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PUBLIC HEARING ON THE
FIRST JOINT REVIEW OF THE USMCA

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WEDNESDAY
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The Public Hearing convened at the U.S. International Trade Commission, 500 E Street SW, Washington, DC, at 9:00 a.m. EST, Daniel Watson, Panel Chair, presiding.

PRESENT

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BRENNA DOUGAN, USTR
MICHAEL JARAND, Department of the Treasury
DANIEL LEE, USTR
MIREA LYNTON-GROTZ, Department of the Treasury
BOB MANOGUE, Department of State
KATHERINE MASTMAN, USTR
RANDALL OLIVER, USTR
CARLOS QUINTANA, Department of Labor
JOSEPH RIERAS, Food and Drug Administration
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JAMIE TRONNES, Executive Director, Center for North American Prosperity and Security
EMILY KILCREASE, Senior Fellow and Director of the Energy, Economics, and Security Program, Center for a New American Security
EDWARD GRESSER, Vice President, Progressive Policy Institute
JASON MARCZAK, Vice President and Senior Director of the Adrienne Arsht Latin America Center, Atlantic Council
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MIKE SEYFERT, President and CEO, National Grain and Feed Association
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AMANDA NGUYEN, President and CEO, American Distilled Spirits Alliance
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JULIA HUGHES, President, U.S. Fashion Industry Association
BETH HUGHES, Vice President of Trade and Customs Policy, American Apparel and Footwear Association
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ADRIANA BARBERENA, Member, Worker Defense Committee
RICARDO ORTIZ, Interpreter for Adriana Barberena
MANUEL PEREZ ROCHA, Associate Fellow, Institute for Policy Studies on behalf of the Movimiento Indigena Maya Peninsular
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RICARDO DEL OLMO HIDALGO, Executive Director, National Pharmaceutical Manufacturers Association, Mexico
STEVEN BIPES, Vice President, Global Strategy and Analysis, Advanced Medical Technology Association
JEFFREY LIETZKE, CEO, VACERE Medical, Inc

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9:08 a.m.

CHAIR WATSON: Good morning. And it's a pleasure to be here for the first day of the public hearing on the operation of the U.S. Mexico Trade Agreement, the USMCA. The USMCA will have its first six year joint review on July 1, 2026.

I want to thank the ITC for providing this excellent space for this hearing. And I want to thank in particular all of you for coming out today. Particularly those of you that are going to be providing testimony and sharing with us your views.

Over the course of the next three days a wide range of interested stakeholders, including those representing U.S. businesses, labor organizations, think tanks, farmers and civil society will provide views on the operation of the USMCA.

In accordance with the USMCA Implementation Act, USTR published a federal register notice soliciting comments regarding the joint review. We received more than 1,500 comments and we have reviewed those with the help of some of our inner agency colleagues here today.

As a reminder, the USMCA has a 16-year

term. That is through July 1, 2036. For this six year review, this public hearing will inform our assessment of the operation of the USMCA so far. Importantly, that that joint review that will take place in about seven months includes the very important decision by each of the parties on whether or not to extend the USMCA for another 16-year term.

The negotiation of the USMCA was a major undertaking of the first Trump Administration to both rebalance our trade relationship with our two neighbors and our largest trading partners, Canada and Mexico, but also to modernize the agreement to be replaced, the NAFTA, which by that time was already more than 20 years old.

Over the next three days we look forward to hearing from you on how the USMCA is operating and how we can best approach the joint review.

Before asking the panel members to introduce themselves I want to highlight a couple of logistics details for the hearing. We have 11 panelists today and nearly 60 witnesses so we're going to be, so we ask everyone to be mindful of the time constraints. Keep your remarks to the allotted five minutes for comments.

Once all panel members have spoken, we will

ask a question of each witness. Those responses should be limited to two minutes. Given the number of witnesses that we have today and the panels we're going to be very strict on the timeline.

I also want to point out that we have two of my, two members of my staff, Braeden Young, who is our director from Mexico, and Randall Oliver who is our director for Canada, seated over here to my right. You'll be hearing from Randall soon because he will be serving as MC for the hearing.

I also want to mention that the hearing is being transcribed by a court reporter, which we plan to publish in the coming days.

So with that, I will introduce myself and then ask my panelists to also introduce themselves. I am Daniel Watson, I'm the Assistant U.S. Trade Representative for the Western Hemisphere.

MS. LYNTON-GROTZ: Hi, I'm Mirea Lynton-Grotz. I am the Treasuries Director of the Office of Trade and Investment Policy.

MR. MANOGUE: Good morning, I'm Bob Manogue, I'm the Director for Bilateral Trade Affairs at the State Department.

CHAIR WATSON: Okay. Thanks everyone for being here. I do want to --

MR. BURCH: Excuse me. Excuse me, can you please reintroduce yourself, I don't think your mic was on.

