EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE *of the* UNITED STATES TRADE REPRESENTATIVE

REPORT TO CONGRESS ON THE OPERATION OF THE UNITED STATES-MEXICO-CANADA AGREEMENT WITH RESPECT TO TRADE IN AUTOMOTIVE GOODS

JULY 1, 2024

FOREWORD

In 2017, the renegotiation of the North American Free Trade Agreement (NAFTA) with Canada and Mexico began, resulting in the United States-Mexico-Canada Agreement (USMCA). Following significant improvements negotiated between Congressional Democrats and the Trump Administration, including a facility-specific labor Rapid Response Mechanism (RRM) and the strengthening rules of origin in the automotive and steel sectors, the USMCA won overwhelming bipartisan support in the House and Senate. The USMCA Implementation Act was signed into law on January 29, 2020, and the USMCA entered into force on July 1, 2020.

Some of the most meaningful and novel provisions in the USMCA are specific to automobiles. These provisions include new rules of origin (ROO) requirements, which are intended to be stricter and were purposefully updated to improve the distribution of supply chain benefits between the United States, Mexico, and Canada. They also include the RRM, which, when paired with the new automotive provisions in the USMCA, provides an innovative tool to empower workers to exercise their rights to organize and bargain collectively. Sixty-six percent of RRM cases to date have been in the autos sector.

As this report notes, the USMCA has had a positive economic impact on the U.S. and North American auto industry although with some challenges in implementation and new challenges emerging. Automakers and parts suppliers have invested billions of dollars in new production, and the U.S. International Trade Commission (USITC) estimated the automotive ROOs have been positive for U.S. employment, wages, capital expenditures, production, and profits. However, disruptions that were not foreseen at the time of negotiation of the agreement have affected its implementation. The COVID-19 pandemic and Russia's unprovoked and unjustified invasion of Ukraine have exposed flaws in the global trading regime. Supply chain concentration and non-market policies and practices outside of North America have also created supply chain vulnerabilities and global market distortions, including for key sectors and advanced technologies. In part as a result of these disruptions, automotive producers in many cases are still adjusting to the full scope of USMCA's autos rules, including through alternative staging regimes (ASRs).

The report specifically highlights several challenges the North American auto sector is facing in implementing the USMCA's provisions. It also discusses the difficulties faced in establishing a robust and resilient regional supply chain for electric vehicles (EVs), including the persistence of single sources of supply for processed critical minerals, global price volatility for key inputs, and non-market excess capacity from the People's Republic of China (PRC) that has crowded out domestic suppliers across the autos supply chain and threatens to do so as well for finished EVs. As with other key industrial sectors, the PRC is targeting the EV sector for dominance. It uses non-market policies and practices to concentrate production of goods within its borders, which undermines supply chain resilience and robs our workers and market-oriented businesses of the

ability to compete fairly. Consumers are also harmed when they are deprived of the innovation and choice that fair competition would produce. Even when the PRC invests outside its own borders, including to take advantage of others' preferential trade arrangements, it appears that the PRC's investment and labor practices are not designed to benefit workers in the host country. While not discussed in the report, we also know that EVs increasingly generate and collect data, and democratic trading partners must be sensitive to the potential use of these exports to collect sensitive data about our people for use by authoritarian jurisdictions of concern.

It is imperative that we ensure that this sector continues to thrive in North America, across all three countries, with good-paying jobs, full realization of labor rights, and fair, market-oriented competition, especially as it transitions to new EV technologies. With the mandated six-year review of the USMCA on the horizon, the next two years represent an important opportunity to apply the findings of this report and make adjustments, and thus fulfill the promise of the USMCA for our three countries.

ABBREVIATIONS AND ACRONYMS

Acronym	Definition
AAPC	American Automotive Policy Council
AC/DC	Alternating Current/Direct Current
ASR	Alternative Staging Regime
AV	Autonomous Vehicles
CBP	U.S. Customs and Border Protection
CFR	U.S. Code of Federal Regulations
CMVA	Canadian Motor Vehicle Association
DOL	U.S. Department of Labor
EV	Electric Vehicle
FMVSS	U.S. Federal Motor Vehicle Safety Standards
FTA	Free Trade Agreement
HS	Harmonized System
IMVTA	International Motor Vehicle Trade Association
IRA	The Inflation Reduction Act
LAC	The Labor Advisory Committee on Trade Negotiations and Trade Policy
LVC	Labor Value Content
MEMA	MEMA, The Vehicle Suppliers Association, formerly the Motor Equipment Manufacturers Association
MFN	Most-Favored Nation
NAFTA	The North American Free Trade Agreement
ROO	Rule of Origin
RRM	Rapid Response Mechanism
RVC	Regional Value Content
UAW	The International Union, United Automobile, Aerospace and Agricultural Implement Workers of America
USITC	U.S. International Trade Commission
USMCA	The United States-Mexico-Canada Agreement
USTR	Office the United States Trade Representative
WHD	Wage and Hour Division (of the U.S. Department of Labor)
WTO	World Trade Organization

TABLE OF CONTENTS

REPORT TO CONGRESS ON THE OPERATION OF THE UNITED STATES-MEXICO-CANADA AGREEMENT WITH RESPECT TO TRADE IN AUTOMOTIVE GOODS

1. Background

Section 202A(g)(1)(A) of the United States-Mexico-Canada Agreement (USMCA) Implementation Act (P.L. 116-113) (the "Act") requires the United States Trade Representative (USTR), in consultation with the Interagency Committee on Trade in Automotive Goods ("Interagency Autos Committee," or "Committee"), to conduct a biennial review of the operation of the USMCA with respect to trade in automotive goods, including: (1) to the extent practical, a summary of actions taken by producers to demonstrate compliance with the automotive rules of origin, use of the alternative staging regime, enforcement of such rules of origin, and other relevant matters; and (2) whether the automotive rules of origin are effective and relevant in light of new technology and changes in the content, production processes, and character of automotive goods. Section 202A(g)(1)(B) of the Act requires USTR to provide a report to Congress on each review.

Section 202A(g)(4) of the Act requires USTR to solicit input for matters addressed in this report from producers of automotive goods, labor organizations, and other interested parties and to provide for an opportunity for the submission of comments from the public relating to such matters. USTR issued a *Federal Register* notice on November 22, 2023, seeking public comment concerning the operation of the USMCA with respect to automotive goods.[1] USTR and the Interagency Autos Committee convened a public hearing on February 7, 2024, to receive oral testimony from witnesses. USTR issued a second *Federal Register* notice on February 14, 2024, to receive post-hearing briefs and submissions.[2] In response to these requests, USTR received 47 comments from stakeholders and received oral testimony from four witnesses.[3]

This is the second of five reports required under section 202A(g)(1)(B) of the Act. USTR submitted the first report to Congress on July 1, 2022, and published it on USTR's website.[4] In accordance with the Act, subsequent reports will be submitted to Congress and published on the USTR website every two years through 2030.

[1] "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," 88 FR 81527 (Nov. 22, 2023), available at: https://www.federalregister.gov/d/2023-25765.

[2] "Submission of Post-Hearing Comments: Operation of the United States-Mexico-Canada Agreement with Respect to Trade in Automotive Goods," 89 FR 11334 (Feb. 14, 2024), available at: https://www.federalregister.gov/d/2024-03050.

[3] Public comments from all stakeholders and a transcript of the hearing are available at: https://www.regulations.gov/docket/USTR-2023-0013.

[4] Available at: https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/biennial-reports-congress-operation-united-states-mexico-canada-agreement-usmca-respect-trade.

2. Executive Summary

The automotive industry is a significant contributor to the U.S. and North American economies, and in the four years since the USMCA's entry into force, the Agreement's automotive provisions have had a positive impact on the automotive sector, benefitting producers, suppliers, and workers. Since the last report, the industry has largely rebounded from the critical input shortages and supply chain challenges resulting from the COVID-19 pandemic and Russia's unprovoked and unjustified invasion of Ukraine. Vehicle and parts producers continue to make significant investments in North American sourcing and production in order to comply with the USMCA rules of origin (ROOs).

Simultaneously, the automotive industry is in a period of transition. Automakers are making significant investments as they pivot towards zero-emission and hybrid vehicles. Some automakers are preparing for full enforcement of the ROOs when their Alternative Staging Regimes (ASRs) expire beginning in July 2025. Automakers have expressed concerns that additional flexibilities may be needed after the ASRs expire due to limitations of nascent domestic electric vehicle (EV) and battery manufacturing. At the same time, other stakeholders have suggested that the United States consider seeking modifications to the USMCA ROOs to incentivize the North American production of key EV and autonomous vehicle (AV) components.

Stakeholders have expressed a desire for more information and transparency around the USMCA ROOs and how they are enforced. Automotive suppliers report that the complexity of the ROOs continues to impose administrative burdens on suppliers, and evidence suggests that suppliers are not attempting to claim USMCA preference for a growing share of automotive parts trade. Labor stakeholders expressed concerns that a lack of transparency around implementation and enforcement of the ROOs, including the ASRs and the Labor Value Content (LVC) requirements, has made it difficult for stakeholders to assess the efficacy of those provisions.

3. The North American Automotive Industry and Implementation of the USMCA

The automotive industry plays a major role in the North American economy. In the United States, the automotive industry contributed more than $809 billion to the U.S. economy in 2023 and accounted for 11.2 percent of total U.S. manufacturing output.[5] According to industry sources, the automotive industry is responsible for 9.7 million direct and indirect U.S. jobs (approximately 5 percent of the total private sector jobs in America).[6] Additionally, industry estimates that every job with an auto manufacturer in the United States creates on average nearly 11.5 other jobs upstream (*e.g.*, auto parts producers) and downstream (*e.g.*, auto dealerships) in the U.S. economy.[7]

Like its predecessor, the North American Free Trade Agreement (NAFTA), the USMCA continues to be important to the automotive industry's success. The duty-free treatment granted to originating vehicles and parts has helped to integrate North American production, and the Agreement's rules of origin have incentivized increased investments, content, and employment in North American automotive production,

[5] U.S. Bureau of Economic Analysis, Gross Output by Industry, available at: https://apps.bea.gov/iTable/iTable.cfm?isuri=1&reqid=151&step=1.
[6] Alliance for Automotive Innovation, "Driving the U.S. Economy," available at: https://www.autosinnovate.org/initiatives/the-industry.
[7] Ibid.

making the North American automotive sector more competitive. According to an economic model provided by an industry association that considers vehicle production and assembly, vehicle and parts trade volumes, and other factors, 50 percent of the content of vehicles built in Canada originates in the United States, and about 35 percent of the content of vehicles assembled in Mexico originates in the United States. Industry notes that the high levels of U.S. content in Canadian and Mexican vehicles exemplify how the USMCA has carried forward the benefits of an integrated North American automotive sector.[8]

The roots of duty-free preferences and North American integration of the automotive sector can be traced back to the Canada-United States Automotive Products Agreement ("the Auto Pact"), signed in January 1965. In 1989, the United States-Canada Free Trade Agreement entered into force and further expanded duty-free trade between the two countries. The NAFTA entered into force in 1994 adding Mexico to the free-trade bloc and effectively superseding the Auto Pact and the United States-Canada FTA.

On January 29, 2020, the President signed into law the USMCA Implementation Act, and the USMCA entered into force on July 1, 2020.

A. The Interagency Committee for Trade in Automotive Goods

Section 202A(b) of the Act requires the creation of an Interagency Committee on Trade in Automotive Goods ("Interagency Autos Committee," or "Committee"), which was established by Executive Order 13908 of February 28, 2020.[9] Chaired by the United States Trade Representative, the Committee provides advice, as appropriate, on the implementation, enforcement, and modification of the provisions of the USMCA that relate to automotive goods, including the automotive rules of origin and the alternative staging regimes. The Committee also reviews the operation of the USMCA with respect to automotive goods. In addition to USTR, representation on the Committee consists of the Departments of Commerce, Energy, Labor, State, Transportation, and Treasury, as well as U.S. Customs and Border Protection (CBP) and the U.S. International Trade Commission (USITC).

Following its establishment in early March 2020, the Committee has held regular meetings to prepare relevant information for implementation of the USMCA's automotive rules of origin, including information for the ASRs, CBP guidance to traders, and the Uniform Regulations. On June 3, 2020, in coordination with Mexico and Canada, the United States published the trilaterally agreed Uniform Regulations for Chapter IV (Rules of Origin), including provisions related to the ROOs for automotive goods.[10] The Uniform Regulations assist North American automotive producers, exporters, and importers

[8] American Automotive Policy Council, AAPC Submission in Response to the Request for Comments Concerning the Operation of the United States-Mexico-Canada Agreement (USMCA) With Respect to Trade in Automotive Goods, January 18, 2024, available at: https://www.regulations.gov/comment/USTR-2023-0013-0017.
[9] Executive Order 13908, "Establishment of the Interagency Committee on Trade in Automotive Goods Under Section 202A of the United States Mexico Canada Agreement Implementation Act," 85 FR 12983 (Feb. 28, 2020), available at: https://www.federalregister.gov/d/2020-04755.
[10] USTR, "Uniform Regulations Regarding the Interpretation, Application, and Administration of Chapter 4 (Rules of Origin) and Related Provisions in Chapter 6 (Textile and Apparel Goods) of the Agreement Between the United States of America, the United Mexican States, and Canada," June 3, 2020, available at: https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/UniformRegulationsRulesofOrigin.pdf.

with their interpretation, application, and administration of the automotive rules contained in the USMCA.

