

G E O P O L I T I C A L I N T E L L I G E N C E B R I E F

From Rhetoric to Reckoning: The USMCA Negotiation Has Begun

Why the Political Incentives Have Shifted — and What Executives Must Do Before the Window Closes

EXECUTIVE SUMMARY

After a year of rhetorical escalation and limited formal engagement, North American trade has entered a new phase: structured positioning ahead of the USMCA review. Three developments in the past week have shifted the calculus on both sides of the border:

- **Canada's trade mission to Mexico** signals Ottawa is preparing a coordinated trilateral strategy ahead of the USMCA review — not a purely bilateral posture with Washington.
- **The appointment of Janice Charette as Chief Negotiator** signals a decisive shift from political messaging to operational execution.
- **President Trump's public comments linking the Detroit bridge corridor to trade negotiations** indicate Washington is ready to formalize talks — a shift Canadian officials are taking seriously.

Taken together, these developments mark the transition from political theatre to negotiated outcomes. The door to shape the review process is open. The window to have influence — in both Washington and Ottawa — is finite.

The Context: From Posturing to Positioning

For much of 2025, neither side demonstrated urgency toward a comprehensive trade reset. President Trump framed Canada as economically dependent on the United States, stating early in the year that Washington needed nothing Canada had to offer — rhetoric that played well domestically and reinforced themes of leverage and strength.

Meanwhile, Mexico President Claudia Sheinbaum took a decidedly different tack with the White House. She stood up for Mexico, but chose not to engage in inflammatory rhetoric that would raise the temperature in DC. Mexico engaged directly with Washington on key issues both laying

proactive groundwork – ie pharmaceutical supply chain integration – as well as to take some irritants off the table before negotiations begin.

The political arithmetic between Canada and the U.S. has since changed. With U.S. midterm elections approaching in November 2026, the Administration faces a hard deadline. Punitive tariffs are effectively a consumer tax, and voters will feel them. A negotiated deal with moderate, selective tariffs now serves the Administration’s interests far better than a prolonged standoff. The window for converting tariff leverage into visible wins — without triggering affordability backlash — is narrowing.

Prime Minister Mark Carney, meanwhile, has used the volatility of the past year to consolidate his position as a steady economic actor on the global stage. His Davos address, which challenged the architecture of American economic “hegemony,” drove Liberal support into the low-to-mid 40s nationally, with personal favourability reaching approximately 60% in multiple polls (Angus Reid Institute; Leger, January 2026).

Yet domestic fundamentals remain fragile. Cost of living and affordability rank as the top concern for between 41% and 67% of Canadians across major polling results, with health care and housing following closely. Trade instability feeds directly into these anxieties. For Carney, active negotiation serves a second purpose: it is demonstrable action at the doorstep during a period when an election remains a possibility in the current minority parliament dynamic.

For both leaders, prolonged uncertainty now carries greater political risk than structured negotiation. The incentives have aligned. The architecture is assembling. Real talks are imminent.

Development 1: Canada’s Trade Mission to Mexico

Coordinated Trilateral Leverage Ahead of the USMCA Review

Canada’s trade mission to Mexico this week, led by Minister Responsible for Canada-U.S. Trade Dominic LeBlanc, is not symbolic diplomacy. It is strategic positioning.

USMCA contains a mandatory review clause scheduled for 2026. That review opens the agreement for amendment, revision, or reaffirmation. Canada and Mexico share strong incentives to coordinate: both want to preserve dispute resolution mechanisms, limit unilateral tariff escalation, protect integrated auto and energy supply chains, and maintain investment certainty.

The Canada–Mexico alignment signals that Ottawa is preparing a trilateral strategy rather than approaching Washington bilaterally. Both Canada and Mexico have been clear they wish a trilateral agreement with long-term certainty. At minimum however, stronger bilateral relations provide leverage and optionality in the event the USMCA review fractures into a series of bilateral or sector-specific agreements.

STRATEGIC IMPLICATION

Businesses should expect the review to become the primary vehicle for resolving tariff concerns, digital trade provisions, EV rules of origin, and critical minerals frameworks. The trilateral dimension adds complexity — and potentially greater durability — to any eventual outcome.

Development 2: The Charette Appointment

From Political Narrative to Technical Execution

The appointment of Janice Charette as Chief Negotiator is the clearest signal yet that Canada is moving from positioning to process.

Charette brings deep institutional authority: senior experience as the Clerk to the Privy Council (Canada's most senior civil service position), diplomatic standing as former High Commissioner to the United Kingdom, and direct proximity to the Prime Minister that confers both political trust and the ability to speak with authority on his behalf. Alongside newly appointed Canadian Ambassador to the United States Mark Wiseman, the architecture of Canada's negotiating team reflects a deliberate choice: credentialed insiders who command confidence at the highest levels of both governments.

Until recently, Ottawa's posture was defensive and message-driven. The creation of a formal negotiating structure signals Canada is no longer waiting for U.S. initiation. It is preparing to shape the review on its own terms.

STRATEGIC IMPLICATION

Centralized negotiating authority accelerates internal policy alignment. Executives who have not yet defined their preferred outcomes and communicated them to Ottawa and Washington are already behind.

Development 3: Trump's Detroit Bridge Comments

Signalling Negotiation Readiness

President Trump's recent remarks linking the Detroit–Windsor corridor to trade negotiations with Canada should be interpreted as a substantive signal, not a passing comment. The corridor accounts for roughly 25% of U.S.–Canada merchandise trade by value. Publicly connecting it to active bargaining suggests recognition of economic interdependence, a willingness to move from tariff threats to structured negotiation, and a desire to demonstrate tangible forward momentum ahead of the midterms.