MS. CASCARANO: Okay, great. So my name is Isabella Cascarano. I am the Deputy Assistant Secretary for the Western Hemisphere at the International Trade Administration at the U.S. Department of Commerce.

CHAIR WATSON: Very good. So, again, I do want to thank my interagency colleagues. We've had a number of agencies participate in the preparation for this hearing, including serving on the panel today, so thank you very much for that.

With that, we can begin our testimony. And we will start with Congressional comments. We have one member of Congress with us this morning, Congressman Josh Riley.

MR. OLIVER: Thank you. Can we have the honorable Josh Riley, Congressman from the 19th District of New York.

CONGRESSMAN RILEY: Well thank you for holding this hearing. And especially to the staff for all the hard work you've put in to this effort.

This opportunity to review our trade deals is really important. For far too long the

politicians in this town, and the special interests who fund them, have gotten us into terrible, terrible trade deals that have hallowed out the American middle class, crushed American manufacturing and undermined American competitiveness all to use profits for Wall Street investors.

And I am here today because that has got to stop. NAFTA was an absolute disaster for working class, factory towns like mine. It rigged the entire economy against hardworking, tax paying blue collar labor and it rigged the economy in favor of paper pushing, tax dodging finance bros. And it sounds like I've got a chip on my shoulder about it probably do.

I grew up on Birdsall Street in West Endicott which is in upstate New York. And for generations my family, like just about everyone else in town, they worked at the Endicott Johnson Shoe Factory. And E-J's employed tens of thousands of workers, good wages. E-J's literally built the town. All the parts. The fire stations, even the homes.

Birdsall Street, where I grew up, is lined with those E-J homes. And they're all identical.

They're about 900 square feet, 3 bedrooms, one bathroom upstairs. There is a side door that leads down into the basement washroom so the tanners who came home wouldn't track the filth from the factory through the house. There is a front porch on all of the houses, and that's where all the neighbors would come out and sit and watch the thunderstorms in the summer. And there is nowhere in the world I'd have rather grown up than one of those E-J houses on Birdsall Street.

And you know the best thing about those houses, if you worked at E-J's you could buy one with no money down and a zero percent interest. You'd have healthcare too. A good middle class wage, no college degree required.

And it's why we in upstate New York in the Triple Cities were known as the home in the square deal. And it's this idea that workers don't work to churn out dividends for shareholders and make investors rich. Workers work to earn a place in the middle class, give their family a shot at the American dream and build things. Including strong communities.

Later generations of my family, like most others in town, they worked in the IBM factories.

My dad was a maintenance worker in the waste treatment plant. It was a really good job. You go to work, you punch a clock, you get calluses on your hand, get dirt under your nails, take a shower after work, not before. And if you're tough enough to stick it out for long enough, willing to grab the weekend shifts, the graveyard shifts, whenever you could, then you could get into the middle class too. And there is so much pride in it because you're not just making stuff, they were manufacturing the cutting edge things and computers that put America at the forefront of innovation.

When I was about 15 NAFTA went into effect and just like that, the rug was pulled out from underneath my home town. We lost tens of thousands of good manufacturing jobs in upstate New York. We'd learn about the latest round of mass layoffs in the neighborhood. And my family, my friends, my neighbors one day, and then a week later we'd see those same jobs getting filled in Mexico where the labor was paid sweatshop wages and the unions were busted, and the environment was treated like shit.

And when you take thousands of good manufacturing jobs out of a community, it's not just

the paycheck the folks are losing its pride. And it's hope.

You see the opioid epidemic ripped through and killed folks on the block. I just ran into Eric Pino's mom at a fair over the summer and she is still carrying that weight with her.

Child poverty rate in Binghamton is now pushing 50 percent. And what do you expect when you take all the good jobs away. But you know who made out great with those trade deals? The multinational corporations that are doling out corporate paychecks around this place. The more they could gut places like Endicott the more they could pay returns to their shareholders and grease the politicians, the Democrats, the Republicans, all of them. Back home we call that corruption. And around here in the swamp it runs pretty deep.

And bad trade deals didn't just hollow out the middle class, they kneecapped American competitiveness. Why the hell are we, the greatest, most innovative hardest working country in the history of the world, why is American depending on foreign adversaries, including China, for semiconductors and batteries and steel and all the things that make a nation strong in today's

world. We're better than that.

So as you visit this trade deal, NAFTA then, USMCA now, I urge you to careless about what the big multinational corporate interests are telling you about their bottom lines and care a hell of a lot more about the interests of American workers who are hustling harder than they ever have, but still falling further and further behind because of a one-two punch. Rising costs, the utilities, the groceries, housing, and fewer good jobs paying enough to cover those costs.