The USMCA rules of origin and the Uniform Regulations became effective upon the USMCA's entry into force on July 1, 2020.

Since 2020, the Committee has met regularly to review the operation of the USMCA with respect to autos. The Committee reviews the annual progress reports submitted by producers with an approved ASR. The Committee also reviews and provides advice to USTR on any requests from producers to modify an ASR. Additionally, the Committee reviewed the public comments submitted in response to the *Federal Register* notice for this report, participated in the public hearing, and contributed to the development of this report.

4. The USMCA Rules of Origin for Automotive Goods

The USMCA ROOs for motor vehicles require a specific amount of North American content in the final vehicle in order to qualify for duty-free treatment under the USMCA. The USMCA raised regional value content (RVC) requirements to 75 percent for passenger vehicles and light trucks, compared to 62.5 percent under the NAFTA. In addition, certain "core parts" must also meet the higher RVC thresholds for the entire vehicle to qualify. The USMCA also requires that at least 70 percent of a vehicle producer's steel and aluminum purchases originate in North America. Finally, the USMCA introduced a new LVC rule that requires that a certain percentage of each producer's qualifying vehicles be produced by employees making an average of $16 per hour. Collectively, these new requirements are intended to incentivize increased investment in autos and automotive parts production within the United States and North America.

The USMCA eliminated the NAFTA "deeming" rule whereby any auto part that was not specifically identified on a list created at the time the NAFTA was negotiated (in the early 1990s) was "deemed" to be originating in North America, regardless of where it was actually produced. Under the NAFTA, this rule had rendered the autos rules of origin increasingly obsolete as technological advances meant that new types of content that did not appear on the original list of parts, regardless of source, were automatically granted deemed originating status, watering down the impact of the preferential treatment rules intended to support U.S., Canadian, and Mexican manufacturers and workers.

A. Regional Value Content (RVC) Requirement

With the RVC requirement, motor vehicles must meet a defined threshold of North American content (expressed as a percentage of the overall vehicle value) in order to be considered "originating" and receive the duty-free benefits of the Agreement.

Under the USMCA, the RVC for passenger vehicles[11] and light trucks[12] increased to 75 percent, up from the NAFTA RVC of 62.5 percent. The higher RVC was implemented in equal annual stages over three years and was fully implemented on July 1, 2023.

For heavy trucks and electric light trucks,[13] the NAFTA RVC of 60 percent was maintained upon entry into force of the USMCA. As of July 1, 2024, the RVC for these trucks increased to 64 percent and will further increase to the final rate of 70 percent on July 1, 2027.

B. Core Parts Requirements

In addition to meeting the overall vehicle RVC requirement, the USMCA includes a new separate requirement that certain "core parts" of a vehicle must themselves be originating by satisfying separate RVC thresholds set out for those parts ("core parts origination requirement"). The seven defined core parts – engine, transmission, body and chassis, axle, suspension system, steering system, and (where applicable) advanced battery – represent some of the most valuable parts of a vehicle. If these core parts are not themselves originating, the overall vehicle does not qualify for preferential tariff treatment under the USMCA.

The USMCA text provides automotive producers flexibility through several options as to how the core parts requirements can be met. One such flexibility permits producers to treat all the core parts as a single part for purposes of performing the RVC calculation for the core parts origination requirement.

C. North American Steel and Aluminum Purchase Requirements

Passenger vehicles, light trucks, and heavy trucks are also subject to producer steel and aluminum purchase requirements in order to qualify as originating under USMCA. Under these requirements, vehicle producers must purchase at least 70 percent of their steel and aluminum (by value) from within North America. The Agreement provides vehicle producers with several options to calculate and certify their purchases of North American steel or aluminum. These new requirements were introduced in July 2020 upon the USMCA's entry into force.

Beginning in July 2027 (seven years after entry into force of the USMCA), steel will be considered originating under this provision only if all steel manufacturing processes occur in one or more of the USMCA Parties, except for metallurgical processes involving the refinement of steel additives. The Agreement notes that such processes include the initial melting and mixing and continue through the coating stage. This requirement does not apply to raw materials used in the steel manufacturing

[11] Under the USMCA, passenger vehicles are defined as vehicles of tariff subheadings 8703.21 through 8703.90, but do not include vehicles with compression-ignition *(i.e.,* diesel) engines, three- or four-wheeled motorcycles, all-terrain vehicles, or motorhomes or entertainer coaches.
[12] Light trucks are defined as vehicles of tariff subheading 8704.21 or 8704.31, except vehicles that are solely or principally for off-road use.
[13] Heavy trucks are defined as vehicles of tariff subheading 8701.20, 8704.22, 8704.23, 8704.32, 8704.90, or 87.06 except vehicles that are solely or principally for off-road use. At the time the Agreement was negotiated, electric and hybrid light trucks were classified in subheading 8704.90 and received heavy truck staging.

process.[14] Further, in 2030, the USMCA Parties shall consider similar appropriate requirements for aluminum to be considered originating under this requirement.

D. The Labor Value Content Requirement

The LVC provision requires a specific minimum percentage of the content in passenger vehicles, light trucks, and heavy trucks, by value, to be sourced from North American manufacturing facilities that compensate workers at an average hourly base wage rate of at least $16 per hour. This requirement incentivizes new vehicle and parts investments in the United States, supports higher-paying jobs, and helps to ensure U.S. workers and producers can compete on a level playing field.

The LVC requirements provide that for a passenger vehicle, light truck, or heavy truck to be eligible for preferential tariff treatment, a minimum percentage of the cost of the vehicle must involve certain high-wage expenditures. At least 45 percent of the value of light and heavy trucks, and at least 40 percent of the value of passenger vehicles must meet these high-wage expenditure requirements. The three categories of high-wage expenditures are as follows:

1. High-wage material and manufacturing expenditures

The high-wage material and manufacturing expenditures provision requires that 30 percent of the annual purchase value or net cost of a light truck or heavy truck, and least 25 percent of the annual purchase value or net cost of a passenger vehicle, come from parts and materials that are produced in a North American production plant or facility, or from any labor costs in the vehicle assembly or plant that is located in North America, with an average hourly base wage rate of at least $16 per hour.

2. High-wage technology expenditures

The high-wage technology expenditures provision allows producers to claim a credit towards the LVC requirements of up to 10 percentage points. The credit is calculated using the producer's total annual expenditures on wages for research and development or information technology as a percentage of the vehicle producer's total annual expenditures on production wages in North America.

3. High-wage assembly expenditures

The high-wage assembly expenditures provision permits producers to claim a single credit of 5 percentage points towards the LVC requirements if the producer has an engine, transmission, or advanced battery assembly plant meeting certain production capacity levels in North America with an average hourly base wage rate of at least $16 per hour, or has a long-term contract with such a plant.

[14] Such raw materials include steel scrap; iron ore; pig iron; reduced, processed, or pelletized iron ore; or raw alloys.

E. Rules of Origin Applicable to Other Vehicles

Under the USMCA, other vehicles (*i.e.*, those not defined under the Agreement as passenger vehicles, light trucks, or heavy trucks)[15] are subject to a different set of rules of origin. The RVC for other vehicles ranges from 60 percent to 62.5 percent, depending on the type of vehicle. Buses and other vehicles designed for the transport of 16 or more persons are subject to the 60 percent RVC, while vehicles designed for the transport of 15 or fewer passengers are subject to the 62.5 RVC. These other vehicles are not subject to the core parts requirements, steel and aluminum purchase requirements, or LVC requirements that are applicable to passenger vehicles, light trucks, and heavy trucks.

F. Establishment of the Alternative Staging Regimes

In order to provide vehicle manufacturers time to adjust to the new requirements, the USMCA afforded the opportunity for manufacturers to apply for an ASR that would create a detailed and credible plan to gradually meet RVC and LVC levels for up to five years before having to satisfy the standard USMCA ROO requirements. The ASR differs from the standard staging regime by providing additional flexibility with respect to the phase-in of certain ROO requirements.

For instance, under an ASR, importers of certain passenger vehicles and light trucks may have additional time to meet the ROO requirements, and during that time period, the vehicles may be subject to different RVC and LVC thresholds. Upon expiration of the ASR, importers must demonstrate that the vehicles meet the standard USMCA rules of origin.

The quantity of passenger vehicles or light trucks eligible for an ASR is generally limited to 10 percent of a vehicle producer's total passenger vehicle or light truck production during the 12-month period prior to entry into force of the Agreement, or the average of such production during the complete 36-month period prior to entry into force of the Agreement, whichever is greater. Vehicle producers could request quantities above this limit if they provided a detailed and credible plan that ensured that these vehicles would meet all the requirements during the ASR period and the standard requirements after the expiration of the ASR.[16]

On April 21, 2020, USTR, in consultation with the Interagency Autos Committee, published a *Federal Register* notice providing procedures and guidance for North American producers of vehicles intending to submit a petition for an ASR.[17] Canada and Mexico published similar notices that invited producers to submit requests for alternative staging.

Between April 21 and July 1, 2020, vehicle producers submitted petitions to USTR, including detailed plans for vehicles to meet the applicable requirements if the quantity of vehicles for which the producer

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[15] Illustrative examples of "other vehicles" include passenger vehicles with diesel engines, all-terrain vehicles, motor coaches, and recreational vehicles (RVs).

[16] In addition, the ASR provisions permitted companies to receive continued treatment provided for under Article 403.6 of the NAFTA for a limited period. Article 403.6 allowed auto producers to meet a lower regional value content requirement for vehicle models produced as the result of new investments in North America for a period of up to five years. As of 2024, the continued treatment under Article 403.6 of the NAFTA has expired for all producers.

[17] "Procedures for the Submission of Petitions by North American Producers of Passenger Vehicles or Light Trucks to Use the Alternative Staging Regime for the USMCA Rules of Origin for Automotive Goods," 85 FR 22238 (Apr. 21, 2020), available at: https://www.federalregister.gov/d/2020-08405.

requested an ASR exceeded the 10 percent threshold noted above. The plans included commitments to make additional investments in the United States and North America, or additional purchases of U.S. and North American parts, steel, or aluminum. Given the highly integrated nature of the North American automotive industry, USTR coordinated with the governments of Canada and Mexico throughout the alternative staging process.

Thirteen vehicle producers requested and received approval for their ASR:[18]

- Cooperation Manufacturing Plant Aguascalientes (COMPAS)[19]
- FCA North America Holdings LLC
- Ford Motor Company
- Honda North America, Inc.
- Hyundai Motor America
- Kia Motors Manufacturing Georgia
- Kia Motors Mexico
- Mazda North America
- Nissan North America Inc.
- Tesla Inc.
- Toyota Motor North America Inc.
- Volkswagen Group of America, Inc.
- Volvo Car Corporation

A vehicle producer must notify USTR and the Interagency Autos Committee as soon as practicable of any material changes to the information contained in the producer's original petition that may affect the producer's ability to meet the standard USMCA rules of origin once the ASR expires. A producer that makes such a notification may request modifications to its ASR. USTR, in consultation with the Interagency Autos Committee, will review and decide on a producer's modification request. USTR also coordinates with Canada and Mexico on modification requests with a view towards boosting North American production of autos and auto parts. To date, USTR has received four modification requests.

USTR requires producers to submit annual progress reports outlining the extent to which the calculations, projections, and commitments contained in the original ASR petitions remain true and accurate. As part of these annual reports, USTR also requires updates on producers' efforts to support local production and any new USMCA-related investments. Producers submitted the reports in December 2021, 2022, and 2023, and subsequent progress reports are due annually until the expiration of the approved or modified ASR.

If a producer fails to meet the requirements for use of the ASR, USTR, in consultation with the Interagency Autos Committee, may determine that the producer may no longer receive preferential treatment under the ASR. Further, a producer may lose the ability to use the ASR if it fails to submit an annual progress report or if the progress report demonstrates meaningful deviation from the producer's original submission. To date, all producers have submitted adequate annual progress reports, and no producer has lost the ability to use its ASR.

