

USMCA AT A CROSSROADS:

WHAT THE USTR'S DECISION TO NOT RENEW MEANS FOR IMPORTERS

JULY 2026

On July 1, 2026, the United States, Mexico, and Canada conducted the first mandatory six-year joint review of the United States-Mexico-Canada Agreement (USMCA). During that review, the United States formally notified the parties that it did not agree to renew the agreement in its current form. As a result, USMCA was not renewed for an additional 16-year term. Importantly, however, the agreement remains fully in force today and continues to provide preferential tariff treatment for qualifying goods.¹

For importers, the immediate message is straightforward: continue operating under USMCA as normal. However, the decision creates a period of increased uncertainty that will require importers to pay closer attention to origin qualifications, compliance controls, and documentation supporting free trade claims.

Understanding the USMCA Review Process

USMCA entered into force on July 1, 2020. Under Article 34.7, the parties must conduct a joint review every six years to determine whether the agreement should be extended for another 16 years. Had all three countries agreed during July 1, 2026, review, USMCA would have automatically extended through 2042.²

Because the United States declined renewal, the agreement now enters an annual review cycle. Those annual reviews will continue until the parties either agree to extend the agreement or allow it to reach its current expiration date of July 1, 2036. USMCA remains fully effective throughout that period unless a party separately withdraws or the agreement ultimately expires.¹





Annual Reviews vs. Automatic Renewal

Potential Benefits of Annual Reviews

Annual reviews provide governments with the ability to revisit emerging trade issues and negotiate updates to address changing economic realities. Current discussions are expected to focus on regional manufacturing requirements, automotive content rules, supply chain security, enforcement mechanisms, and concerns regarding goods and components originating outside North America.

For policymakers, annual reviews create opportunities for:

- Modernizing trade provisions as industries evolve.
- Addressing perceived enforcement gaps.
- Responding to geopolitical and supply chain challenges.
- Renegotiating provisions that are viewed as unfavorable to domestic industries.

Potential Drawbacks of Annual Reviews

The primary downside is uncertainty.

While no immediate changes occur to USMCA benefits, the annual review structure introduces the possibility of future changes to qualification rules or compliance expectations. Businesses making long-term sourcing, manufacturing, and investment decisions may face greater uncertainty than they would under a renewed agreement.

Potential concerns include:

- Delayed investment decisions.
- Increased compliance planning costs.
- Potential future rule changes affecting qualifications.
- Increased customs scrutiny of origin claims and documentation.

Impact on Trade Compliance Programs

The current status of USMCA does not eliminate preferential treatment. However, it reinforces the importance of maintaining strong compliance controls.

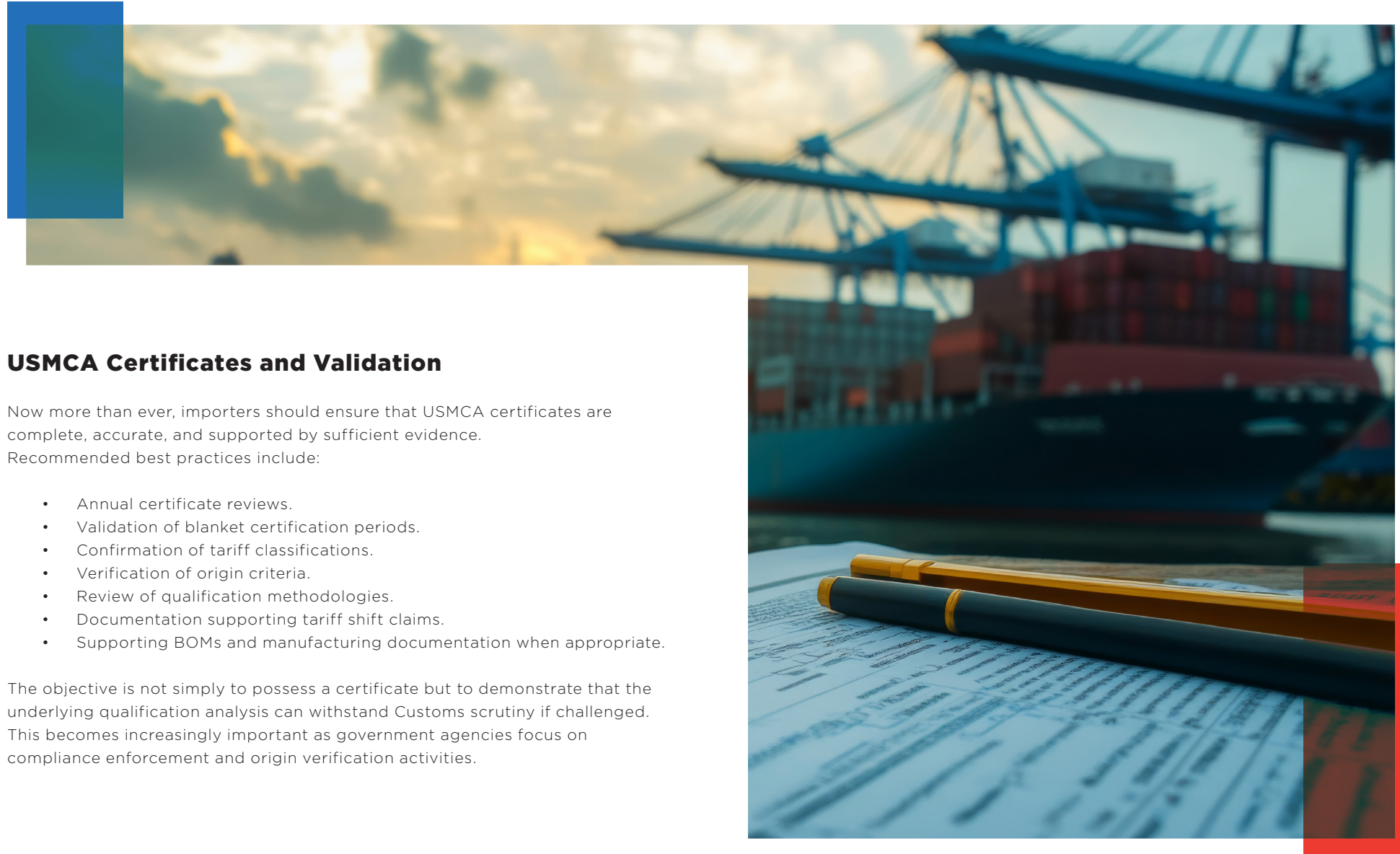
Organizations should expect increased attention to:

- Rules of Origin qualification.
- Regional Value Content (RVC) calculations.
- Tariff shift analysis.
- Producer certifications.
- Origin determinations.
- Record retention practices.
- Audit readiness.

In particular, importers should ensure they are working with their procurement and supply chain partners to track sourcing and pricing changes for component materials used in their manufacturing process, making sure this data is transparent through the bill of material. USMCA qualification needs to be revalidated on an annual basis to ensure that sourcing or rules of origin changes don't impact the products USMCA status.

Importers have historically viewed free trade qualification as a periodic exercise. Moving forward, companies should consider free trade compliance an ongoing risk management process requiring regular review and validation.





USMCA Certificates and Validation

Now more than ever, importers should ensure that USMCA certificates are complete, accurate, and supported by sufficient evidence.

Recommended best practices include:

- Annual certificate reviews.
- Validation of blanket certification periods.
- Confirmation of tariff classifications.
- Verification of origin criteria.
- Review of qualification methodologies.
- Documentation supporting tariff shift claims.
- Supporting BOMs and manufacturing documentation when appropriate.

The objective is not simply to possess a certificate but to demonstrate that the underlying qualification analysis can withstand Customs scrutiny if challenged. This becomes increasingly important as government agencies focus on compliance enforcement and origin verification activities.

Impact on Post-Entry Opportunities

One area that remains unchanged is the availability of post-entry mechanisms designed to recover duties when USMCA treatment was not claimed at the time of importation. Tradewin recommends importers who have high volumes of retroactive FTA claims to opt in to the FTA Reconciliation program, as this is typically the most straightforward process to administer.

Post-Importation Claims Under 19 U.S.C. §1520(d)

USMCA post-importation claims remain available for qualifying entries within one year from the date of importation when preferential treatment was not claimed at entry. Although liquidation often occurs within approximately 314 days and before the one-year deadline, importers should not rely on the 180-day protest period as a substitute for timely 520(d) filings. Waiting until liquidation may increase the risk of missed refund opportunities. Importers with qualifying certifications should act promptly, adjust review periods as needed, and continue evaluating recovery opportunities before statutory deadlines expire.

FTA Reconciliation

FTA Reconciliation claims require the importer to 'flag' the underlying entry at time of importation for FTA Reconciliation. Importers still have one-year from the import date to claim the FTA duty recovery, but supporting documents are provided on request rather than with the claim in a 520(d) process. Importers utilizing reconciliation programs should continue monitoring qualification data and origin determinations to ensure final declarations remain accurate and defensible. CBP is increasing scrutiny on FTA Reconciliation claims, so all retroactive recovery claims should be defensible with certificates and qualification data.





How Tradewin Can Help

Periods of regulatory uncertainty often create both risk and opportunity. Importers that proactively review their trade compliance programs are better positioned to manage changing requirements, preserve duty savings, and reduce audit exposure.

Tradewin's multidisciplinary teams provide practical support throughout the USMCA lifecycle:

Import Advisory Services

- Rules of Origin analysis
- Tariff classification reviews.
- Origin determinations
- Supply chain impact assessments.
- Compliance program evaluations

Free Trade Agreement Services

- USMCA qualification analyses
- Certificate reviews and validation
- Regional Value Content calculations
- Tariff shift assessments.
- Supplier outreach and certificate management

Post Entry Services

- PSC filings
- 520(d) claims
- Protest preparation and submission.
- Reconciliation support
- Duty recovery strategy development

Conclusion

While the United States declined to renew USMCA on July 1, 2026, the agreement remains in force and continues to provide significant benefits to qualifying importers. The path forward introduces annual reviews and greater uncertainty, but it also highlights the importance of strong compliance processes, accurate qualification analyses, and defensible documentation.¹

Importers who invest in validating their USMCA programs today will be best positioned to navigate future negotiations, respond to increased enforcement activity, and continue realizing the benefits of North America's most important free trade agreement.

In times of uncertainty, trusted guidance matters. Tradewin's Import Advisory, Free Trade, Post Entry Services, and Tradeflow teams remain committed to helping importers manage compliance risk, maximize duty savings opportunities, and confidently navigate the evolving trade landscape.

Sources:

1. USTR Press Release (July 1, 2026)
2. Congressional Research Service Report R48787
3. Article 34.7 of USMCA
4. Brownstein Client Alert (July 1, 2026)
5. Tiber Creek Group USMCA Review Memorandum (July 2026)