Please focus on American competitiveness, American manufacturing, Americans making things in America again. Stop asking whether it's cheaper to build stuff in Mexico and start asking whether it's better for American workers, American manufacturing and American competitiveness to build things here or there. Because the measure of good trade deal is not how much profit it's making for big corporations, it's not whether we start seeing big stock buy backs and dividends and Wall Street bonuses, it's about how much opportunity it's creating for American workers and how much stronger it's making American industry.

A good trade deal is a square deal for

American labor. There is neighborhoods like mine all over the country. Especially in the heartland and Appalachia, and what some call the Rust Belt. And we may not talk a heck of a lot about our politics or wear them on our sleeve, but I'll tell you the folks back home are paying close attention to what happens here.

Don't allow us to be sold out again. Don't allow us to be sold out again. And better yet, give us a fair shot to compete on a level playing field because throughout our history, whenever we've had that chance we have proven if we can compete on a level playing field American workers will always win. Thank you for the opportunity to testify.

MR. OLIVER: Thank you, Congressman Riley, we really appreciate it. And we understand as well. Just as a note that Congressman Chris Smith from New Jersey wasn't able to join us. He had a conflict with a House Foreign Affairs Committee legislative markup and sends his regrets, but we'll be accepting his statement as part of the record.

And with that, Congressman, once again we appreciate your time, we understand you have a busy schedule so we'll release you. And with that we

will move over to Panel 2. So if Panel 2 will make your way up to the front. Please bring your placards and please sit in the order in which you have been seated.

CHAIR WATSON: Good morning. Good morning and thank you for joining us. As a reminder, we'll be giving reminders at the beginning of every panel. We want to stick to the five minute timeline. After your testimonies are complete we will ask you, each of you, a number of questions. Please keep your responses to two minutes. And then we'll ensure that everyone who wants to speak today can have the time to do that.

We will be going in the order that is currently in the schedule. And that is Mr. Marroquin Bitar, followed by Ms. Tronnes, Ms. Kilcrease, Mr. Gresser and Mr. Marczak, and finally Ms. Stewart. And with that, Mr. Marroquin Bitar, will you start us off?

MR. MARROQUIN BITAR: It will be my pleasure. Congressman Riley, distinguished members of the U.S. International Trade Commission and U.S. Representative Office, Department of State and Department of Treasury, I'm honored to share my views with you on this critical topic.

CSIS does not take policy positions so the views represented in this testimony are my own and not those of my employer. My name is Diego Bitar, Fellow at CSIS where I lead work on North American economic innovations, supply chains and the future of the USMCA.

The 2026 review is not a routine exercise, it is a defining test to whether the United States can preserve good jobs, secure supply chains and maintain technologic and energy leadership in an increasingly volatile world. Over the past five years the USMCA has delivered real economic gains. Interregional trade is up 37 percent driven by industrial inputs and autos.

Monthly trends show remarkable resilience to multiple disruptions. Section 232 tariffs, USMCA enters into force, pandemic supply chain realignment, and even more recent, type of tariffs. The data reveals structural as opposed to temporary regional integration. Since 2020 Mexico has remained United States fastest growing, most stable export destination, closely followed by Canada.

When direct investments has grown 16 percent and the U.S. remains the number one destination globally, the rapid response labor

mechanism has effectively addressed the unfair practices in Mexico and protected American workers from low wage competition.

But the agreement has also revealed areas of fragility. We have unresolved disputes including noncompliance with the Automotive Rules of Origin decision and ongoing concerns about Mexico's energy policies and judicial system. These undermined investor confidence and weaken the competitiveness of American exports. Exporters.

And if the U.S. entity were to weaken or lapse, the cost will leave out immediately. Supply chains would fracture, manufacturers in autos, aerospace, agriculture and advanced industries would face higher costs and more delays. Millions of American jobs will be at risk. And competitors like China would gain ground in sectors where North America currently leads.

Every month of uncertainty regarding the outcome of whether you access a silent tax and competitiveness, job creation and trust in the region's economic governance. For these reasons the United States should approach the 2026 review as an opportunity to modernize the strength of the agreement not fear as a threat to job creation and

regional competitiveness.

My six recommendations focus on practical steps to build a stronger, more resilient and more secure North America where the United States locks in job creations, secures technological leadership and cements energy dominance while maintaining fair and reciprocal trade with Canada and Mexico.

First, the United States should secure, reliable access to critical minerals by limiting tariffs on Mexico and Canada to where it's strictly permitted on the USMCA and negotiating a new chapter side layer that aligns standards, accelerates permitting and guarantees supply during crisis.

U.S. manufacturing from autos to defense depends on reliable access to critical minerals. Recent Chinese export restrictions on rare earth and magnets on this court they need for secure regional supply chains.

