

CUSMA/USMCA Non-Renewal: What It Means for Canadian Manufacturers Selling into the U.S.

Information for Canadian manufacturers and exporters on the implications of the U.S. decision not to renew CUSMA/USMCA on July 1, 2026.



What Actually Happened on July 1, 2026

The U.S. Declined — But Did Not Exit

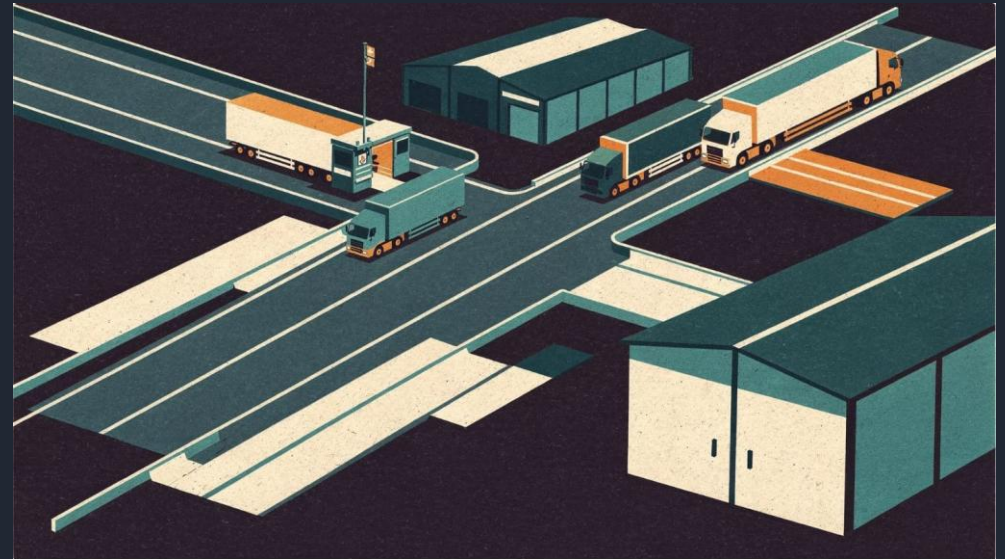
On July 1, 2026, the U.S. formally declined to renew USMCA "**in its current form,**" citing trade deficits and "substantial issues." Washington will continue to engage Canada and Mexico — but on American terms.

Agreement Remains in Force

USMCA is **not terminated**. It remains active through July 2036, with annual reviews replacing the expected 16-year extension. Any party may still exit with just **6 months' notice**.

Canada and Mexico Were Outvoted

Both Minister LeBlanc and Mexico's Economy Secretary Ebrard formally requested the 16-year extension. The U.S. refused — shifting the agreement from a stable long-term framework to an annually contested negotiation.



❏ **\$2.5 trillion** in annual continental trade governed by USMCA — the stakes for Canadian exporters could not be higher. — *The Globe and Mail*

Immediate vs. Long-Term Impact on Canadian Manufacturers and Exporters

Today: No Tariff Change

USMCA preferential tariff treatment remains available for qualifying Canadian goods. Customs filings, rules-of-origin certifications, and preference elections remain valid today.

— *Braumiller Law Group, Feb. 2026*

Today: Sectoral Tariffs Persist

Section 232 tariffs on Canadian **steel, aluminum, forest products, and copper** remain in effect — including on USMCA-qualifying goods. These are not suspended by the review process.

— *Baker McKenzie, July 2026*

Near-Term: Rules of Origin at Risk

Annual renegotiations put regional-value-content thresholds into **permanent play**. Higher content requirements and new verification standards could raise compliance risks and costs for manufacturers.

