

US-Mexico-Canada Agreement

Howard Lutnick tells Canada 'they suck' and vows to wind back trade deal with US

Fraught talks set to resume to end dispute that is costing America more than \$1bn a month



The US and Canadian flags fly on the US side of the St Clair River near the Blue Water Bridge border crossing between Sarnia, Ontario and Port Huron, Michigan © AFP or licensors

Ilya Gridneff in Toronto

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US commerce secretary Howard Lutnick has criticised Canada in the lead-up to tense trade talks, calling the US-Mexico-Canada Agreement a “bad deal” that needs to be reworked.

Lutnick said President Donald Trump thought the USMCA “needs to be reconsidered and reimagined correctly” when new negotiations begin in July.

Speaking in Washington at a Semafor media event, Lutnick said reports that Canada was slowing down trade talks with the US “is like the worst strategy I’ve ever heard. They suck.” Trump signed the 2020 trade deal during his first term to replace Nafta.

“[Prime Minister Mark] Carney has a problem with us,” he said.

A commerce department spokesperson said Lutnick had been misquoted.

“Secretary Lutnick, describing our unfair trade imbalance with Canada, explained how Canada sucks off of our \$30tn economy,” the spokesperson said.

Relations between Canada and the US have deteriorated since Trump launched a trade war shortly after retaking power in January 2025. The Canadian consumer boycott launched in response is costing the US more than \$1bn every month in lost goods trade alone.

Trump has called Canada the “51st state” of the US and imposed punitive tariffs on its closest ally, sparking a quiet revolt that has included “made in Canada” shop signs, “Canada is not for sale” hats and provincial governments cutting contracts with Elon Musk’s Starlink.

As a result, Canadian travel numbers have plummeted by a quarter while American products, in particular alcohol, are no longer sold in most government-run stores.

Kenneth Frankel, president of the Canadian Council for the Americas, said US government officials had expressed concerns over the boycotts but there was little they could do about it.

“Canadian consumers are choosing and feeling empowered by their choices,” he said, adding that “it may irritate the US government, but provincial officials are responding to popular sentiment”.

Carney has led the charge with a series of “Buy Canada” procurement policies aimed at reducing the country’s reliance on US suppliers, in particular in defence.

US goods exports to Canada totalled \$336.5bn in 2025, down 3.8 per cent or \$13.4bn, from 2024, the US Trade Representative reported at the end of March.

Canada is the top source of international visitors to the US, with 20.4mn visits in 2024, generating \$20.5bn in spending, according to the US travel association. But those numbers have been declining since Trump came to power.

The Royal Bank of Canada reported this month that Canadians returning from the US shrank 25 per cent year over year in 2025, with increased travel within Canada as well as to non-US destinations.

“Limited retaliatory measures minimised the impact of the trade war on consumer prices in Canada, but consumer behaviour, particularly in travel, was still significantly impacted,” it said.

Michael Pearce of Oxford Economics said: “Tourism receipts fell to US\$17.1bn from \$21.8bn, so a US\$4.7bn hit versus a world in which tourism was in line with patterns from the rest of the world.”

A Centre for Economic Policy Research report released last month said major tourist destinations such as Las Vegas or Miami were able to offset the shock by attracting more domestic visitors.

“[But] less prominent places such as communities along the US-Canada border may have less capacity to do so,” it states.

Mark Fisk, the Michigan Smart Trade Alliance spokesperson, said Canada’s boycott had “clearly been harmful” to the US state’s economy, which shares a border with Ontario.

“Reduced Canadian traffic and visitors is hurting business and revenues,” he said.

The Liquor Control Board of Ontario, one of the world’s largest buyers and retailers of alcohol, estimated that annual sales of US products were C\$965mn (\$705mn) before Ontario Premier Doug Ford stopped the trade in March last year.

“We have been clear, until tariffs are removed, US alcohol will remain off shelves,” Ford said in a statement to the FT.

The “Toasts Not Tariffs Coalition”, which represents the American alcohol sector with ties to the hospitality industry, is lobbying the White House to drop its trade war.

In an April 15 [letter](#) to US Trade Representative Jamieson Greer, the coalition wrote that Canada’s ban on US wine caused an unprecedented drop in exports of about 81 per cent while spirits suffered a 63 per cent decline, or \$149mn, drop in sales last year.

“The significant damage to US alcohol brands in Canada caused by this trade dispute will have lasting negative impacts on US producers,” it states.

In one year, the wine trade surplus with Canada went from \$254mn to a \$90mn trade deficit, the letter states.

“The US continues to raise serious concerns regarding these actions and to press Canada” to lift the bans as they “greatly hamper exports”, the USTR said.

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