Second, we should institutionalize a North American economic security committee to coordinate investment screening. Mexico lacks a formal investment screening mechanism today and divergent approach exposes the U.S. to security risk and regulatory gaps. Resilient and transparent supply chains protect U.S. jobs and reduce reliance on

adversaries.

Third, the U.S. should lead the creation of a north American product passport, a digital tool that tracks inputs in real time. Coordinated screening will strengthen enforcement against forced labor, prevent transshipment and increase supply chain transparency across the region. This is how we build a fortress North America that is resilient to certain manipulation and coercion.

Fourth, the U.S. should formalize energy cooperation through a North American energy business counsel and integrate energy planning into the USMCA competitiveness committee. Our shared energy abundance is one of our biggest assets versus our global competitors. Institutionalizing energy cooperation helps protect domestic producers, innovation and our position in the global economy.

Fifth, the U.S. should modernize the agreements digital trade and emerging technologies provisions to address AI governance, data flows and the interoperability of digital platforms. If we do not set the rules and promote our standards others will, ignoring ways that reflect U.S. and even democratic standards and interests.

Finally, deeper financial integration and

stronger anti-money laundering coordination will reduce transaction costs, support small businesses through expanded access to capital and strength the regions defenses against illicit flows. The bottom line is this, a stronger modernized USMCA is the foundation of a fortress North America that protects American workers, secures strategic industries and reinforces U.S. leadership in a fragmented world. The United States cannot compete globally without a strong North America, and North America cannot be strong without a USMCA that is predictable, enforceable and in line with our strategic priorities.

Thank you for the opportunity to testify, and I look forward to your questions.

MR. OLIVER: Thank you so much. We'll move over to the next.

MS. TRONNES: Hi. I'm Jamie Tronnes. I'm the Executive Director of the Center for North American Prosperity and Security, which is the U.S. based office of the Canadian think tank, the Macdonald-Laurier Institute.

As we head into the review of the USMCA it is worth it to point out the underlying factors that have made the agreement such a success. First,

the number one benefit of USMCA has been its certainty. Foreign direct investment has followed the predictable market conditions in the United States. This has contributed to the strength of the North American supply chain enhancing the safety and security of the continent.

Barrier free markets for U.S. goods are another benefit of the USMCA model. Indeed, Canada, Mexico and the United States are all, to varying degrees, marketplaces for one another goods, with Canada being the second largest customer of American made goods in the world.

Indeed, USMCA has turned a trade deficit with Canada into a good thing. Our CNAPS analysis shows that 66 percent of the Canadian trade deficit with the United States consists of inputs into the U.S. economy. Only 31 percent of what the U.S. imports from Canada are finished goods, however, of those finished goods many, such as autos, contain significant American inputs contributing to American jobs and prosperity.

These factors have resulted in a thriving North American economy in which over eight million American jobs are a direct result of trade with Canada. And Canada is a major direct contributor

to America's energy dominance. A dominance required for the coming AI revolution.

Despite the many benefits there have been some down sides. The Canadian supply management policies have led to an unequal footing on cross, for cross-border producers. Canadian cultural exceptions and regulations, as they pertain to digital services and trade, are beginning to strain credulity.

Of late, however, trade discussions between Canada, the United States and Mexico have been strained due to the separate use of American sectorial tariffs on Canadian and Mexican goods. This has soured foreign direct investment, reintroduced uncertainty into the market and led many manufacturers and construction firms to pause planned expansions, and even close factories as input costs on steel, aluminum and lumber have skyrocketed.

As broad tariffs have been put in place despite the USMCA, it questions the commitment to the future of the agreement on the part of the United States. As such, our comments do not pertain to specific trading sections that should be saved, scrapped, readjusted or altered.

Our comments for the USMCA review are simple. First, keep the USMCA. And second, a review will do and a grand bargain approach might be the way to do it.

If Canada and Mexico and the United States are committed to keeping the USMCA, they should adhere to it in both spirit and action. The agreement has been ratified by elected branches of all three governments.

And this is part of its allure for investment, the certainty that trade in the North American continent will continue to flow freely and unimpeded by government overreach. This means that additional tariff authorities, including sectoral authorities, should not be applied against USMCA states by any one government with a due process consideration or wider consultation.

The review therefore should look at streamlining of tariff mechanisms and enforcement by partner countries into a USMCA pact effectively bringing tariff resolutions on other sectoral tariffs under the rubric of the USMCA tariff remedies for member countries.

And secondly, if a review is truly what's being proposed then a review will do. However,

USMCA is being overstepped by sectoral tariffs. Relations between Canada and the United States have deteriorated.

To get things back on track, CNAPS has authored a paper entitled, The Grand Bargain, a Path to Prosperity, Security and Strength for Canada and the United States. In it we argue that Canada and the U.S. can do more to leverage a trade deal by expanding the scope to include things that America would like Canada to do in exchange for free market trading.