With tariff escalation risking higher costs across autos, energy, construction, and food products — categories that directly undermine domestic affordability messaging — political incentives now favour visible deal-making over prolonged standoff.

STRATEGIC IMPLICATION

Washington is signalling it wants a deal. Canadian officials are reading these comments as an invitation to formalize talks. Executives should plan accordingly.

What This Means for the USMCA Review

The convergence of these developments makes one outcome increasingly likely: the 2026 USMCA review becomes the primary, if not exclusive, mechanism for trade stabilization across North America.

Key areas expected to surface in negotiations include rules of origin across auto and EV supply chains, energy security integration, critical minerals coordination, digital trade and data localization, dispute settlement modernization, and renewed pressure on historically protected sectors including dairy, lumber, telecommunications, airlines, and banking.

These sectoral irritants have been present in every USMCA negotiation cycle. They will come under sharper scrutiny this time.

Two Plausible Outcomes

CONSTRUCTIVE SCENARIO

Moderate adjustments to existing provisions, clarified enforcement language, sector-specific side agreements, and limited tariff recalibration rather than sweeping structural change. This scenario rewards early engagement.

ADVERSE SCENARIO

Permanent tariffs on a range of goods, a series of bilateral sectoral agreements replacing the trilateral framework, and a significantly weakened or fragmented USMCA. This scenario punishes inaction.

The distinction between these outcomes will be determined, in large part, by who is in the room and when.

Strategic Implications for Executives

The time for “wait and see” has passed. The government architecture is in place. The political incentives have shifted. Executives who treat this as an external process — something governments will manage on their behalf — are misreading the moment.

1. Assume Negotiations Will Accelerate Within Three to Four Months

This is no longer a planning assumption — it is an operational reality. Stress-test your supply chain exposure, contractual obligations, and pricing structures against a range of tariff and rules-of-origin scenarios now, not after talks begin.

2. Model Selective Tariff Persistence

A 5–7% selective tariff regime on certain goods categories remains the most plausible near-term outcome and is seen as absorbable by the broader Canadian economy. U.S. Ambassador Pete Hoekstra has stated explicitly that Canada can negotiate a better outcome than other trading partners given the historical relationship — but not a tariff-free one. The strongest and most proactive advocates may achieve exemption, but all would be smart to build tariffs into their financial models.

3. Engage Both Governments Directly — Including the White House

Canadian businesses are doing effective work in Ottawa: working familiar channels, preparing standard negotiating materials, coordinating sector positions. What is largely absent is direct, sustained engagement with the White House and those closest to the President.

In this Administration, proximity to power matters more than institutional process. The question every Canadian company operating in the United States should be asking: who on our behalf is making the case for our sector in the White House, not just in Ottawa and not just in Congress? Worldview's partners in Washington observe that by and large, Canadian companies are not visible where it counts. That is a gap, and it is addressable.

4. Build Trilateral Coalitions

With Canada and Mexico aligning more closely ahead of the review, cross-border business coalitions will carry weight in the negotiating rooms. Sector groups that can demonstrate integrated North American supply chains — and the consequences of disruption — will have more influence than single-country lobbying efforts. Even in a non-USMCA bilateral outcome, trilateral relationships provide leverage.

The Political Clock Is Ticking

Both leaders face narrowing windows.

For Prime Minister Carney

Trade stability reduces domestic affordability pressure and strengthens his economic leadership credentials. A visible, active negotiation also provides concrete evidence of executive action at the doorstep, should an election materialize in the coming months. Delay, by contrast, increases vulnerability on the issue Canadians say matters most: cost of living.

For President Trump

A negotiated deal converts tariff leverage into demonstrable results — a winning midterm message. Continued escalation risks consumer price backlash across categories that directly affect working households. Visible, productive talks with Canada reinforce the administration's economic strength narrative without the political cost of sustained tariffs.

Neither leader benefits from prolonged ambiguity. The incentives for a structured outcome are aligned. The question is not whether negotiations will intensify — it is who will be positioned to shape them when they do.

Bottom Line

North American trade has entered its negotiation phase. The rhetoric phase created leverage. The coordination phase is now underway. The review phase will formalize outcomes — likely within the next six months.

For business leaders, this is the moment to clarify risk exposure, define preferred outcomes, engage policymakers on both sides of the border, and help shape the review rather than react to it.

Stability is now politically valuable on both sides of the border. Expect negotiations to intensify. Be ready to act, not observe.

Addendum

Since this article was first written, the United States Supreme Court has ruled that much of the Tariff regime put into place by Executive Order was done so improperly in trying to use the International Emergency Economic Powers Act (IEEPA) as a vehicle for their imposition. In response, President Trump at first levied a global 10% tariff on all goods exported to the United States and has since raised it to 15%. However, items covered by the USMCA are not subject to the new tariff and continue to be governed by the USMCA legislation created and continued to be upheld by Congress. Therefore, while the rhetoric and uncertainty continues, the actual mechanics of reviewing the USMCA as described above is unchanged.

About Worldview Advisory

Brett James is Chief Executive of Worldview Advisory Inc., a global strategic advisory firm specializing in public affairs, and geopolitical risk management. Partnered with TSG Advocates in Washington D.C., Worldview navigates and influences decision-makers in the centres of geopolitical power on behalf of its clients.

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