

Trump now 'hates' his own trade deal. But he'll have a hard time killing it.

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Daniel Desrochers

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The North American trade agreement the president inked in his first term faces a review beginning July 1.

President Donald Trump keeps saying he wants to walk away from the \$1 trillion-plus North American trade deal he negotiated in his first term. Nobody believes he will.

But Trump's refusal to commit to the tariff-lowering pact means that his administration must now enter a protracted period of negotiations with Mexico and Canada — extending what has already been a year of uncertainty for major U.S. industries like automakers and dairy farmers who rely on multibillion dollar supply chains and export markets across the continent.

“Uncertainty makes it hard for businesses to plan. It’s that simple,” said Anne McKinney, the vice president of the Americas program for the U.S. Chamber of Commerce. “One of

the main benefits of USMCA is the certainty that it provides, the stability. And when companies don't have that, it makes it harder to plan investments."

When Trump signed the U.S.-Mexico-Canada Agreement in early 2020, [he called it](#) "the largest, most significant, modern, and balanced trade agreement in history." Congress approved the pact, a renegotiated version of the 1990s North American Free Trade Agreement, by wide margins.

But while the trade deal continues to enjoy [broad, bipartisan support on Capitol Hill](#), the president has done a 180 — part of a broadside against free trade that has included raising tariffs around the globe to their highest rates in nearly a century (before many of them were struck down by the Supreme Court earlier this year).

Trump has taken a particularly aggressive stance towards the United States' closest neighbors, singling out Canada and Mexico with tariff threats just days after winning reelection in 2024, and hasn't let up. Earlier this year, he [dismissed the three countries' trade deal as "irrelevant."](#) This month he [told reporters on Air Force One that he's "not a big fan"](#) and would rather have USMCA "terminated."

"Trump hates the USMCA. He's not happy with it" said an industry official close to the administration, who said the president was never enthusiastic about the deal and had grown frustrated by loopholes in the deal that allow countries outside the continent, primarily China, to benefit from the lower tariff rates. "If he knew how it was going to play out after signing it, I don't think he would have signed it." The person was granted anonymity to discuss conversations with the administration.

The White House did not respond to a request for comment.

The president's clear animosity has heightened tension around this year's mandatory six-year review of the pact. The three countries have until July 1 to declare whether they want to renew the deal for another 16 years, something Mexico and Canada have already committed to. But the Trump administration is holding out. Without a new commitment, the agreement sunsets in 2036, but the U.S. could also pull out before then, with six months' notice.

Withdrawal from the agreement, however, would not only enrage key political constituencies including farmers and manufacturers, it would upend more than \$1.8 trillion in annual trade, sending prices for everything from car parts to avocados surging at a time when Americans are already unhappy with the president over untamed inflation.

“He knows he can’t pull out of it,” said Louise Blais, the special envoy to USMCA negotiations for Quebec. “Even if he announced he’s pulling out of it, you’d have a fight up on the Hill, because it is law in America, and he knows that. So we’ve got to put aside the noise from the reality.”

Trump’s refusal to recommit to the deal would force annual reviews of the pact for the next ten years, with no certainty on the end game. That would effectively put North American trade in purgatory: a liminal space that keeps the broad parameters of the USMCA in place but would stop short of the full, 16-year extension businesses crave to make investment decisions.

That’s a shift from the past three decades, when businesses have been able to count on low trade barriers across the continent thanks to the USMCA and its predecessor, NAFTA. In response, U.S. businesses have spread their supply chains across the three countries, in some cases criss-crossing borders multiple times as they build products. Trade integration deepened even more when Trump launched his first-term trade war against China. Canada and Mexico now consistently rank as the United States’ biggest trading partners.

“Allowing the agreement to default to yearly reviews would definitely create uncertainty and concern for farmers and ranchers at a time when American agriculture continues to face strong headwinds,” said Virginia Houston, the American Farm Bureau Federation senior director of government affairs in an email.

A former USTR official in the Trump administration, granted anonymity because their employer had not authorized them to speak publicly, doesn’t think the president and his advisers views an annual USMCA review “as the sword of Damocles, like all trade grinds to a halt or the agreement becomes defunct or something like that.”

“We’re closely integrated neighbors, and we need these trade arrangements to work economically for us all. And if you can do that through frequent negotiation, where that’s not too costly and disruptive, that seems like upside from the administration perspective,” the official said.

Trump’s mercurial decisionmaking would also cloud an annual review process, especially after the political pressures of the midterms and concerns about affordability ease.

“I would certainly never assume with Trump, even with the economy being the way it is, that he wouldn’t just pull us out of it,” said Liz Mair, a Republican political consultant.

“The bottom line with Trump is that he really loves tariffs and he thinks they work.”

But U.S. trading partners believe Trump’s rhetoric is simply an attempt at strengthening his negotiating hand. Dominic LeBlanc, Canada’s trade minister for the negotiations, said shortly after Trump’s comments that “Canada should not be emotionally vested in how American politicians speak to American voters.”

“Given how the issues of inflation, consumer pocketbooks, checkbooks in the U.S. are impacting the president’s approval ratings, further complicating U.S. economic prospects by throwing into question whether USMCA is going to survive or not, I think that puts some pressure on the U.S. government,” said Arturo Sarukhán, the former Mexican ambassador to the U.S. in an interview. “On top of that, you have the impact of gasoline prices. That combination of factors is what, I think, strengthens Mexico’s hand.”

Negotiations between the U.S. and Mexico have been progressing more quickly than those between the U.S. and Canada — a dynamic that trade lawyers noted is similar to how the original negotiations over USMCA unfolded in 2020.

But it’s unclear whether those talks will result in changes to the underlying USMCA or will look more like side deals on top of the existing agreement. One Mexican official, granted anonymity to speak frankly about sensitive trade discussions, said Mexico is pushing for a bilateral agreement similar to others the Trump administration has struck with major trading partners like the United Kingdom, European Union and Japan, and that would spell out areas where Mexico might get preferential treatment.

“I believe that we might be getting into a napkin agreement phase, or a phase one agreement, or whatever you want to call it, whatever Donald Trump has done with other economies in the world,” the official said.

Both Mexican and Canadian officials have acknowledged they will face some level of tariff, given Trump’s commitment to those policies. But they are hopeful the deal will lock in tariff rates that are lower than the rest of the world’s and maintain the continent’s economic integration.

“I think from our perspective we expect that there will be tariffs. I think companies are expecting that tariffs will be there to stay,” said Véronique Proulx, the CEO of the Federation of the Chambers of Commerce of Quebec. “But it’s predictability — which tariffs will be in place at what level.”

Megan Messerly, Ari Hawkins and Zi-Ann Lum contributed reporting to this article.