For example, Canada would have to keep up its end of the bargain on defense spending and national security, long time irritants between two countries to ensure the future of its access to free trade. Canada could then demand that no unilateral pipeline vetoes, such as what occurred under the Biden Administration, would endanger its oil and natural gas exports to the United States.

The USMCA is the greatest trade agreement ever negotiated. It has guaranteed the prosperity and growth of an entire continent in the face of other rising powers and has raised the standard of living and quality of life for millions of North Americans. It is investment magnet, the ace in the

hole for the North American prosperity and security. And now is not the time to walk away but to double down. Thank you.

MR. OLIVER: Thank you for your testimony. And we'll move over to Ms. Kilcrease.

MS. KILCREASE: Thank you. Good morning. I'm Emily Kilcrease with the Center for a New American Security, a bipartisan independent think tank focused on national security issues.

Thank you for the opportunity to provide testimony this morning. And thank you as well to Congressman Riley for his compelling remarks, which we should all keep in mind throughout the course of the review.

My remarks will focus on the role that the USMCA plays in advancing Americas strategic interests with a focus on U.S. economic security interests in particular. Many witnesses over the course of the next three days will focus on the commercial issues related to the operation of USMCA.

I want to frame the conversation through a slightly different lens. Which is how USMCA is situated in the broader geopolitical context, including the important role that USMCA can play in the strategic competition with China.

Over the past decade U.S. international economic policy has changed in profound ways. Moving away from a prioritization of integration and efficiency and towards a more complex mix of policy objectives, including economic security concerns.

The prioritization of economic security has been evident in the scope of new measures that the United States, and in many cases its international partners, have introduced to address discrete risks, particular those that arise from economic entanglement with China, which is at once a major economic power and an increasingly aggressive challenger to the global security order.

These measures include screening of foreign investments, expanding export controls to prevent the transfer of technologies that could determine the balance of power in any future military conflict, and restrictions on the import of connected products that could disrupt U.S. critical infrastructure.

These economic security measures can be highly complex, difficult to enforce and potentially costly to impacted firms. It's therefore essential that the U.S. aligns its

approach with its closest international partners. And that it base its economic security policy first and foremost on the strength and dynamism of the American economy.

The USMCA review provides a unique opportunity to advance U.S. economic security interests on all of these fronts with two overarching goals for consideration. First, the preservation of a stable rules-based trade and investment framework in North America is itself a fundamental economic security interest for the United States.

The North American market is highly integrated and complimentary and the regional market is the most important source of imports and exports for all three countries. This North American advantage provides an important source of economic strength and leverage for the United States in the strategic competition with China.

USMCA provides a high standards framework to guide these North American trade and investment ties. The rules-based transparent nature of the agreement has been critical to providing economic actors the certainty and predictability necessary to make long-term investments.

Policy uncertainty, on the other hand, can fatally erode investor confidence. A finding that's been reinforced through scenario exercises we conducted at CNAS. Maintaining the integrity of USMCA as a rules-based predictable framework for the North American market should therefore be the primary goal of the USMCA review.

The second overarching goal should be to promote economic security objectives as a necessary complement to economic integration within North American. One cannot make a strategic argument about the value of economic integration without also having a pragmatic and specific plan for ensuring that integration reduces rather than exacerbates economic and national security risks.

The USMCA review provides an important opportunity to align economic security policies among the North American partners strengthening their collective ability to pursue a responsible de-risking from China while reinforcing their trade in investment ties within North America.

The need for stronger economic security alignment within North America is not hypothetical. One can look, for example, to the role that Mexico plays in assembling data center service for U.S.

AI infrastructure. Without robust export controls or trusted technology import programs in Mexico, sensitive U.S. technologies are at higher risk of diversion and critical U.S. AI infrastructure is more susceptible to exploitation or disruption.

To strengthen economic security alignment within North America, a USMCA, a updated USMCA should include a targeted set of commitments for each country to maintain a high standard set of domestic economic security authorities, including for export controls, foreign investment screening, trusted technology import programs and trade protection for strategic sectors.

It should include commitments to provide each other with fast track review processes, licensing exemptions or other mechanisms to streamline economic security regulatory processes within North America. And it should include commitments to coordinate common tariffs toward China while exempting each other from such tariffs.

Additional details, including suggestions from model texts are in the comments that I, along with my colleague Geoff Gertz, provided to USTR as part of this consultation process.

Importantly, we emphasize institutional

alignment of authorities that each government will implement in its own domestic framework, not in any super national structure. Recognizing that each government will want to maintain autonomy to take the economic security measures that it deems to be in its own national security interest.

The administration has already taken important steps to integrate economic security in its recent reciprocal trade agreements. By addressing economic security in the USMCA review, the United States can ensure that USMCA remains the highest standard trade agreement. One that promotes both economic integration and economic security and truly advances U.S. strategic interests. Thank you.