G. Economic Impact of the USMCA Automotive Rules of Origin

In 2023, the U.S. International Trade Commission issued the *USMCA Automotive Rules of Origin: Economic Impact and Operation, 2023 Report*, as required by the USMCA Implementation Act. The

[18] USTR maintains a current list of companies with approved alternative staging regimes on its website at: https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/alternative-staging
[19] COMPAS is a manufacturing joint venture that is equally owned by Mercedes-Benz Group and Nissan.

report used an economic simulation model and detailed data from the U.S., Mexican, and Canadian automotive industries to assess the impacts of the USMCA automotive ROOs on the U.S. economy and automotive industry. The model focused on the impacts of the ROOs on the U.S. automotive industry after the USMCA entered into force in July 2020 through the end of 2022.[20] The estimation of the economic impacts compared observed data to a simulation of the state of the industry and of the overall U.S. economy in 2022, absent the USMCA ROOs.[21]

According to economic modeling estimates in the Commission's 2023 report, the USMCA automotive ROOs resulted in decreased U.S. imports of motor vehicle engines and transmissions from non-USMCA countries in 2022, and increased U.S. employment, wages, capital expenditures, and revenue for U.S. producers of engines and transmissions. The Commission estimated that U.S. imports of engines and transmissions from non-USMCA countries decreased by 431,853 units and 55,195 units, respectively, in 2022. For U.S. engine and transmission producers, employment increased by 3,877 workers, wages increased by $239.1 million, capital expenditures increased by $60.2 million, and revenues increased by $1.6 billion.[22]

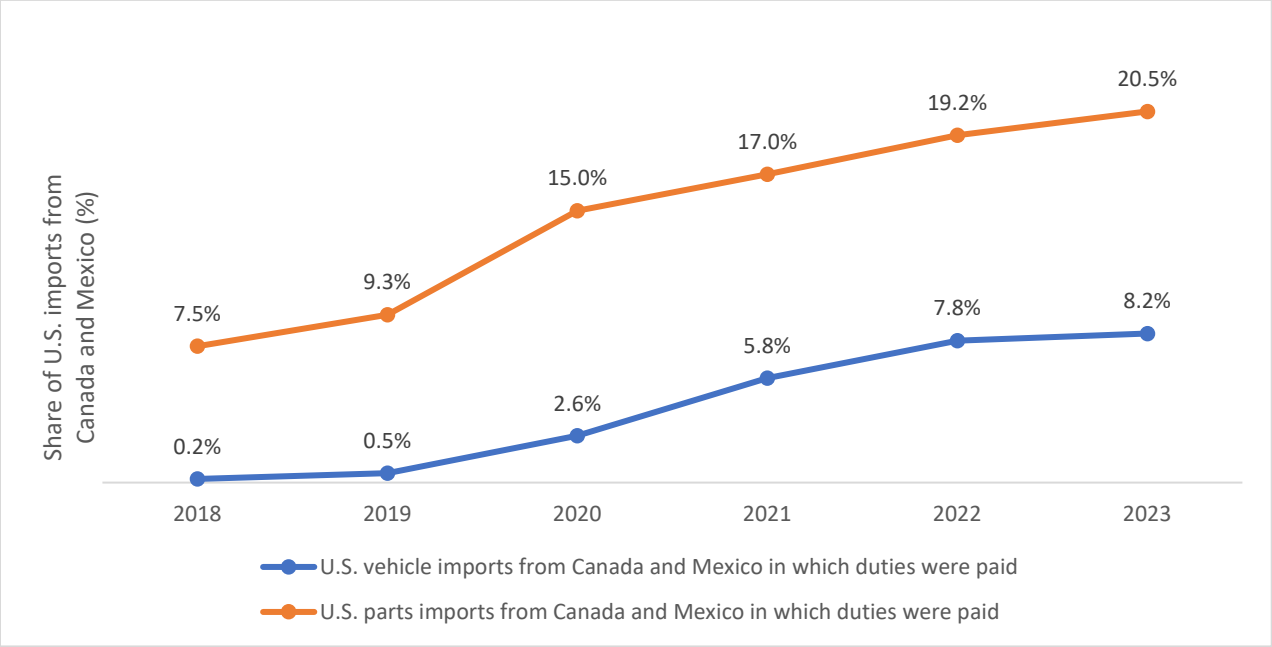
The USMCA automotive ROOs slightly increased employment, wages, capital expenditures, production, revenue, and profits for U.S. producers of light vehicles in 2022, as well as the average price of light vehicles in the United States, according to modeling estimates in the Commission's 2023 report. In 2022, the Commission estimated that U.S. vehicle producers increased employment by 35 workers, wages by $2.7 million, capital expenditures by $1.2 million, production by 1,464 vehicles, revenue by $81.3 million, and profits by $25.0 million.

These economic effects caused by the USMCA automotive ROOs were concentrated in the U.S. automotive industry for the first two and a half years after the USMCA entered into force. The Commission's 2023 report found that the ROOs had a negligible impact on aggregate U.S. GDP and employment during this period. The Commission will issue its next report in 2025 and subsequent reports ever two years thereafter through 2031.

At the same time, however, U.S. vehicle and parts imports imported from Canada and Mexico for which duties were paid increased significantly when USMCA entered into force and continued to increase as the staging of the new ROO requirements ramped up (*see Figure 1*). The percentage of vehicles imported from Canada or Mexico for which duties were paid increased from 0.5 percent (a total value of $517 million) in 2019 to 8.2 percent (a total value of $8.9 billion) in 2023. However, the percentage of such imports appeared to level off in 2023, when the share was only 0.4 percentage points higher than 2022. Almost 90 percent ($7.9 billion) of U.S. imports from USMCA partner countries in 2023 that paid duties were vehicles of HS 8703.23 (vehicles for the transport of persons with a spark-ignition engine with a cylinder capacity greater than 1.5L but less than 3L) from Mexico.[23]

[20] USITC, *USMCA Automotive Rules of Origin: Economic Impact and Operation, 2023 Report,* June 2023, 16.
[21] *Ibid*, 27.
[22] *Ibid*, 56-57.
[23] USITC DataWeb/Census, imports for consumption customs value, HS 8703.21, 8703.22, 8703.23, 8703.24, 8703.31, 8703.32, 8703.33, 8703.40, 8703.50, 8703.60, 8703.70, 8703.80, 8703.90, 8704.21, 8704.22, accessed April 16, 2024.

Figure 1: Share of Import Value from Canada and Mexico Subject to Duties, by Product Category, 2018–2023[24]



The share of U.S. parts imports from USMCA partner countries that were subject to duties more than doubled from 9.3 percent ($7 billion) in 2019 to 20.5 percent ($19.7 billion) in 2023. These imports also appeared to be leveling off in 2023, with only a 1.3 percentage point increase from the previous year. Over 80 percent of such U.S. imports came from Mexico in 2023 ($16.1 billion). These imports from Mexico were distributed among many different categories of automotive parts, with the leading categories including parts of bodies, diesel engines, and steering wheels (table 1).

[24] USITC DataWeb/Census, imports for consumption customs value, HS 8703.21, 8703.22, 8703.23, 8703.24, 8703.31, 8703.32, 8703.33, 8703.40, 8703.50, 8703.60, 8703.70, 8703.80, 8703.90, 8704.21, 8704.22, and U.S. Department of Commerce "HTS 10-Digit Codes for Automotive Parts Imports,", accessed April 14, 2024.

Table 1: Value of U.S. Automotive Parts Imports from Mexico Subject to Duties by HTS-10 Statistical Subheading, 2023
(Millions of U.S. Dollars)[25]

HTS-10	Description	2023 Imports
8708.29.5160	Other parts and accessories, not elsewhere specified or indicated, of bodies (inc. cabs) of heading 8701 to 8705	$2,000.8
8408.20.2000	Compression-ignition internal combustion piston engines for propulsion of vehicles of chapter 87, to be installed in road tractors, buses, autos, trucks	$1,222.1
8708.94.5000	Steering wheels, steering columns and steering boxes for vehicles, not elsewhere specified or indicated	$1,200.4
8544.30.0000	Insulated ignition wiring sets & wiring sets for vehicles, aircraft or ships	$1,127.7
All other HTS-10 statistical codes		$10,579.7
Total		*$16,130.7*

5. Steps Taken by Auto Producers to Meet the USMCA Rules of Origin

After 25 years, the North American automotive industry became proficient with the complex ROOs under the NAFTA and the detailed recordkeeping necessary to substantiate claims under those rules. The phased-in implementation of the USMCA requirements and the ASRs provided producers flexibilities in transitioning to the new ROOs. Since the new ROOs were made public in late 2018, manufactures have invested billions of dollars to increase North American autos and parts production. And the EV transition has accelerated new investments in North America.

However, vehicle and parts producers commented to USTR that the new and more stringent ROOs continue to impose administrative burdens on the industry, especially on parts producers because the ROO requirements for a given part may differ depending on whether the part is incorporated into a passenger vehicle, a heavy truck, or simply traded on its own. Further, despite flexibilities built into the process to certify parts or vehicles, parts producers continue to face challenges in soliciting certifications from their lower-tier suppliers, and in responding to certification requests from the vehicle producers.[26]

Vehicle producers also commented on the burden of meeting various certification requirements—particularly those to demonstrate compliance with the LVC and the steel and aluminum purchase requirements. According to the producers, the current certification deadlines do not provide enough time for the producers to gather the necessary data and make calculations. As noted earlier, producers and

[25] USITC DataWeb/Census, imports for consumption customs value, HTS codes from U.S. Department of Commerce "HTS 10-Digit Codes for Automotive Parts Imports," accessed April 16, 2024.
[26] MEMA, Comments of MEMA, the Vehicle Suppliers Association to the Office of the United States Trade Representative on the Request for Comments and Notice of Public Hearing on the Operation of the United States-Mexico-Canada-Agreement with Respect to Trade in Automotive Goods, Docket No. USTR-2023-0013 (2024 USMCA Autos Report), January 17, 2024. Available at: https://www.regulations.gov/comment/USTR-2023-0013-0019.

traders have expressed frustrations with having to make some calculations twice in order to meet the certification deadline.[27]

On the other hand, labor representatives expressed concerns that the ongoing phase-in of the ROOs, the ASRs, and a lack of transparency on how the ROOs are being enforced have made it difficult to assess the impact and functioning of the agreement, especially with regard to North American workers.

A. Use of the Alternative Staging Regimes

Although specific ASRs varied by company, vehicle producers in general identified current and future investments in local parts production as the path to compliance with the standard USMCA rules of origin at the conclusion of the ASR period. Some of the plans focused on relocating core parts (*e.g.*, engines, transmissions, and batteries) production to North America and boosting company purchases of North American steel and aluminum. Beyond core parts, companies also highlighted plans to increase North American sourcing of other key high-value components.

In some instances, producers requested an ASR before USMCA entry into force in order to maintain existing sourcing arrangements for vehicles currently in the late stages of their production cycles. Producers indicated that it would not be economical to retool factories or make major sourcing shifts for these vehicles in order to meet the USMCA rules of origin. Companies indicated that the flexibility provided by the ASR would free up resources to focus on longer-term investments for local parts production for new vehicles or future production cycles of existing models in order to meet the USMCA requirements.

In other instances, producers requested an ASR for vehicles in the middle of their production cycles. This approach ostensibly provided the producers flexibility to focus on shorter-term investments for local production of certain key components, such as engines and other core parts, without causing serious disruption to the current production cycle.

Several producers requested ASRs for electric vehicles (EVs) and hybrid electric vehicles due to the current lack of availability of North American lithium-ion batteries and related inputs (*e.g.*, cells) necessary to meet the standard rules of origin. Although there are unprecedented levels of investment underway to increase North American battery production, much of that investment will not be fully realized until after 2025. As a result, some producers rely on non-originating batteries and cells in order to supply current electric and hybrid electric vehicle production. If investments are not fully realized by 2025, electric vehicle manufacturers noted that they will face additional challenges to meet the USMCA rules of origin at that time.

Due in part to the anticipated challenges in securing an adequate supply of qualifying North American batteries, several producers have approached USTR to request modifications to their ASRs. In general, the modification requests received have consisted of extensions of ASR coverage for certain vehicles

[27] Autos Drive America, Comments Concerning the Operation of the United States-Mexico-Canada Agreement with Respect to Trade in Automotive Goods, January 17, 2024. Available at: https://www.regulations.gov/comment/USTR-2023-0013-0009. The American Association of Exporters and Importers, 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, January 17, 2024. Available at: https://www.regulations.gov/comment/USTR-2023-0013-0007.

beyond 2025 in order to accommodate battery shortages or other anticipated or ongoing supply challenges. Some ASR modification requests have also involved adjustments to the specific vehicles covered by the approved ASR.

In general, industry has expressed support for the ASRs and the flexibility they provide. In the submissions to USTR, auto producers recommended that USTR maintain or even expand that flexibility for longer periods, especially for EVs and hybrid vehicles. The producers argue that sourcing and planning new vehicles and components require time to ensure localization of production can be done in a cost-effective manner with high-quality products.[28] However, labor stakeholders have expressed concerns regarding the ASRs, as laid out in Part F of this report.

B. The USMCA Core Parts Dispute

On August 20, 2021, Mexico formally requested consultations with the United States over the interpretation and application of certain rules of origin provisions for autos under the USMCA. On August 26, 2021, Canada notified its intent to join the consultations. The United States held consultations with Mexico and Canada on September 24, 2021. Mexico requested and established a dispute settlement panel on January 6, 2022. Canada joined the dispute as a co-complainant on January 13, 2022.

Consistent with the view that autos ROOs should create high standards and incentives to source in North America, the U.S. position is that the core parts requirement, comprised of major, high-value auto parts like engines, advanced batteries, and transmissions, and its calculation methodology are distinct from the overall vehicle RVC calculation, constituting two separate requirements. In the U.S. reading, the core parts calculation rules explicitly apply only for purposes of the additional core parts requirement, not for purposes of the overall vehicle RVC calculation. Mexico and Canada interpret the Agreement to allow the total value of the core parts, including the total value of non-originating material used in those parts that are individually non-originating, to carry over into the calculation of the RVC for the vehicle itself as if 100 percent of those materials were originating. The Mexican and Canadian interpretation would therefore allow more non-originating content (from Asia, Europe, or other non-Party countries) than the U.S. position.

