



January 17, 2024

To:

Justin Hoffmann

Deputy Assistant U.S. Trade Representative for Market Access and Industrial Competitiveness

Office of the United States Trade Representative (USTR)

600 17th Street, NW

Washington, D.C. 20508

Re: Docket Number USTR–2023–0013 Request for Comments and Notice of Public Hearing Concerning the Operation of the United States-Mexico-Canada Agreement With Respect To Trade in Automotive Goods

Dear Mr. Hoffmann,

On behalf of the American Association of Exporters and Importers (AAEI), we are responding to the request for comment regarding the operation of the United States-Mexico-Canada Agreement (USMCA) with respect to trade in automotive goods.

For over 100 years, AAEI has served as a prominent national voice for the United States' international trade community. AAEI proudly represents a diverse range of industry sectors within the global trade landscape, comprising manufacturers, importers, exporters, wholesalers, retailers, and various service providers such as customs brokers, freight forwarders, trade advisors, insurers, security providers, transportation interests, and ports. Many of these entities are small businesses seeking opportunities to export to foreign markets. As the premier U.S. international trade organization, AAEI is recognized for its expertise in the day-to-day facilitation of trade, including the administration and compliance with import and export laws of the United States, making it an indispensable resource for those directly involved in and impacted by developments in international trade.

### General Comments

The automotive provisions of USMCA, enacted on January 29, 2020, and in force since July 1, 2020, offered the potential to create growth and increase the competitiveness of the North American automotive industry by providing a stable and predictable trade and investment climate. Automakers planned and began implementing significant job-creating investments in North America based on that potential.

For USMCA to fulfill its potential to create jobs and transition to new, greener technologies, the Administration should reconsider and drop its defense of the contested reinterpretation of roll-up provisions, implement the USMCA panel's decision, and be a leader in upholding the integrity of the agreement allowing automakers to implement the billions of dollars of investments they have planned for the United States and the region.

These comments aim to address the following issues:

**Issue #2 Actions taken by automotive and parts producers to demonstrate compliance with the USMCA automotive rules of origin, including:**

- a. The applicable RVC requirements for passenger vehicles, light trucks, heavy trucks, other vehicles and parts thereof.**
- b. The North American steel and aluminum purchase requirements.**
- c. The LVC requirements.**

Automakers have invested billions of dollars to meet USMCA RVC, steel, aluminum, and LVC requirements, altered their operations, shifted their supply chains, and identified new suppliers for the same objectives. They have done this at the same time as investing similar amounts in creating and building out EV manufacturing plants and their supply chains in the United States and the region.

**Issue #3 The use of alternative staging regimes by vehicle producers to meet the USMCA automotive rules of origin.**

Alternative staging regimes have played an indispensable role in ensuring a smooth transition to meeting USMCA rule-of-origin requirements and avoiding disruptions to North American automotive supply chains.

As the automobile industry moves toward alternative powertrain solutions, such as electric vehicles, automakers are taking steps to bring production to the United States and North America. Sourcing and planning require time to ensure that automakers can build in the region in a cost-effective manner with high quality components. While the USMCA allows for transition time over the first five years, additional flexibility (e.g., extension of ASR) should be considered in consultation with U.S. automobile makers to ensure the successful localization of new technologies.

The accelerated EV mandate makes it more difficult for auto manufacturers to meet the rules and should be considered for extending the ASR.

**Issue #4: Enforcement of the USMCA automotive rules of origin, including the alternative staging regimes and the automotive certification process for steel and aluminum content, LVC, and RVC.**

**Comments on the Operation of the Annual Certification Process**

For Steel and Aluminum and LVC annual certifications, there has been guidance that a twelve-month certification period immediately follows a 12-month calculation period. The guidance also specifies that the certification must be submitted 30 days before the start of the certification period. To provide the certification 30 days before the beginning of the certification period, the producer must rely on estimates for part of the 12-month calculation preceding the certification period. By requiring this, the producer must make two calculations, taking significant time and resources.

Example:

- Producer uses a calculation period of 4/1/21-3/31/22.
- Producer reports certification period of 4/1/22-3/31/23.
- CBP requests certification by 3/1/22 (30 days before certification begins)
- Producer does not have actual figures for 2/1/22 to 3/1/22, so it can only estimate.
- Producer must then recalculate after data is available.

Some of this administrative burden could be alleviated if the certification was required 60 days after the start of the certification period to allow the producer to collect the data and make one calculation using actual results.

**Issue #5: Whether the current USMCA automotive rules of origin are effective in light of new technology and changes in the content, production processes and character of automotive goods. In particular, whether the rules of origin remain effective for:**

- a. **The large-scale transition towards electric and other clean-energy vehicles;**
- b. **The transition away from internal combustion and diesel vehicles;**
- c. **The automotive parts applicable to electric and clean-energy vehicles and internal combustion or diesel vehicles; or**
- d. **Any other vehicle and part subject to the USMCA automotive rules of origin.**

#### **Comments on the Relevance of the USMCA Auto ROOs in Light of New Technologies**

As the automobile industry moves toward alternative powertrain solutions (including electric vehicles), automakers are taking steps to bring production to the United States and North America. Sourcing and planning require time to ensure that automakers can build in the region in a cost-effective manner with high quality components. While the USMCA allows for transition time over the first five years, we believe additional flexibility should be considered to ensure the successful localization of new technologies.

**Issue #6: Whether the USMCA rules of origin are effective in supporting the competitiveness of the North American automotive industry in light of global challenges, such as excess capacity of electric vehicles.**

The more stringent rule-of-origin interpretation adopted by the United States fails to reflect the new technologies and changes adopted by the industry. It could delay those changes and the adoption of those innovations by shifting limited investment resources away from certain technological developments. The accelerated EV mandate may make it more difficult for auto manufacturers to meet the rules and should be considered for extension of the ASR.



AAEI hopes to continue a dialog with USTR regarding USMCA and how the U.S. can foster technological advancement while protecting its trade interests.

If you have any questions or require any clarification of our responses, please contact my staff lead Mitchell Hart at [Mitchell.hart@aaei-hq.org](mailto:Mitchell.hart@aaei-hq.org).

Sincerely,

A handwritten signature in black ink, appearing to read "E. C. Laney". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Eugene C. Laney  
President & CEO



+1 202-857-8009



1300 Pennsylvania Avenue NW Suite 450 Washington D.C. 20004



[www.aaei.org](http://www.aaei.org)