MR. OLIVER: Thank you. We'll move to Mr. Gresser.

MR. GRESSER: Thank you for this opportunity to testify on behalf of the Progressive Policy Institute. This hearing, I believe, is U.S. tariffs largest public event since the NAFTA renegotiation hearing in 2017. You have 145 witnesses ahead, and will get detail on every part of the agreement. Auto rules, labor standards, digital trade, farm exports, much more. These are

all very technical, very important, politically complex.

What I want to talk to is the big picture and, I think as this is the first panel, I'd like to start there. Canada and Mexico are America's permanent neighbors. They are our two largest trading partners. And candidly, we at PPI are surprised and alarmed by the Administration's approach to them this year.

Profligate imposition of tariffs in different rules. The first Trump Administration in Congress wrote up, quite recently, amplified our frequent rhetorical threats, have raised costs for American families I industry and eroded core U.S. national security relationships.

In this context we feel the July review should limit change to technical and consensus issues acceptable to all three governments as we try to assess and mitigate the damages these choices entail.

Now to the agreement itself. North American Economic integration dates back six decades to the 1965 U.S. Canada Auto Agreement under President Johnson. A generation later the Reagan, Bush and Clinton Administration supported that into

the U.S. Canada FTA, and then the North American Free Trade Agreement.

USMCA is the third generation version, preserves these agreements core commitment to open trade with our neighbors and adds important new material. For example, digital trade rules, enforceable and labor and environment standards, stricter rule of origin for automobiles, revisions to investment policy. And five years later we believe it's working reasonably well.

Goods trade has grown from $1.2 trillion in 2020 to $1.6 trillion. Canadians and Mexicans buy a third of U.S. exports and are the top markets for 42 U.S. states. They're also the largest suppliers of goods Americans need or want from abroad. Whether avocados and TVs for families or metal, energy and fertilizer for U.S. industry and agriculture.

The Biden and Trump Administrations have used USMCA's labor features, such as the rapid response mechanism frequently. And its digital chapters delivered a 64 percent jump in U.S. exports who digitally delivered services. So on balance of success.

To paraphrase, Canadian Prime Minister

Lester Pearson in 1965, mutual understanding, goodwill and confidence between our countries have joined with ambitious policy goals embodied in formal agreements to build a large integrated and mutually beneficial continental economy.

Two predictions, or some predictions made in 2020 though have not come true. Let me cite two. Trade balance and automotive output.

The first Trump Administration said 2018 that its primary objective was to improve the U.S. trade balance and reduce the trade deficit with the NAFTA countries. That hasn't happened, rather the reverse.

The simple explanation is that national trade balances match national savings investment gaps. All else equal, tax cut bills, like that of 2017, mean higher fiscal deficits which in turn reduce the national savings rate. In borrowing investment collapse, trade deficits then rise as happened after the 2017 bill. And also after those of 1981 and 2001. If trade deficits remain a concern solutions lie in fiscal policy reform rather than revision to USMCA.

On autos, post-2020 counts of U.S. assembly of 10.3 million vehicles per year are

slightly below the 10.7 million NAFTA error average. This is mainly, I think, a statistical artifact reflecting depressed production made in the COVID pandemic, but it may also be that USMCA's rules of origin are proving overly restrictively making North American cars less competitive against European and Asian rivals. That is worth study, though the rules are new and the full effect is perhaps still unclear.

More certainly, this year's overuse of tariffs, 50 percent on metals, 25 percent on auto parts, ten percent up in paint, wiring, lightbulbs, bike radios, et cetera, makes assembling cars in American more costly. A more expensive American car won't sell as well here or abroad. Again, the solutions are in U.S. policy reform rather than revision to USMCA.

In sum, the agreement is generally working as hoped. No really fundamental problems have shown up in it. And if some 2020 predictions didn't pan out, that reflects U.S. policy choices unrelated to the agreement, so we see no near term need for very basic changes.

We do however have a strategic choice to make this year. What sort of relationship do we

want with our neighbors?

Previous administrations, going back six decades, chose economic integration for good reason. Cooling strengths can make everyone a bit better off with more suppliers, more customers and more common interests. In a tense and economically fragmented region, by contrast, common interests are harder to realize and problems not only harder to solve but tend to multiple.

Over the past year we have drifted toward that latter path with Pearson's mutual understanding, good will and confidence fading and their converses, suspicion, rancor, fearfulness ascendant. July's review is a change to restore the better vision and we hope the administration will approach it in that spirit. Thank you.

MR. OLIVER: Thank you for your testimony. We'll move over to Mr. Marczak.

MR. MARCZAK: Thank you, Mr. Watson, distinguished members of the panel. Good morning. My name is Jason Marczak, I'm Vice President Senior Director of the Adrienne Arsht Latin America Center at the Atlantic Council where among other things we focus on how U.S. -- increased U.S. Mexico cooperation can accelerate U.S. economic security

and competitiveness.