On January 11, 2023, the USMCA parties made public the report of the Panel in the dispute. In the final report, the Panel found that the U.S. interpretation – that the core parts requirement is separate and distinct from the regional value content calculation for the vehicle as a whole (such that the "roll-up" provision does not apply) – is inconsistent with Article 4 of the Agreement, and Article 3 of the Autos Appendix.

As required under the USMCA, the Parties have consulted regarding a potential resolution to the dispute, but have yet to reach an agreement. The United States has explained that a resolution should benefit all the USMCA Parties and their shared goal to enhance North American production and employment. However, data adduced during the panel proceeding (including confidential data from automakers) suggests that the Mexican and Canadian interpretation could result in well over 10 or even 20 percent less North American content per vehicle than the U.S. interpretation, undermining a key USMCA goal.

[28] AAPC, *op. cit.* and Autos Drive America, *op. cit.*

Several commenters encouraged the United States to resolve the dispute with Canada and Mexico to reduce uncertainty for producers. The American Automotive Policy Council (AAPC, which represents automakers GM, Ford, and Stellantis) and the Canadian Motor Vehicle Association (CMVA, which represents those same companies in Canada) proposed the United States to resolve the outstanding dispute with a "reasonable implementation timeline and sufficient notice to automakers." AAPC and CMVA did not recommend how the dispute should be resolved but noted that resolution of the dispute will bring greater certainty and predictability to the North American automotive supply chain.

The international automakers and their associations urged the United States to implement the USMCA dispute panel ruling by adopting the core parts interpretation advocated by Canada and Mexico. Certain stakeholders also commented that a failure of the United States to implement the panel ruling would undermine the USMCA dispute settlement mechanism.

Labor stakeholders have consistently supported the U.S. interpretation and expressed concerns with the impact of the Canadian and Mexican interpretation. The Labor Affairs Council previously commented that the Canadian and Mexican "approach would undermine the rules and would weaken confidence in the integrity and forward-leaning posture taken in the USMCA. The rules of origin in USMCA were an important set of proposals in the effort to ensure that the signatories to a trade agreement are the beneficiaries, and that 'free riders' are not able to take advantage of our trade agreements."[29] The UAW also has expressed support for the U.S. interpretation.

C. Treatment of Used Vehicles

Several stakeholders raised concerns in comments and testimony regarding the inability of used vehicles to demonstrate compliance with the USMCA ROOs. As a result, these used vehicles do not receive duty-free treatment when imported into the United States from Canada or Mexico. The International Motor Vehicle Trade Association (IMVTA) indicated that this affects approximately 300,000 vehicles annually and is a particular issue for the used truck and van market, which faces a 25 percent most-favored nation (MFN) import tariff in the United States.[30] IMVTA and other stakeholders argued that vehicles built prior to July 1, 2020 and compliant with the NAFTA rules of origin should be eligible for duty-free treatment if traded under the USMCA.

The USMCA does not differentiate between new and used vehicles for rules of origin purposes. As a result, used vehicles must meet the same USMCA rules of origin—including the RVC, LVC, the core parts requirements, and steel and aluminum requirements—as new vehicles to qualify for duty-free treatment under the Agreement. The stakeholders argue that these requirements disadvantage used vehicles because such standards did not apply to vehicles produced in North America under the NAFTA (prior to July 1, 2020) and there are no records or other information that can retroactively demonstrate that a used vehicle manufactured prior to the implementation of the USMCA satisfies the USMCA rules

[29] United Steelworkers (on behalf of the Labor Advisory Committee), Labor Advisory Committee Comments on the Operation of the United States-Mexico-Canada Agreement with Respect to Trade in Automotive Goods (USTR-2022-0001, March 28, 2022. Available at: https://comments.ustr.gov/s/commentdetails?rid=6B76D6MK9P.
[30] International Motor Vehicle Trade Association, Public Hearing Concerning the Operation of the USMCA Agreement with Respect to Trade in Automotive Goods Created by the Office of the United States Trade Representative – scheduled for February 7, 2024, January 16, 2024, available at: https://www.regulations.gov/comment/USTR-2023-0013-0004.

of origin. As a result, used vehicle traders have requested relief from the "millions of dollars in duty on used vehicles" assessed since July 1, 2020.[31]

To help facilitate the trade in used vehicles, CBP published a fact sheet in 2021 to inform the public that an alternative means to duty-free treatment for used vehicles may exist under tariff provisions applicable to U.S. goods returned.[32] Subheading 9801.00.10 of the Harmonized Tariff Schedule of the United States provides for the duty-free treatment of:

> Products of the United States when returned after having been exported, or any other products when returned within three years after having been exported, without having been advanced in value or improved in condition by any process of manufacture or other means while abroad.[33]

However, this treatment does not apply to U.S.-built vehicles exported and returned after three years or to vehicles manufactured in Canada or Mexico and subsequently imported as used into the United States.

Since the USMCA superseded the NAFTA's automotive rules of origin on July 1, 2020 and because USMCA's rules do not differentiate between new and used vehicles, the United States is unable to extend unilateral duty-free treatment to used vehicles at this time.

D. Impact on Parts Suppliers

MEMA, the Vehicle Suppliers Association, contended that the automotive parts suppliers continue to face challenges in complying and demonstrating compliance with the USMCA ROOs and that administrative costs for suppliers have increased under the USMCA. MEMA represents more than 900 U.S. suppliers throughout the automotive supply chain, which employ more than 900,000 workers in all 50 states.[34] MEMA cited lack of a uniform format for USMCA certification[35] as one factor that has added to the parts producers' administrative burden. In the absence of a specific form for claiming origin, automakers and parts suppliers up and down the supply chain have created their own forms and formats for information collection, resulting in a lack of consistency. As an example of the additional burden this has placed on parts suppliers, MEMA noted that one of its members had to increase its headcount to manage USMCA compliance and that the member had to increase the number of hours spent on USMCA compliance by around 25 percent.[36]

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[31] Anonymous, January 4, 2024, available at: https://www.regulations.gov/comment/USTR-2023-0013-0002.
[32] U.S. Customs and Border Protection, "Fact Sheet: USMCA and Treatment of Used Vehicles." CBP publication 1574-1020. Available at: https://www.cbp.gov/sites/default/files/assets/documents/2021-Oct/USMCA%20Used%20Autos%20Field%20Guidance%20Fact%20Sheet%2010-6-2021.pdf.
[33] Harmonized Tariff Schedule of the United States, subheading 9801.00.10, available at: https://hts.usitc.gov/?query=9801.00.10.
[34] Testimony of Ann Wilson, Executive Vice President of Government Affairs, MEMA the Vehicle Suppliers Association, February 7, 2024. Transcript available at: https://www.regulations.gov/document/USTR-2023-0013-0034.
[35] The USMCA allows importers to complete a certification of origin to include nine required data elements as well as a certification statement. These data elements do not need to follow a prescribed format. The USMCA also allows a certification of origin to be completed and signed with an electronic or digital signature. These new requirements mark a change from the NAFTA, which required a uniform Certificate of Origin that could only be signed by the exporter or producer of the goods. In addition, NAFTA certificates required a wet signature and did not allow electronic signature.
[36] MEMA, *op. cit.*

Another factor, MEMA argues, that has imposed additional administrative burdens on suppliers is the different rules of origin that may be applied to the same part based on its incorporation into a passenger vehicle, heavy truck, or an "other vehicle." MEMA noted that dual-track platforms for EVs and internal combustion vehicles, with traditional components and new technologies, can create similar problems for suppliers because different rules of origin may apply for very similar components.[37]

Similarly, the use of ASRs has added to the suppliers' administrative burden. Because of the ASRs, MEMA noted that its members need to meet multiple timelines and different targets depending on the ASR applicable to the vehicle and to the producer. MEMA also expressed concerns that the expiration of the ASRs will create new challenges for suppliers as vehicle producers will likely all employ different approaches in dealing with the transition from the ASRs to the full USMCA ROOs.[38]

MEMA urged USTR and the Interagency Autos Committee to consider the "fragility" of the automotive supply base, especially with Tier 2 and Tier 3 suppliers, many of which have long been established and operating in the United States. These suppliers produce critical components, such as metal stampings and plastic extrusions that are used in EVs and internal combustion vehicles. MEMA argued that these suppliers often have no or limited capacity to fully understand—and therefore comply with—USMCA's automotive ROOs because they do not have trade compliance staff. For these reasons, MEMA encouraged USTR and the Interagency Autos Committee to work with automotive suppliers to minimize the impact of administrative burdens on the supply base.[39]

E. The Electric and Clean Energy Vehicle Transition

Auto producers urged USTR to grant additional flexibilities from the full USMCA ROOs (either through modifications to the ROOs or through ASR modifications) for EVs and hybrid vehicles. The producers suggested that the United States consider a new or modified ASR mechanism just for EVs or the extension of existing ASRs to ensure the "successful localization of new technologies." Stakeholders also suggested liberalizing some of the ROOs, including those applicable to EV batteries, and reducing the regional value content and labor value content thresholds as a way of supporting the North American automotive industry's transition from internal combustion engine vehicles to EVs.

Daimler Trucks North America, which produces heavy trucks and school buses in North America, said that the USMCA's ROOs for heavy trucks does not adequately account for the transition to electric and hydrogen-powered vehicles. It recommended that the full regional value content phase-in for heavy trucks (scheduled to increase to 70 percent in 2027) be delayed to provide "additional breathing room" for truck producers that are trying to shift to electrification, while also maintaining their current production footprint in order to meet customer demand.

On the other hand, the United Auto Workers (UAW) recommended tightening the ROOs by amending the USMCA core parts list to incorporate additional EV components, such as critical minerals for EV batteries, electric drive motors, and high-voltage control modules. The UAW also recommended updating the core parts requirements to include components for advanced driver assistance systems and

[37] *Ibid.*
[38] *Ibid.*
[39] Testimony of Ann Wilson, *op. cit.*

AV systems. Adding these components to the USMCA core parts list would incentivize higher levels of North American content in these parts and components.

F. Labor Stakeholders' Views on Implementation of the USMCA Rules of Origin

Labor stakeholders expressed concerns that a lack of transparency around how the Agreement is being implemented and enforced makes it difficult for stakeholders to assess the efficacy of the USMCA ROOs. The Labor Advisory Committee for Trade Negotiations and Trade Policy (LAC) noted that it has sought more information and greater transparency from across the U.S. Government on the operation of the LVC provisions and the ASRs but has received limited information on how these provisions are operating.[40] The UAW echoed those remarks and called for increased information and transparency regarding enforcement of the RVC and LVC requirements and the accommodations made as part of the ASRs. Further, UAW reiterated its desire to see more components (generally related to EVs and AVs) included in the list of core parts (*see Section 7 below*).[41]

To increase transparency, UAW suggested that USTR maintain a real-time database of facilities certified and in compliance with the LVC requirements to ensure greater transparency. The UAW also suggested that USTR publish on its website a quarterly report of this data.[42]

Further, the UAW proposed specific actions to strengthen enforcement of the LVC provision. The UAW suggested that U.S. agencies affirmatively notify the Secretary of the Treasury of any malfeasance, fraud, or whistleblower violation in response to reporting fraud, in the LVC calculations, so that duty-free treatment could be revoked. Further, the UAW suggested that the United States establish a process to investigate whether duty-free treatment for a vehicle was provided in error due to errors or omissions in the producer's certifications or preference claims.[43] The UAW argued that establishing such a monitoring and enforcement process, with clear guidelines, including a whistleblower process, would encourage better self-reporting by the automotive producers and support good actors in the industry.[44]

6. Enforcement of the USMCA Rules of Origin

The USMCA is the only U.S. FTA to contain provisions requiring producers to ensure their vehicles meet specific LVC requirements in order to qualify for preferential tariff treatment. The Implementation Act requires coordination among CBP, DOL, and Treasury to implement these LVC requirements, which

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[40] Labor Advisory Committee for Trade Negotiations and Trade Policy (LAC), Labor Advisory Committee for Trade Negotiations and Trade Policy submission: Docket No. USTR-2023-0013, January 17, 2024. Available at: https://www.regulations.gov/comment/USTR-2023-0013-0006.

[41] International Union, United Automobile, Aerospace & Agricultural Implement Workers of America – UAW, UAW's Public Comments on Operation of the United States-Mexico-Canada Agreement With Respect to Trade in Automotive Goods—Docket Number USTR-2023-0013, January 17, 2024, available at: https://www.regulations.gov/comment/USTR-2023-0013-0013.