— *Braumiller Law Group, Feb. 2026*

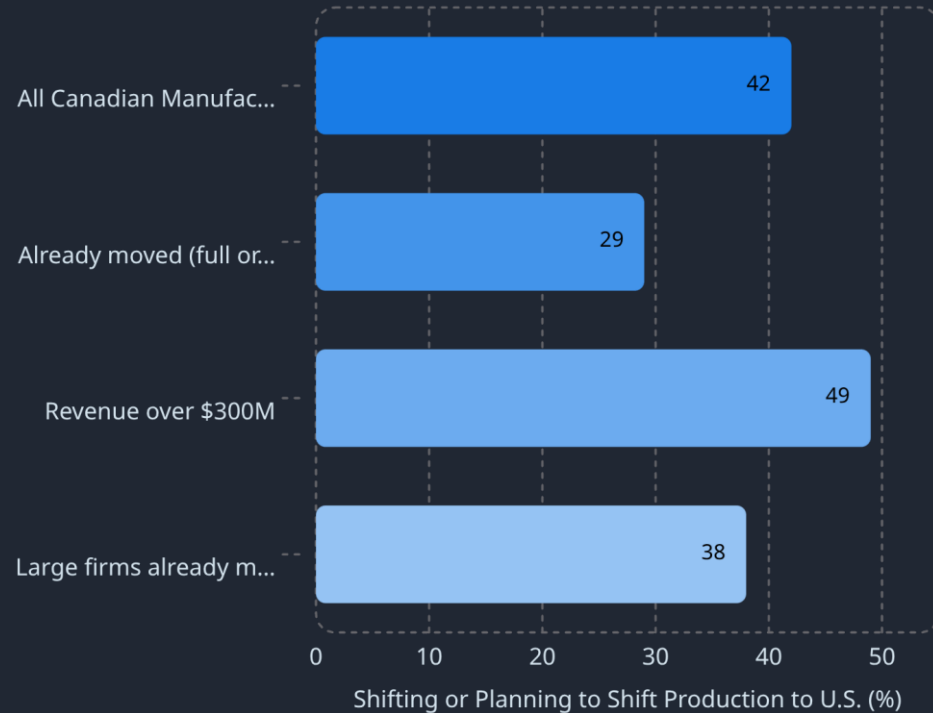
Now: Investment Freeze

57% of Canadian manufacturers have paused, reduced, or cancelled capital expenditure projects. **52%** describe their companies as operating in "endurance mode."

— *Globe and Mail / National Post, July 2026*

The Structural Threat: Production Relocation and Eroding Competitiveness

Manufacturer Segment



Source: *Globe and Mail / National Post*, July 2026

4 in 10 Manufacturers Are Relocating

42% of Canadian manufacturers have shifted or are planning to shift production to the U.S. Among firms with revenue over **\$300M**, that figure climbs to **49%** — and 38% have already made the move.

— *Globe and Mail*, July 7, 2026; *National Post*, July 8, 2026

Year-Over-Year Policy Uncertainty

Annual reviews mean rules of origin, sourcing requirements, and sector rules could change every 12 months — making long-range supply chain planning nearly impossible. Automotive and metals sectors face progressively more restrictive North American content requirements.

— *Bob Brewer, Braumiller Law Group*, Jan. 2026

"While most manufacturers are staying, many are reassessing where future investment, growth and production will occur. The decisions made today will shape Canada's manufacturing sector for years to come."

— *Anamika Gadia, National Post*, July 8, 2026

Sources

→ U.S. Trade Representative

[Ambassador Greer Issues Statement on the USMCA Joint Review | United States Trade Representative](#)

→ Baker McKenzie

[U.S. Declines to Renew the USMCA/T-MEC/CUSMA, Setting Stage for Annual Review Cycles and Continued Negotiations](#)

→ The Globe and Mail

[Trump administration declines to renew USMCA trade deal \(July 1, 2026\) | More than 40% of Canadian manufacturers weighing move to U.S., KPMG poll finds \(July 7, 2026\)](#)

→ National Post

[Four in 10 Canadian manufacturers shifting production to U.S.: survey \(July 8, 2026\)](#)

→ Braumiller Law Group

[Adrienne Braumiller, "USMCA: Negotiation Preparations" \(Feb. 2026\) | Bob Brewer, "The Upcoming USMCA/CUSMA/T-MEC Review: The Options are a Renegotiation, a Few Revisions, or a Formal Exit" \(Jan. 2026\)](#)



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[USMCA Trade Compliance and Regulations](#)