I'm excited I have the opportunity to testify today and expand upon the formal comments submitted during the public commentary period. My core message, USMCA remains the backbone of North American trade competitors, a vital pillar to U.S. economic security and a cornerstone of U.S. industrial strength. However, there is room to further strengthen the agreement with one particular means to increase efforts to achieve customers harmonization and modernization.

Since its implementation in 2020, the USMCA has become the backbone of our economic competitiveness. Through our analysis and using publicly available data, we conclude that USMCA has strengthened supply chain integration, expanded market access for U.S. exporters, reduced reliance on strategic adversaries and provided unmatched stability during a period of global volatility.

I'd now like to walk you through four points with accompanying graphs that illustrate these conclusions with the special focus on the U.S.-Mexico dynamics of the trading relationship.

First, USMCA provides trade complementarity and supply chain integration with Mexico, which

strengthens U.S. industry.

Our analysis shows that North America has developed a vertical production chain where the United States specializes in higher value intermediate goods and Mexico specializes in assembly and consumer products. As you can see in this graph, this relationship is visible and the revealed comparative advantage trends over the three decades where the U.S. has comparative advantage in intermediate goods is strengthened while Mexico's specialization in consumer exports has declined.

The widening RCA gap is quantifiable evidence of growing integration and complementarity. The growing interdependence is the foundation of further accelerating U.S. manufacturing strength. And also one of the strongest arguments for ensuring the review reinforces rather than disrupts this efficient production structure. Any policy of friction or divergence from the principles of the USMCA risks disrupting the trade complementarity potentially increasing costs for manufactures in all three countries and undermining the regional platforms global competitiveness.

Second, the USMCA expands U.S. market access for the U.S. industry. The U.S. exports over one-third of its intermediate products to USMCA products. And that's even higher when you look at sectors like transport equipment and construction, as this graph shows.

At the same time, Mexico and Canada are deeply reliant on imports from the U.S. of intermediate goods representing half of their imports of these goods for these industries. This connects to the previous point on U.S. specialization and the benefits to our own economy.

As well, since USMCA took effect U.S. exports to both parties has accelerated significantly across agriculture, machinery, vehicles, electronics and more. This growth is not incidental, it is the result of a stable rules-based framework that USMCA provides. And one of which Canada and Mexico purchase over one-third of all U.S. exports supporting approximately 12 million U.S. jobs.

Third, USMCA reduces U.S. dependence on strategic adversaries. Between 2017 and 2024 the share of U.S. imports coming from Mexico and Canada increased significantly, while during the same

period, as illustrated in this graph, U.S. imports from geopolitical rivals decreased with a notable focus on China. While this shift is a result of growing U.S. decoupling from China, it demonstrates that the USMCA is already enabling strategic supply chain realignment toward trusted partners with a most notable shift in machinery.

As you can also see, this realignment reduces both policy risk and supply chain vulnerabilities making U.S. industries more resilient. And also by favoring partners who's economic and security interests align with those of the United States, the agreement locks in dependable access to vital components.

And then fourth, USMCA provides stability amid global volatility. At our analysis of trade performance, USMCA partners shall monitor stable trade flows while imports from the rest of the world show dramatic spikes largely driven by tariff anticipation and global uncertainty.

Effective duty rates tell the same story. Imports from the rest of the world surge to nearly 12 percent in 2025 while USMCA imports remained around three to five percent. Far more predictable. With these findings in mind, the

upcoming review should focus on reinforcing not rewriting USMCA's core principles ensuring predictability is essential to safeguarding the vertical production chain that underpins U.S. competitiveness in our global economic platform.

At the same time USMCA's 2026 review has the opportunity to further increase the trends presented today, including those to enforce greater customs harmonization and modernization through greater interconnectivity. Things like standardizing certificates of origin across the three countries, expanding trial and error across agency coordination, and supporting the expansion of pre-clearance programs in Mexico to be more robust in additional practices, auto, pharmaceutical, steel and aluminum. Thank you very much for the opportunity to testify today, and I look forward to your comments.

MR. OLIVER: Thank you for your testimony. We'll turn to Ms. Stewart.

MS. STEWART: Good morning. My name is Sarah Stewart. I'm the CEO of Silverado Policy Accelerator we're a geopolitical think tank focused on advancing U.S. competitiveness.

We've witnessed a lot of change since USMCA

entered into force. A global pandemic, major disruptions to supply chains and new geopolitical dynamics. Many of USMCA's provisions remain state of the art while others could be strengthened and new ones added. The U.S. must meet the moment.

Many, if not all of the areas, I will enumerate today require concerted, not just unilateral action. Getting it right is critical as USMCA can provide a blueprint for other agreements.