[42] *Ibid.*

[43] UAW, *op. cit.*

[44] Testimony of Jason Wade, Top Administrative Assistant to the President, International Union, United Automobile, Aerospace & Agricultural Implement Workers of America – UAW, February 7, 2024. Transcript available at: https://www.regulations.gov/document/USTR-2023-0013-0034.

includes promulgating regulations that set forth the procedures for auto producers to establish compliance with these requirements. DOL's Wage and Hour Division (DOL-WHD) fulfills this role for DOL.[45]

DOL-WHD supports CBP in two main ways: (1) reviewing, in consultation with CBP, LVC certifications for omissions or errors; and (2) conducting USMCA verifications of the high-wage components of the LVC requirements (mainly, the average hourly base wage rate). Additionally, DOL-WHD investigates allegations of USMCA whistleblower protection violations for any person who discloses information to a federal agency or to any person relating to a verification of the producer's compliance with the LVC requirements, or who cooperates or seeks to cooperate in an LVC verification.

To ensure the LVC provisions are properly effectuated in the facilitation and enforcement of USMCA auto imports, CBP and DOL-WHD have aligned their internal procedures and communication to the trade community. For example, consistent with the Implementation Act, the two agencies have coordinated to establish policies regarding LVC certifications, including the information that must be included, a timeframe for submission of LVC certifications,[46] and internal processes for CBP and DOL-WHD review of the LVC certifications and the responses to producers.

A. Guidance and Regulations

On July 1, 2020, the USMCA Uniform Regulations[47] were issued. These Uniform Regulations, which were promulgated trilaterally, set forth the rules of origin for autos, including the LVC and steel and aluminum content required to claim USMCA preference.

Also on July 1, 2020, in accordance with section 210(b) of the USMCA Implementation Act, DOL issued regulations necessary to administer the high-wage components of the LVC requirements as set forth in the Agreement and section 202A of the Act. Specifically, as directed by the Implementation Act, DOL's regulations at 29 CFR part 810 implement the Act's requirements and establish procedures for producers to follow concerning certification and verification of the high-wage components of the LVC requirements. DOL's regulations are consistent with Article 7 of the USMCA Automotive Appendix, which defines the LVC's high-wage components, as well as Section 12 of the Uniform Regulations, which provides detailed definitions of some of the LVC-specific terms used in the USMCA. Since entry into force of the USMCA, DOL-WHD relies on its regulations when reviewing (in consultation with CBP) LVC certifications submitted by producers for omissions or errors and when conducting verifications of producer compliance with the high-wage components of the LVC requirements. The regulations at 29 CFR 810.800 describe DOL-WHD's whistleblower enforcement process, including the filing of complaints, investigations, issuance of determinations, and the administrative review process. If the investigation discloses a violation, the DOL-WHD may prescribe any remedies, including monetary relief, injunctive relief, and/or civil money penalties.

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[45] See 19 U.S.C. 4532(c) & (e).
[46] U.S. Customs and Border Protection, USMCA Implementation Instructions. Available at: https://www.cbp.gov/document/guidance/usmca-implementation-instructions.
[47] U.S. Customs and Border Protection, Implementation of the Agreement Between the United States of America, the United Mexican States, and Canada (USMCA) Uniform Regulations Regarding Rules of Origin, 85 FR 39690 (July 1, 2020). Available at: https://www.federalregister.gov/d/2020-13865.

On July 6, 2021, CBP published[48] additional domestic regulations related to general definitions, confidentiality, import requirements, export requirements, post-importation duty refund claims, drawback and duty deferral programs, general verifications and determinations of origin, commercial samples, goods re-entered after repair or alteration in Canada or Mexico, and penalties. This document makes amendments to the marking rules in determining the country of origin for marking purposes for goods imported from Canada or Mexico and for other purposes specified by the USMCA. This document also includes amendments to the CBP regulations governing the requirement for an export certificate, and conforming amendments for the declaration required for goods reentered after repair or alteration in Canada or Mexico, recordkeeping provisions, and the modernized drawback provisions.

There is a final set of CBP USMCA regulations that are pending interagency review. These regulations will include detailed USMCA guidance for the automotive industry and, once implemented, will provide further rules to which the trade must adhere in order to claim USMCA preference.

B. Enforcement of the USMCA Automotive Rules of Origin

During the period of 2021[49] through 1Q 2024, CBP conducted 652 USMCA auto parts, auto components, and used vehicles verifications of shipments of $48.6 million in total value. Of the 652 verifications, 176 discrepancies were found. Negative determinations were issued due to RVC non-compliance, insufficient documentation, or non-response. This represents an overall discrepancy rate of 27 percent. For more details, see Table 2.

[48] U.S. Customs and Border Protection, Agreement Between the United States of America, the United Mexican States, and Canada (USMCA) Implementing Regulations Related to the Marking Rules, Tariff-Rate Quotas, and Other USMCA Provisions, 86 FR 35566 (July 6, 2021). Available at: https://www.federalregister.gov/d/2021-14264.

[49] CBP elected to exercise a period of restrained enforcement on USMCA preferential claims, from July 1, 2020, through Dec. 31, 2020; with an extension through June 30, 2021, for automotive goods. See USMCA Implementation Instructions published, June 30, 2020, and the USMCA Implementation Instructions Addendum published, January12, 2021.

Table 2: Verification of Claims for Preferential Treatment Under the USMCA for Auto Parts, Auto Components, and Used Vehicles, 2021-1Q2024

Year / HTS Heading	Verifications Completed	Negative Determinations	Compliant Determinations	Total Value of Imports Subject to Verification
2021	**43**	**4**	**39**	**$1,873,097**
8703	1			18,660
8704	20			532,199
8708	21			$1,230,994
8716	1			$91,244
2022	**98**	**53**	**45**	**$1,867,575**
3926	8			$45,309
8701	10			$576,850
8703	13			$416,830
8708	39			$526,898
8716	28			$301,688
2023	**377**	**92**	**285**	**$30,622,134**
8302	4			$42,576
8407	2			$549,678
8501	3			$3,091,611
8701	4			$423,634
8703	19			$1,754,916
8704	155			$8,282,905
8705	2			$1,229,600
8707	5			$1,002,345
8708	124			$11,493,934
8714	2			$1,864
8716	57			$2,760,281
1Q 2024	**134**	**27**	**107**	**$14,225,901**
4016	1			$120,884
8207	1			$163,141
8704	2			$34,780
8707	5			$386,504
8708	109			$9,906,529
8714	1			$32,422
8716	15			$3,581,641
Grand Total	***652***	***176***	***476***	***$48,599,707***

The automotive rules of origin require producers to certify their corporate purchases of steel and aluminum as well as certify that the production of passenger vehicles, light trucks, or heavy trucks meets the applicable LVC requirements. From December 2020 through April 2024, CBP and DOL-WHD

reviewed a total of 245 auto certifications from 13 producers: 61 aluminum certifications, 58 steel certifications, and 126 LVC[50] certifications.[51]

Table 3: USMCA Automotive Certifications Reviewed, 2020-2024

Year	Aluminum	Steel	LVC
2020	11	10	19
2021	18	14	23
2022	16	18	41
2023	13	13	39
1Q 2024	3	3	4
Total	*61*	*58*	*126*

CBP conducted the first four vehicle verification audits on May 2024 on the USMCA rules of origin, verifying producers' steel and aluminum purchases. All four verification audits concluded that the USMCA aluminum and steel requirements were met. Two USMCA vehicle verification audits involving the LVC requirements are currently underway. DOL-WHD is assisting CBP in these verification audits by verifying that the two producers meet the high-wage components of the LVC requirements, and CBP is verifying the other aspects of the LVC requirements. Typically, if a violation is found at the conclusion of a USMCA vehicle verification audit, the matter will be referred to an import specialist at CBP's Automotive and Aerospace Center of Excellence and Expertise for any potential enforcement action.

CBP and DOL encountered numerous challenges in the course of their exercising their duty to hold companies accountable to the rules. With the experience gained from initial verifications, CBP and DOL will increase verification efforts.

C. Discussions with Automotive Industry

CBP established the USMCA Center within CBP's Office of Trade, Trade Policy and Programs Directorate to serve as a one-stop shop for the automotive industry and other stakeholders seeking information concerning the USMCA. The USMCA Center coordinated CBP's implementation of the Agreement and provided consistent and comprehensive guidance to internal and external stakeholders from 2020 through January 2023. In February 2023, CBP's Office of Trade successfully transitioned all USMCA Center responsibilities to the Textiles and Trade Agreements Division (TTAD) within the Trade Policy and Programs Directorate.[52] TTAD continues to provide consistent and reliable support to the U.S. Government and other stakeholders on all matters involving CBP's role in USMCA implementation, facilitation, and enforcement.

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[50] The number of LVC certifications exceeds the number of steel and aluminum certifications in part because LVC certifications are based on the vehicle make and vehicle type (and so a single producer may submit multiple LVC certifications). Aluminum and steel certifications are based on producer's corporate purchases of aluminum and steel, and so a single producer may submit a single certification.

[51] Most producers submit their certifications near the end of the calendar year, which is why few certifications have been received and reviewed through April 2024.

[52] U.S. Customs and Border Protection, U.S.-Mexico-Canada Agreement (USMCA). Available at: https://www.cbp.gov/trade/priority-issues/trade-agreements/free-trade-agreements/USMCA.

CBP and DOL-WHD have worked closely with auto producers to solicit the certifications required by the USMCA. Both agencies have spoken with many auto producers concerning their LVC certifications and worked to promote compliance throughout the certification review process without imposing undue burdens on the industry.

7. Effectiveness and Relevance of the USMCA Rules of Origin in Light of New Technologies and Production Processes

The USMCA encourages the Parties to review the automotive ROOs, especially those applicable to advanced technology vehicles, to ensure they reflect the current composition of vehicles, in light of new technologies and production processes.[53] Additionally, the USMCA Implementation Act requires USTR, in consultation with the Interagency Autos Committee, to assess as part of this biennial report whether the automotive ROOs remain effective and relevant.

USMCA's rules of origin are having an effect, as evidenced by the new and continued investments and steps producers are taking to increase North American content. At the same time, in the public input received by USTR, auto producers referenced the need for the USMCA ROOs to account for the ongoing technological revolution underway in the North American automotive industry as vehicles shift away from internal-combustion engines towards zero-emission electric vehicles, noting that the North American EV battery supply has not yet caught up with current and anticipated demand. Several commenters urged USTR to provide automakers additional flexibility in the rules of origin and through the approved alternative staging regimes.

Producers argued that many of the minerals and inputs needed to produce EV batteries are currently not available in North America in the required quantities, which limits the ability to produce a battery in North America that meets the USMCA rules of origin. Commenters urged USTR to address the challenges in establishing a secure North American supply chain with reference to the Inflation Reduction Act's incentives and requirements, as well as other U.S. initiatives.

Specifically, the automakers have asked that the transitional ROO applicable to EV batteries be extended. Under the USMCA, an EV battery's cells must be manufactured in North America for the entire battery module or pack to qualify under the USMCA. However, for vehicles subject to an approved ASR, the batteries may be manufactured using non-North American cells for the duration of the ASR.[54] Citing the shortage of qualifying North American battery cells, automakers have asked that this transitional rule for EV batteries be extended, either through the extension of the ASRs or by expanding the transitional rule to vehicles outside of the ASRs.

Other commenters have proposed updates to the ROOs to require more North American components to be incorporated in EVs and AVs. In its submission, the UAW proposed additions to the core parts list to include: a) EV components, such as motors, AC/DC inverters, and electric drivetrain; b) EV battery components, such as processed minerals and constituent materials; and c) AV components, such as

[53] See Article 9.1 of the USMCA Automotive Appendix.
[54] See Footnote 83 to Article 8.2 of the USMCA Automotive Appendix.

advanced semiconductors, LiDAR and radar sensors, automotive cameras, and vehicle communications systems.[55]

Additionally, in its 2023 USMCA autos report to Congress, the U.S. International Trade Commission identified two instances where technological changes have created divergences in the tariff classification or treatment of similar goods under the USMCA automotive ROOs.[56] First, the Commission identified that changes to the international tariff nomenclature for trucks has created a divergence between USMCA ROOs applicable to internal combustion pickup trucks (*e.g.*, the "light truck" ROOs) and the USMCA ROOs applicable to EV and hybrid pickup trucks (*e.g.*, "heavy truck" ROOs). This means that the same part used in an EV pickup may face different requirements than the same part used in an internal combustion pickup.

Second, the Commission indicated that technological changes in the production of aluminum parts have created a divergence in how the USMCA ROOs treat cast aluminum bodies versus stamped aluminum bodies. Utilizing newer production technologies, automakers can use cast aluminum body parts to reduce the number of structural components, requiring fewer welds and lower labor costs. However, under the tariff shift ROOs for aluminum body components, the process of casting aluminum does not produce an intermediate aluminum product comparable to the tariff shift in the stamping process. As a result, the lack of tariff shift in the casting process makes qualifying cast aluminum products more difficult, and the ROOs more stringent for producers using cast aluminum, than the rules are for producers using the stamping process.

8. Other Factors Impacting the Competitiveness of the North American Auto Industry

The 2022 report highlighted several external factors that were negatively impacting the competitiveness of the North American auto industry at that time. The COVID-19 pandemic and resulting lockdowns in 2020 directly led to a sharp decline in U.S. vehicle production and employment. In addition, the COVID-related supply chain disruptions—particularly the shortage of semiconductor chips—significantly restrained the production of passenger vehicles. In their 2022 comments to USTR, industry reported that the semiconductor shortage resulted in an estimated production loss of 1.52 million U.S. vehicles in 2021, and industry estimated at that time a production loss of more than a million U.S. vehicles in 2022.[57] The 2022 report also highlighted the potential negative impact on the availability and prices of certain key materials needed for automotive production from Russia's unprovoked and unjustified invasion of Ukraine in February 2022.

