be an even better customer.

In contrast, punishing “imports” from Canada often means punishing US workers and businesses that rely on Canada as both a market for goods and services and source of secure inputs.

As economist Michael Pettis rightly argues, it makes little sense for the United States, in seeking to reduce dependence on China, to simultaneously undermine Canada and Mexico – partners whose inputs help keep US industry competitive.

As Canada tackles domestic sources of economic weakness that have reduced our room to manoeuvre vis-à-vis the United States, a stronger Canadian economy will attract more US imports, provided tariff uncertainty is lifted, and retaliatory barriers removed. Canada does not need to validate the Trump world view to commit to balanced trade between the two countries: This outcome has precedents in recent history, coinciding with strong Canadian performance.

In return, Canada should insist on three elements. First, any commitment to “balanced trade” must encompass the whole relationship, including services. Second, if the United States focuses only on the goods balance, Canada should seek an energy and critical minerals carve-out that reflects these commodities' role in US security. Third, Canada should obtain tariff-free quotas in sectors exposed to section 232 tariffs, recognizing that Canadian supply in these areas supports US resilience.

In parallel, Ottawa should review domestic policies that restrict access to US goods and services, without compromising their *raison d'être*. Dairy is an obvious example: There are ways to administer import access more flexibly while preserving supply management. Cultural policy is another: Canada can support the arts and journalism without complex and often self-defeating rules that invite retaliation. It can, in the same spirit, also prepare for discussions on rebalancing the support countries provide to globally beneficial R&D.

None of these are concessions. This is preparation. It signals seriousness in meeting the United States where it is, while making clear that any final deal depends on what the United States is prepared to offer in return.

What Canada can do, in other words, is propose a structure that makes escalation less attractive for both parties – and aligns North American trade with the shared challenge of competing with China while increasing affordability for consumers and supporting the competitiveness of US and Canadian manufacturers.

Would a framework involving more purchases from the United States make Canada more vulnerable? Not necessarily. Access to the US market still raises Canadian living standards, and export success there remains a platform for global growth.

Diversification remains important, but so does maintaining a stable North American market. Prime Minister Mark Carney is right that dependence becomes weakness when it leaves us exposed to arbitrary action. But Canada would remain free to step back from US providers if the United States does not meet its side of this new framework.

Some will bristle at offering Mr. Trump anything that might look like a win on his terms. But the real win is predictability for North American workers, businesses and consumers – and the space for Canada to rebuild its own economic dynamism.

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