Although the supply chain challenges encountered in 2020-2022 have largely abated and automotive output has rebounded from the COVID-19 pandemic and semiconductor crisis, industry has noted that additional supply chain challenges are impacting the sector. Producers argued that supply chains for critical minerals and other raw materials needed for EVs remain nascent in North America and that prices

[55] UAW, *op. cit.*
[56] USITC, *USMCA Automotive Rules of Origin: Economic Impact and Operation, 2023 Report,* June 2023, 88-93.
[57] American Automotive Policy Council, "Biden Administration Request for Comments Concerning the Operation of the United States-Mexico-Canada Agreement (USMCA) with Respect to Trade in Automotive Goods," March 28, 2022, available at: https://comments.ustr.gov/s/commentdetails?rid=VDRB3KCF9K.

for key inputs routinely fluctuate wildly.[58] Additionally, stakeholders expressed concerns that increasing Chinese foreign direct investment in the automotive sector in Mexico poses a significant threat to the competitiveness of the North American auto industry. At the same time, however, the IRA clean vehicle tax credits are spurring new investment and will help to enhance the competitiveness of North American EVs.

A. Chinese Investment in Mexico

Several commenters, including the UAW and the LAC, expressed concerns with the amount of Chinese foreign direct investment in the automotive sector in Mexico, alleging that such investment is intended to evade Section 232 and Section 301 tariffs on direct imports from China. Both organizations urged the United States to work closely with Canada and Mexico to examine carefully these Chinese investments and to determine whether automotive content entering the North American supply chain is connected to government-supported Chinese enterprises. Adam Hersh, Senior Economist at the Economic Policy Institute, expressed similar concerns, arguing that the concept of "rollup" in calculating the regional value content allows the share of non-North American content to increase "exponentially" as components are transformed up the value chain. Hersh also argued that this means significant non-North American content is benefitting from the IRA's tax credits.[59]

The UAW also recommended that the Administration and Congress consider increasing the U.S. MFN tariff on autos and auto parts, with particular attention on EVs and related components to address potential Chinese EV imports.[60]

During the February 7 hearing, the UAW argued that the 2.5 percent U.S. MFN tariff on passenger vehicles is only a "minor infraction" for not following the USMCA rules. The UAW pointed to recent U.S. import statistics showing that a greater share of autos imported from Mexico are not claiming the USMCA preference as evidence of companies taking advantage of cheaper Mexican labor but not increasing content to meet the full USMCA ROOs. Further, the UAW claimed that Chinese auto producers would exploit the North American automotive infrastructure and ecosystem that have been developed over the past 25 years by establishing operations in Mexico, paying the 2.5 percent MFN tariff, and having access to the U.S. market free of the Section 232 and Section 301 tariffs.[61] During the same hearing, industry representatives commented that it is important for policymakers to be tracking the rapid growth of China's automotive industry and for the United States, Canada, and Mexico to work together to help ensure the North American automotive industry retains its integrity and high standards.[62]

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[58] Autos Drive America, *op. cit.*
[59] Adam Hersh, January 17, 2024. Available at: https://www.regulations.gov/comment/USTR-2023-0013-0011.
[60] International Union, United Automobile, Aerospace & Agricultural Implement Workers of America – UAW, *op. cit.*
[61] Testimony of Jason Wade, *op. cit.*
[62] Testimony of Matthew Blunt, President, American Automotive Policy Council, February 7, 2024. Transcript available at: https://www.regulations.gov/document/USTR-2023-0013-0034.

On May 14, 2024, the President instructed the Trade Representative to increase the Section 301 *ad valorem* rates of duty on EVs from China from 25 percent to 100 percent this year.[63] The President also directed that the Trade Representative increase the Section 301 duty on lithium-ion electric vehicle batteries to 25 percent in 2024. The President directed the Trade Representative to raise the Section 301 duties to further encourage China to eliminate its acts, policies, and practices at issue in the Section 301 investigation of 2017 and in USTR's Four-Year Review. Labor stakeholders have noted that because the large increase in the Section 301 *ad valorem* duty on EVs could accelerate EV investments outside of China (including investments in Mexico) in order to avoid the duty, action may be needed to address Chinese automaker production from other countries.

Responding to these challenges, the Trade Ministers of the United States, Canada, and Mexico agreed on May 22, 2024, to "jointly expand their collaboration on issues related to non-market policies and practices of other countries, which undermine the Agreement and harm U.S., Canadian, and Mexican workers, including in the automotive and other sectors.[64]

B. The Inflation Reduction Act

The Inflation Reduction Act (P.L. 117-136), enacted on August 16, 2022, amended the clean vehicle tax credits under Section 30D(a) of the Internal Revenue Code, to further incentivize the North American production of EVs, EV batteries, and their components. Under the IRA and Section 30D, electric vehicles manufactured in North America are eligible for a maximum consumer tax credit of $7,500 per vehicle, consisting of $3,750 in the case of a vehicle that meets certain requirements relating to critical minerals and $3,750 in the case of a vehicle that meets certain requirements related to battery components. Under the Section 30D critical mineral requirements, the EV's batteries must contain a certain percentage (by value) of critical minerals that were (i) extracted or processed in the United States, or in any country with which the United States has a free trade agreement in effect, or (ii) recycled in North America. And, under the Section 30D battery component requirements, a certain percentage of the EV's battery components must be manufactured or assembled in North America.

In their comments, industry noted that, in some ways, the IRA has "eclipsed" the USMCA as the primary incentive to boost U.S. and North American investment in EV supply chains and is driving companies to announce new investments or to accelerate planned announcements.[65] However, industry also highlighted that the IRA's incentives only partially capture the USMCA-qualifying production activities that may take place in North America and cautioned USTR that the IRA and other U.S. investment legislation are "simply not a substitute for full implementation of the USMCA as written and agreed by all three Parties.[66]

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[63] Memorandum for the United States Trade Representative, "Actions by the United States Related to the Statutory 4-Year Review of the Section 301 Investigation of China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation" (89 FR 44541), May 14, 2024. Available at: https://www.federalregister.gov/d/2024-11193.

[64] USTR, "United States, Canada, and Mexico Joint Statement of the Fourth Meeting of the USMCA//CUSMA//T-MEC Free Trade Commission", May 22, 2024, available at: https://ustr.gov/about-us/policy-offices/press-office/press-releases/2024/may/united-states-canada-and-mexico-joint-statement-fourth-meeting-usmcacusmat-mec-free-trade-commission.

[65] AAPC, *op. cit.*

[66] Autos Drive America, *op. cit.*

The UAW argued that the IRA and related rulemaking have the potential to erode the expressed intent of the USMCA's automotive ROOs. Because Section 30D only requires a vehicle to be manufactured in North America, but not necessarily to meet USMCA's automotive ROOs in order to qualify for the tax credit, the UAW argues this could erode compliance with USMCA.[67] Instead, the UAW reasoned that closer alignment between the USMCA ROOs and Section 30D requirements would help ensure much of the EV supply chain is localized and anchored in the United States.[68] Further, the UAW recommended that the Administration and Congress modify the IRA so that vehicles must meet the USMCA rules in order to qualify for the Section 45W tax credits for commercial vehicles.[69]

9. Other Automotive Issues Under the USMCA

In a side letter to the USMCA,[70] Mexico affirmed that its domestic motor vehicle safety standards, NOM-194-SCFI-2015, incorporate U.S. Federal Motor Vehicle Safety Standards (FMVSS). Further, Mexico committed to continued recognition and acceptance of U.S. FMVSS as satisfying the relevant specifications for essential safety devices set forth under NOM-194-SCFI-2015 or any amendment or successor instruments to that standard.

In September 2021, Mexico notified to the World Trade Organization its draft Official Mexican Standard PROY-NOM-194-SE-2021, which would establish new safety standards for new light-duty vehicles and would replace NOM-194-SCFI-2015. The U.S. Government and industry provided comments on the draft regulation to Mexico in November 2021, which included concerns with certain voluntary standards introduced in the measure and expressing support for Mexico continuing to accept self-certification with U.S. FMVSS. The United States also raised questions about the measure in several bilateral meetings with Mexico in 2021. In accordance with transparency provisions of the USMCA chapter on Technical Barriers to Trade, U.S. Government representatives participated in a Mexican working group reviewing the draft vehicle safety regulations. The working group concluded its work in late 2021, and Mexico published the final rule on October 3, 2022, which addressed the concerns raised by the U.S. Government and by industry. The updated standards will take effect January 1, 2026.

The U.S. Government has also initiated conversations with Mexico on the implementation of its standard PROY-NOM-014-SCT-2-2019, which regulates rear underride guards for conventional buses and unit truck-type vehicles over 4536 kg. The Mexican standard diverges from the standard applied in the United States and Canada and could pose a barrier to U.S. truck exports. At this time, the Government of Mexico has not convened a working group to review the draft regulation and receive public input. The United States continues to monitor this proposal and to engage with Mexico on the implementation of this standard.

On February 14, 2024, Mexico's Energy Regulatory Commission (CRE) published a proposed measure related to charging infrastructure for electric and hybrid vehicles. The proposed measure was published

[67] UAW, *op. cit.*
[68] Testimony of Jason Wade, *op. cit.*
[69] UAW, *op. cit.*
[70] MX-US Side Letter on Auto Safety Standards, available at: https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/MX-US_Side_Letter_on_Auto_Safety_Standards.pdf.

on the website of Mexico's National Commission for Regulatory Improvement (CONAMER). March 12, 2024, the United States submitted comments on the proposed measure to CONAMER. In the comments, the United States reiterated its request that Mexico notify the measure to the WTO. The United States also asked for Mexico to provide at least a 60-day comment period for stakeholder comment, take those comments into account when finalizing the measure, and provide for a period of at least six months from the date of publication of the final version and its entry into force. In addition, the United States underscored the importance of North American EV charging infrastructure harmonization and compatibility with the existing EV fleet and emphasized the importance of adopting charging standards and technologies that undergo rigorous open and consensus-based development processes. The United States continues to engage with CRE officials on this regulatory proposal.

10. Conclusions

The USMCA has had significantly positive economic impact on the U.S. and North American auto industry. Automakers and parts suppliers have invested billions of dollars in new North American production, and the USITC estimated the automotive ROOs have had a positive impact on U.S. employment, wages, capital expenditures, production, and profits. Yet, the North American auto industry and the USMCA ROOs continue to evolve: the auto industry is pivoting towards EVs and other clean energy vehicles and the USMCA ROOs are not yet fully in force for all automakers on the account of the ASRs. Although certain automakers are taking steps now to prepare for full enforcement of the ROOs when the ASRs expire beginning in July 2025, the automakers have also raised concerns that an anticipated lack of qualifying EV batteries in 2025 and onward will make it difficult for EVs to meet the ROOs. At the same time, other stakeholders have suggested modifications to the ROOs to better reflect the changing technologies in EVs and AVs and to incentivize the North American production of those newer components and technologies.

Stakeholders continue to express concerns over a lack of transparency and information about the implementation and enforcement of the ROOs. For example, labor stakeholders remain concerned that a lack of transparency over implementation of the ASRs, and the enforcement of the RVC and LVC requirements makes it difficult to assess the overall efficacy of the ROOs. At the same time, suppliers note concerns over the administrative burden in demonstrating compliance with the ROOs.

USTR and the Interagency Autos Committee will consult and work closely with stakeholders to address these challenges and to find opportunities to continue to promote the competitiveness of the North American automotive industry and its workers through the USMCA. We will work with auto producers and suppliers to ensure the USMCA ROOs remain effective and relevant in light of the EV transition and the development of new automotive technologies. At the same time, we will work with labor and other stakeholders to increase transparency regarding the enforcement of the ROOs and to seek solutions to reduce uncertainty and alleviate the administrative burden on suppliers.

Appendix 1 – U.S. Trade of Autos and Auto Parts with Canada, Mexico, and the World, 2019-2023

U.S. Imports of Autos and Auto Parts
(Millions of U.S. Dollars)

Passenger Vehicles and Light Trucks					
Source	**2019**	**2020**	**2021**	**2022**	**2023**
Canada	39,249	29,141	25,147	28,494	38,665
Mexico	59,523	49,048	53,246	58,606	70,056
USMCA Total	98,772	78,189	78,393	87,100	108,721
USMCA's Share of World	*47.8%*	*46.4%*	*44.5%*	*43.9%*	*44.2%*
All Others	107,664	90,256	97,668	111,134	137,428
World Total	206,436	168,445	176,061	198,234	246,149

Heavy Trucks					
Source	**2019**	**2020**	**2021**	**2022**	**2023**
Canada	1,647	1,129	1,086	1,147	2,190
Mexico	3,875	2,894	3,319	15,662	17,683
USMCA Total	5,522	4,023	4,405	16,809	19,873
USMCA's Share of World	*86.9%*	*90.9%*	*88.3%*	*95.6%*	*95.5%*
All Others	830	405	583	771	926
World Total	6,352	4,428	4,988	17,580	20,799

Auto Parts					
Source	**2019**	**2020**	**2021**	**2022**	**2023**
Canada	16,751	13,937	16,288	18,490	19,933
Mexico	59,308	50,177	58,307	68,499	76,982
USMCA Total	76,059	64,114	74,595	86,989	96,915
USMCA's Share of World	*51.4%*	*51.9%*	*49.6%*	*49.2%*	*52.5%*
All Others	71,775	59,526	75,921	89,871	87,854
World Total	147,834	123,640	150,516	176,860	184,769

Source: USITC DataWeb/Census, imports for consumption customs value, list of HS subheadings corresponding to the product groupings can be found in Tables F.1, F.2, and F.3 of USITC, *USMCA Automotive Rules of Origin: Economic Impact and Operation, 2023 Report*, June 2023, accessed April 17, 2024.

U.S. Exports of Autos and Auto Parts
(Millions of U.S. Dollars)

Passenger Vehicles and Light Trucks					
Market	**2019**	**2020**	**2021**	**2022**	**2023**
Canada	24,459	19,014	24,407	26,440	25,390
Mexico	3,199	2,142	3,013	3,778	4,954
USMCA Total	27,658	21,156	27,420	30,218	30,344
USMCA's Share of World	*41.7%*	*38.7%*	*41.6%*	*43.9%*	*40.8%*
All Others	38,617	33,446	38,548	38,681	43,953
World Total	66,275	54,602	65,968	68,899	74,297

Heavy Trucks					
Market	**2019**	**2020**	**2021**	**2022**	**2023**
Canada	2,486	2,082	2,510	5,198	7,090
Mexico	176	117	140	294	636
USMCA Total	2,662	2,199	2,650	5,492	7,726
USMCA's Share of World	*87.9%*	*88.5%*	*88.9%*	*92.7%*	*92.5%*
All Others	367	287	331	432	622
World Total	3,029	2,486	2,981	5,924	8,348

Auto Parts					
Market	**2019**	**2020**	**2021**	**2022**	**2023**
Canada	25,202	18,751	18,341	21,461	26,703
Mexico	27,248	21,079	24,533	27,860	30,159
USMCA Total	52,450	39,830	42,874	49,321	56,862
USMCA's Share of World	*73.3%*	*70.5%*	*70.8%*	*72.9%*	*75.0%*
All Others	19,071	16,673	17,672	18,345	18,951
World Total	71,521	56,503	60,546	67,666	75,813

Source: USITC DataWeb/Census, domestic exports, list of HTS subheadings and statistical reporting numbers corresponding to the product groupings can be found in Tables F.1, F.2, and F.4 of USITC*, USMCA Automotive Rules of Origin: Economic Impact and Operation, 2023 Report*, accessed April 17, 2024.

Federal Register / Vol. 88, No. 224 / Wednesday, November 22, 2023 / Notices 81527

confidential version should begin with the characters 'BCI.' You must clearly mark any page containing BCI with 'BUSINESS CONFIDENTIAL' at the top of that page. Filers of submissions containing BCI also must submit a public version of their submission that will be placed in the docket for public inspection. The file name of the public version should begin with the character 'P.' The 'BCI' and 'P' should be followed by the name of the person or entity submitting the comments. If this is not sufficient to protect BCI or otherwise protect business interests, please contact Sandy McKinzy at (202) 395–9483 in advance of the deadline to discuss whether alternative arrangements are possible.

USTR may determine that information or advice contained in a comment, other than BCI, is confidential in accordance with section 135(g)(2) of the Trade Act of 1974 (19 U.S.C. 2155(g)(2)). If a submitter believes that information or advice is confidential, they must clearly designate the information or advice as confidential and mark it as 'SUBMITTED IN CONFIDENCE' at the top and bottom of the cover page and each succeeding page, and provide a non-confidential summary of the information or advice.

V. Public Viewing of Comments

Pursuant to section 127(e) of the URAA (19 U.S.C. 3537(e)), USTR will maintain a docket on this dispute settlement proceeding. USTR will post written submissions in the docket for public inspection, except properly designated BCI and other confidential information. You can view submissions at *Regulations.gov* by entering Docket Number USTR–2023–0012 in the search field on the home page.

If a dispute settlement panel is convened, or in the event of an appeal from a panel, USTR will make the following documents publicly available at *www.ustr.gov:* the U.S. submissions and any non-confidential summaries of submissions received from other participants in the dispute. If a dispute settlement panel is convened, or in the event of an appeal from a panel, the report of the panel, and, if applicable, the report of the Appellate Body, will also be available on the website of the World Trade Organization, at *www.wto.org.*

Juan Millan,

Deputy General Counsel for Monitoring and Enforcement, Office of the United States Trade Representative.

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OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

[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

AGENCY: Office of the United States Trade Representative (USTR).

ACTION: Request for comments and notice of public hearing.

SUMMARY: The U.S. Trade Representative must conduct a review of trade in automotive goods under the United States-Mexico-Canada Agreement (USMCA) and submit a report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives no later than July 1, 2024. USTR invites comments concerning the operation of the USMCA with respect to automotive goods, including the implementation and enforcement of the USMCA rules of origin for automotive goods, as well as whether the automotive provisions of the USMCA are effective in light of technological and production advances.

DATES: January 17, 2024 at 11:59 p.m. EST: Deadline for submission of written comments, request to testify, and written testimony.

February 7, 2024 at 10:00 a.m. EST: USTR and the Interagency Committee on Trade in Automotive Goods will convene a public hearing to receive oral testimony.

ADDRESSES: USTR strongly prefers electronic submissions made through the Federal rulemaking Portal: *https://www.regulations.gov/* (*Regulations.gov*). Follow the instructions for submitting written comments, testimony, and requests to testify in sections III through V below, using docket number USTR–2023–0013. For alternatives to on-line submissions, please contact Justin Hoffmann, Deputy Assistant U.S. Trade Representative for Market Access and Industrial Competitiveness, in advance of the deadline at (202) 395–2990 or *Justin.D.Hoffmann@ustr.eop.gov.*

FOR FURTHER INFORMATION CONTACT: Justin Hoffmann, Deputy Assistant U.S. Trade Representative for Market Access and Industrial Competitiveness at (202) 395–2990 or *Justin.D.Hoffmann@ustr.eop.gov.*

SUPPLEMENTARY INFORMATION:

I. USMCA Background

On January 29, 2020, the President signed into law the USMCA Implementation Act (Pub. L. 116–113), which implements the USMCA between the United States, the United Mexican States, and Canada attached as an Annex to the Protocol Replacing the North American Free Trade Agreement. The USMCA entered into force on July 1, 2020.

The USMCA includes new rules of origin to claim preferential treatment for automotive goods, including higher Regional Value Content (RVC) thresholds, mandatory requirements to produce core parts in the region, mandatory steel and aluminum purchasing requirements, and a Labor Value Content (LVC) requirement. The USMCA allows vehicle producers to request an alternative staging regime for these requirements that would permit a longer period of transition to help ensure that future production is able to meet the new rules. The standard staging regime is specified under the Automotive Appendix to Chapter 4 of the USMCA, with the exception of Article 8, which specifies provisions relating to the alternative staging regime.

The USMCA Implementation Act and Executive Order 13908 established the Interagency Committee on Trade in Automotive Goods (Committee) to advise the President and the U.S. Trade Representative on the implementation, enforcement and modification of the USMCA provisions related to automotive goods. In addition, the Committee reviews the operation of the USMCA with respect to trade in automotive goods, including the economic effects of the USMCA automotive rules of origin on the U.S. economy, workers and consumers, and the impact of new technology on such rules.

II. Report to Congress

Section 202A(g) of the USMCA Implementation Act requires the U.S. Trade Representative, in consultation with the Committee, to conduct a biennial review of the operation of the USMCA with respect to trade in automotive goods, including:

(a) To the extent practicable, a summary of actions taken by producers to demonstrate compliance with the automotive rules of origin, use of the alternative staging regime, enforcement of such rules of origin, and other relevant matters.

(b) Whether the automotive rules of origin are effective and relevant in light of new technology and changes in content, production processes and character of automotive goods.

USTR submitted its first report to Congress on June 30, 2022. No later than

July 1, 2024, USTR will submit the results of the second biennial review to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives and post a public version of the report to its website at *https://www.ustr.gov*. The 2022 report is available on USTR's website at *https://ustr.gov/sites/default/files/2022%20USMCA%20Autos%20Report%20to%20Congress.pdf*.

III. Request for Public Input

In accordance with the USMCA Implementation Act, USTR and the Committee seek views from producers of automotive goods, labor organizations and other interested parties regarding:

1. The overall operation of the USMCA with respect to automotive goods.
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.
3. The use of alternative staging regimes by vehicle producers to meet the USMCA automotive rules of origin.
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.
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.
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.
7. An update on the supply chain challenges identified in the 2022 report (*e.g.*, semiconductor shortage, war in Ukraine) and the impact the USMCA had on overcoming those supply chain challenges.
8. The impact of the 2022 Inflation Reduction Act and similar legislation, *e.g.*, the CHIPS and Science Act of 2022, and the Infrastructure Investment and Jobs Act, on the overall trade in automotive goods under the USMCA and those goods' ability to meet the USMCA rules of origin.
9. Specific issues faced by producers of heavy-duty trucks and other automotive goods not specifically addressed above.
10. Any other topics relevant to the trade in automotive goods under the USMCA.

IV. Hearing Participation

USTR will convene a public hearing on February 7, 2024 related to the operation of the USMCA with respect to autos. Persons wishing to observe the public hearing will find a link on USTR's web page for the USMCA on the day of the hearing at *https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement*. To ensure participation, you must submit requests to present oral testimony at the hearing and written testimony by 11:59 p.m. EST on January 17, 2024, via *Regulations.gov*, using Docket Number USTR–2023–0013. Instructions for submission are in section V below. Remarks at the hearing will be limited to no more than five minutes to allow for possible questions from the Committee. Because it is a public hearing, testimony should not include any business confidential information (BCI).

V. Procedures for Written Submissions

To be assured of consideration, submit your written comments, requests to testify, and written testimony by the January 17, 2024, 11:59 p.m. EST deadline. All submissions must be in English. USTR strongly encourages submissions via *Regulations.gov*, using Docket Number USTR–2023–0013.

To make a submission via *Regulations.gov*, enter Docket Number USTR–2023–0013 in the 'search for' field on the home page and click 'search.' The site will provide a search results page listing all documents associated with this docket. Find a reference to this notice by selecting 'notice' under 'document type' in the 'refine documents results' section on the left side of the screen and click on the link entitled 'comment.' *Regulations.gov* allows users to make submissions by filling in a 'type comment' field, or by attaching a document using the 'upload file' field. USTR prefers that you provide submissions in an attached document and, in such cases, that you write 'see attached' in the 'type comment' field. USTR prefers submissions in Microsoft Word (.doc) or Adobe Acrobat (.pdf). If you use an application other than those two, please indicate the name of the application in the 'type comment' field.

At the beginning of your submission or on the first page (if an attachment), include the following text: (1) 2024 USMCA Autos Report; (2) your organization's name; and (3) whether the submission is a comment, request to testify, or written testimony. Please do not attach separate cover letters, exhibits, annexes, or other attachments to electronic submissions; rather, include any in the same file as the submission itself, not as separate files. You will receive a tracking number upon completion of the submission procedure at *Regulations.gov*. The tracking number is confirmation that *Regulations.gov* received your submission. Keep the confirmation for your records. USTR is not able to provide technical assistance for *Regulations.gov*.

For further information on using *Regulations.gov*, please consult the resources provided on the website by clicking on 'How to Use *Regulations.gov*' on the bottom of the home page. USTR may not consider submissions that you do not make in accordance with these instructions.

If you are unable to provide submissions as requested, please contact Justin Hoffmann, Deputy Assistant U.S. Trade Representative for Market Access and Industrial Competitiveness, in advance of the deadline at *Justin.D.Hoffmann@ustr.eop.gov* or (202) 395–2990, to arrange for an alternative method of transmission. USTR will not accept hand-delivered submissions. General information concerning USTR is available at *www.ustr.gov*.

If you ask USTR to treat information you submit as BCI, you must certify that the information is business confidential and you would not customarily release it to the public. For any comments submitted electronically containing BCI, the file name of the business confidential version should begin with the characters 'BCI.' You must clearly mark any page containing BCI with 'BUSINESS CONFIDENTIAL' at the top of that page. Filers of submissions containing BCI also must submit a public version of their submission that will be placed in the docket for public inspection. The file name of the public version should begin with the character 'P.'

USTR will post written submissions in the docket for public inspection,

except properly designated BCI. You can view submissions at *Regulations.gov* by entering Docket Number USTR–2023–0013 in the search field on the home page.

Greta Peisch,

General Counsel, Office of the United States Trade Representative.

[FR Doc. 2023–25765 Filed 11–21–23; 8:45 am]

BILLING CODE 3390–F4–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[Docket No. FAA–2023–2226]

Notice of Intent To Designate as Abandoned Supplemental Type Certificate No. SA3–483

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of intent to Designate Supplemental Type Certificate as abandoned; request for comments.

SUMMARY: This Notice announces the FAA's intent to designate Supplemental Type Certificate (STC) No. SA3–483 as abandoned and make the related engineering data available upon request. The FAA has received a request to provide engineering data concerning this STC. The FAA has been unsuccessful in contacting the STC holder concerning the STC. This action is intended to enhance aviation safety.

DATES: We must receive all comments by May 20, 2024.

ADDRESSES: You may send comments on this notice by any of the following methods:

- *Federal eRulemaking Portal:* Go to *regulations.gov*. Follow the instructions for submitting comments.
- *Mail:* JoWanna Jenkins, Program Management Specialist, Central Certification Branch (Chicago), 2300 East Devon Avenue, Room 107, Des Plaines, IL 60018.
- *Email: jowanna.jenkins@faa.gov.* Include "Docket No. FAA–2023–2226" in the subject line of the message.
- *Hand Delivery:* Deliver to Mail address above between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: JoWanna Jenkins, Program Management Specialist, Central Certification Branch (Chicago), 2300 East Devon Avenue, Room 107, Des Plaines, IL 60018; telephone 847–294–7145; email *jowanna.jenkins@faa.gov.*

SUPPLEMENTARY INFORMATION:

Comments Invited

The FAA invites interested parties to provide comments, written data, views, or arguments relating to this notice. Send your comments to an address listed under the **ADDRESSES** section. Include "Docket No. FAA–2023–2226" at the beginning of your comments. The FAA will consider all comments received on or before the closing date. All comments received will be available in the docket for examination by interested persons.

Background

The FAA is posting this notice to inform the public of the intent to designate as abandoned STC No. SA3–483, which installs a Continental Model C85–12 engine on a Mooney Model M–18C 55 airplane, and subsequently release the related engineering data.

The FAA has received a third-party request for the release of the aforementioned engineering data under the provisions of the Freedom of Information Act (FOIA), 5 U.S.C. 552. The FAA cannot release commercial or financial information under FOIA without the permission of the data owner. However, in accordance with title 49 of the United States Code section 44704(a)(5), the FAA can provide STC "engineering data" it possesses for STC maintenance or improvement, upon request, if the following conditions are met:

1. The FAA determines the STC has been inactive for three years or more;
2. Using due diligence, the FAA is unable to locate the owner of record or the owner of record's heir; and
3. The availability of such data will enhance aviation safety.

There has been no activity with this STC holder for more than three years.

On August 24, 2023, the FAA sent a registered letter to the STC holder, Donna R. Sparks, at her last known address, 6414 East 86th Street, Kansas City, MO 64138. The letter informed Ms. Sparks that the FAA had received a request for engineering data related to STC No. SA3–483 and was conducting a due diligence search to determine whether the STC was inactive and may be considered abandoned. The letter further requested Ms. Sparks to respond in writing within 60 days and state whether she is the holder of the STC. The FAA also attempted to contact Ms. Sparks by other means, including telephone communication, email, and certified mail, without success.

Information Requested

If you are the owner or heir or a transferee of STC No. SA3–483 or have any knowledge regarding who may now hold STC No. SA3–483, please contact JoWanna Jenkins using a method described in this notice under **FOR FURTHER INFORMATION CONTACT**. If you are the heir of the owner, or the owner by transfer, of STC No. SA3–483, you must provide a notarized copy of your government-issued identification with a letter and background establishing your ownership of the STC and, if applicable, your relationship as the heir to the deceased holder of the STC.

Conclusion

If the FAA does not receive any response by May 20, 2024, the FAA will consider STC No. SA3–483 abandoned, and the FAA will proceed with the release of the requested data. This action is for the purpose of maintaining the airworthiness of an aircraft and enhancing aviation safety.

Issued on November 16, 2023.

Ross Landes,

Deputy Director for Regulatory Operations, Compliance & Airworthiness Division, Aircraft Certification Service.

[FR Doc. 2023–25764 Filed 11–21–23; 8:45 am]

BILLING CODE 4910–10–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[Docket No. FAA–2023–2183; Summary Notice No. 2023–46]

Petition for Exemption; Summary of Petition Received; Gulfstream

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of petition for exemption received.

SUMMARY: This notice contains a summary of a petition seeking relief from specified requirements of Federal Aviation Regulations. The purpose of this notice is to improve the public's awareness of, and participation in, the FAA's exemption process. Neither publication of this notice nor the inclusion or omission of information in the summary is intended to affect the legal status of the petition or its final disposition.

DATES: Comments on this petition must identify the petition docket number and must be received on or before December 12, 2023.

ADDRESSES: Send comments identified by docket number FAA–2023–2183 using any of the following methods:

- *Federal eRulemaking Portal:* Go to *http://www.regulations.gov* and follow the online instructions for sending your comments electronically.

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

[Docket Number USTR–2023–0013]

Submission of Post-Hearing Comments: Operation of the United States-Mexico-Canada Agreement With Respect to Trade in Automotive Goods

AGENCY: Office of the United States Trade Representative (USTR).

ACTION: Notice and request for post-hearing comments.

SUMMARY: On February 7, 2024, the Office of the United States Trade Representative (USTR) and the Interagency Committee on Trade in Automotive Goods (Committee) held a virtual public hearing to receive oral testimony related to the biennial review of the operation of the United States-Mexico-Canada Agreement (USMCA) with respect to trade in automotive goods. USTR is accepting post-hearing comments until February 28, 2024.

DATES: February 28, 2024 at 5 p.m. EST: Deadline for submission of post-hearing briefs or supplementary materials related to the virtual public hearing.

ADDRESSES: USTR strongly prefers electronic submissions made through the Federal rulemaking Portal: *https://www.regulations.gov/* (*Regulations.gov*). Follow the instructions for submitting written submissions in section II below, using docket number USTR–2023–0013. For alternatives to on-line submissions, please contact Justin Hoffmann, Deputy Assistant U.S. Trade Representative for Market Access and Industrial Competitiveness, in advance of the deadline at (202) 395–2990 or *Justin.D.Hoffmann@ustr.eop.gov*.

FOR FURTHER INFORMATION CONTACT: Justin Hoffmann, Deputy Assistant U.S. Trade Representative for Market Access and Industrial Competitiveness at (202) 395–2990 or *Justin.D.Hoffmann@ustr.eop.gov*.

SUPPLEMENTARY INFORMATION:

I. Background

In a notice published on November 22, 2023 (88 FR 81527) (November 22 notice), USTR requested public comments for the biennial review of the USMCA with respect to trade in automotive goods, and announced a virtual public hearing that was held on February 7, 2024. The November 22 notice included the hearing date, as well as the deadlines for requests to testify and the submission of written comments. An announcement regarding post-hearing submissions was made during the February 7, 2024 virtual hearing, and the transcript of the hearing will be available on *Regulations.gov* under Docket Number USTR–2023–0013.

This notice announces that interested parties may submit post-hearing briefs, supplementary materials, and statements by 5 p.m. EST on February 28, 2024.

II. Procedures for Written Submissions

To be assured of consideration, submit your post-hearing briefs or supplementary materials by the February 28, 2024, 5 p.m. EST deadline. All submissions must be in English. USTR strongly encourages submissions via *Regulations.gov*, using Docket Number USTR–2023–0013.

To make a submission via *Regulations.gov*, enter Docket Number USTR–2023–0013 in the 'search for' field on the home page and click 'search.' The site will provide a search results page listing all documents associated with this docket. Find a reference to this notice by selecting 'notice' under 'document type' in the 'refine documents results' section on the left side of the screen and click on the link entitled 'comment.' *Regulations.gov* allows users to make submissions by filling in a 'type comment' field, or by attaching a document using the 'upload file' field. USTR prefers that you provide submissions in an attached document and that you write 'see attached' in the 'type comment' field. USTR prefers submissions in Microsoft Word (.doc) or Adobe Acrobat (.pdf). If you use an application other than those two, please indicate the name of the application in the 'type comment' field.

At the beginning of your submission or on the first page (if an attachment), include the following text: (1) 2024 USMCA Autos Report; (2) your organization's name; and (3) that it is a post-hearing submission. Please do not attach separate cover letters, exhibits, annexes, or other attachments to electronic submissions; rather, include any in the same file as the submission itself, not as separate files. You will receive a tracking number upon completion of the submission procedure at *Regulations.gov*. The tracking number is confirmation that *Regulations.gov* received your submission. Keep the confirmation for your records. USTR is not able to provide technical assistance for *Regulations.gov*.

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If you are unable to provide submissions as requested, please contact Justin Hoffmann, Deputy Assistant U.S. Trade Representative for Market Access and Industrial Competitiveness, in advance of the deadline at *Justin.D.Hoffmann@ustr.eop.gov* or (202) 395–2990, to arrange for an alternative method of transmission. USTR will not accept hand-delivered submissions. General information concerning USTR is available at *www.ustr.gov*.

If you ask USTR to treat information you submit as business confidential information (BCI), you must certify that the information is business confidential and you would not customarily release it to the public. For any comments submitted electronically containing BCI, the file name of the business confidential version should begin with the characters 'BCI.' You must clearly mark any page containing BCI with 'BUSINESS CONFIDENTIAL' at the top of that page. Filers of submissions containing BCI also must submit a public version of their submission that will be placed in the docket for public inspection. The file name of the public version should begin with the character 'P.'

USTR will post written submissions in the docket for public inspection, except properly designated BCI. You can view submissions at *Regulations.gov* by entering Docket Number USTR–2023–0013 in the search field on the home page.

Juan Millan,

Acting General Counsel, Office of the United States Trade Representative.

[FR Doc. 2024–03050 Filed 2–13–24; 8:45 am]

BILLING CODE 3390–F4–P

DEPARTMENT OF TRANSPORTATION

Federal Transit Administration

[Docket No. FTA–2024–0003]

Award Management Requirements Circular (C 5010.1) Proposed Updates

AGENCY: Federal Transit Administration (FTA), Department of Transportation (DOT).

ACTION: Notice of availability of proposed circular updates and request for comments.

SUMMARY: The Federal Transit Administration (FTA) is seeking public comment on proposed updates to FTA's Award Management Requirements circular (C 5010.1). The proposed updates combine requirements applicable to all FTA financial

Appendix 3 – Interested Parties that Provided Input

This appendix contains the names of interested parties who filed written submissions in response to USTR's request for input. A copy of each written submission is available via the online docket (USTR-2023-0013), available at: https://www.regulations.gov/docket/USTR-2023-0013.

Initial Comments

- Adam Hersh
- American Association of Exporters & Importers (AAEI)
- American Automotive Policy Council (AAPC)
- Anonymous
- Auto Care Association
- Autos Drive America
- Canadian Vehicle Manufactures Association (CMVA)
- Daimler Truck North America, LLC
- The International Motor Vehicle Trade Association (IMVTA)
- Labor Advisory Committee for Trade Negotiations and Trade Policy
- Mexican Association of the Automotive Industry (AMIA)
- MEMA, the Vehicle Suppliers Association
- North American Vehicle Trade Association (NAVTA)
- United Auto Workers
- Volkswagen Group of America

Post-Hearing Comments

- American Vehicle Auto Auction DBA AVI
- Anonymous
- Auto Centers Importation
- Can Am Logistics, Inc.
- Canada Car Shop LTD
- Carmax Motors
- Carsonexports
- Custom Trux USA LLC
- Emerald Holdings Inc.
- Ford Speedway
- Gateway Leasing
- John Gibbons
- Go 4 Auto Sales Inc.
- Grace Motors
- Greater Detroit Auto Auction
- Haddon Leasing, LLC
- Hills Garage
- International Motor Vehicle Trade Association
- Jawz Auto Imports, LLC
- Labrecque Autos
- Leading Edge Motor Cars Inc.
- MEMA, the Vehicle Suppliers Association
- National Auto Outlet
- Norther Imports LLC
- Riverside Chevrolet, Inc.
- Scougall Motors Ltd.
- Sundance Chevrolet
- SWA Holdings Inc DBA Excell Auto Center
- Truck Buyers Ltd.
- Truck Ranch
- United States Steel Corporation
- Unlimited Auto Sales
- YTK Management and Consulting LTD

Appendix 4 – Program for February 7, 2024, Public Hearing

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

PUBLIC HEARING
FOR THE
2024 BIENNIAL REVIEW ON TRADE IN AUTOMOTIVE GOODS UNDER THE UNITED STATES-MEXICO-CANADA AGREEMENT

Hosted Virtually by the Office of the United States Trade Representative

10:00 a.m., February 7, 2024

Available at: https://ustr.gov/live

Program and Witness List

10:00 a.m. **Introduction and Welcome**

Office of the United States Trade Representative and
the Interagency Committee for Trade in Automotive Goods

10:10 a.m. **Hearing Testimony and Questioning**

Governor Matt Blunt, President, American Automotive Policy Council

Ann Wilson, Executive Vice President of Government Affairs, MEMA the Vehicle Suppliers Association

Ken Carmon, President of Bay Brokerage and Vice President of the International Motor Vehicle Trade Association

Jason Wade, Top Administrative Assistant to the President, International United Auto Workers

Conclusion of Hearing