While our written submission includes more detail, I'd like to focus today on three areas that I think would be transformational for trade and economic security in the region. The first deals with data.

We need more of it. Not just a data grab, but a tailored data strategy. It sounds simple, but these recommendations will increase transparency, and ultimately our options for addressing trade harms and expanding trade opportunities.

First, we recommend establishing a joint monitoring system to identify systemic overcapacity and important surges across industries before harm is done to our businesses and workers. The parties

could cooperate to prevent or combat such import surges after having identified key metrics, like export volume, value, unit value, production and capacity.

Second, the parties should commit to enhanced transparency and publication and sharing of customs data, to include the origin, value and quantity of goods imports by each party. This will help with effective monitoring and enforcement of transshipment, trade remedies, circumvention and customs fraud. Data suppression should be used sparingly.

Finally, the parties should also be required to furnish maximally transparent inbound investment data and be able to assess the ownership structures of foreign companies operating within their customs territories. All of these data would help to illuminate threats before they become injurious while also providing a basis by which the parties could act in solidarity against unfairly treated imports and predatory actors such as through the imposition of a common external tariff scheme or other trade measures on products related to economic or national security interests of all three parties.

There is increased market power and leverage in acting together on this. The second area deals with critical supply chains. Some are too big to fail, so to speak, as we are seeing with critical minerals. These are ubiquitous inputs to modern life.

The country or region that controls the supply of these inputs will have an economic and military advantage. China is currently dominating mineral supply chains. And while the U.S. and allies are in the lead on advance semiconductors, China is also dominating global foundational semiconductor production and exports. We need dedicated commitments on those supply chains to ensure resilience and security for the U.S. and the broader North American region.

For minerals, we recommend a critical mineral security and resiliency annex that would include a regionalized, a regional harmonized tariff scheme for a defined list of critical minerals to reduce internal tariffs among the three countries and shift sourcing away from China. Complementary actions could include new sourcing incentives, a high standard framework to differentiate responsibly produced North American

products and a phased in regional value content scheme for minerals and downstream products.

The annex would also establish a minerals economics security council to coordinate counter measures against predatory market actors in the areas of investment screening and export controls, as well as enhanced implementation of USMCAs forced labor and child labor prohibitions.

Finally, we recommend that the minerals annex spur cooperation on recycling and recovery of minerals, including by refining customs nomenclature for scrap and waste to help customs authorities consistently identify recyclable inputs and facilitate trade. Our comments include similar recommendations on semiconductor supply chains as well.

The third and final area of our recommendations relates to countering regulatory arbitrage. Manufacturing production across a range of industries has been off-shored to jurisdictions that do not have, or purposefully ignore enforcement of comparable labor and environmental standards to those in the U.S. This results in a cost advantage to others.

To correct this market failure, USMCA

parties should collect national level emissions intensity data for certain steel and aluminum products to monitor embedded emissions intensities in steel and aluminum production relative to U.S. production. These data would reveal the extent of the arbitrage and inform policy tools to address it. Such as imposing an offsetting duty on imports of non-USMCA parties.

Relatedly, expanding tools like the rapid response mechanism to the environment chapter can enhance effective enforcement of environmental laws by the parties. Thank you for the opportunity to testify today, and I welcome your questions.

MR. OLIVER: Thank you very much. And thank you all for sharing your testimonies, we really appreciate it. Now we'll turn it over to our Panel of U.S. Government Officials to ask you some questions.

And just as a reminder, each of you will be asked one question, and your response will be limited to two minutes. And for all of you that are watching, you'll see the lights light up yellow when you have one minute left, red when you have run out of time. And with that, I will turn it over to our U.S. Government Officials, starting with

Assistant U.S. Trade Representative for the Western Hemisphere, Daniel Watson.

CHAIR WATSON: Okay. And thank you very much. I really appreciate those very substantive comments in your presentations.

So the first question is going to be for Mr. Marroquin Bitar. In your testimony you recommend a digital North American product passport. Can you provide some additional detail on how you think such a product passport would work?

MR. MARROQUIN BITAR: Of course. Similar to what Sarah was saying, we need more and better data of our supply chains. By having a complete version of our map within the supply chain it would be easier for us to track rules of origin, the level of inputs that are being sourced from the region.

And by having all that data in a single space, either through blockchain or using other technologies, that would be a lot easier for exporters, small, medium enterprises, to prove that they are sourcing from within the region. They're using labor within the region, they're paying wages in the region. And that would facilitate a trade. But basically what we need is more and better data in order to come up with this North American product

passport.

MR. OLIVER: Thank you so much. We'll turn to the second question from Mr. Manogue.

MR. MANOGUE: All right, thank you. And like Daniel, I want to thank all of you for this thoughtful input.

Ms. Tronnes, in your testimony you reference grid modernization and predictability of electricity and maintaining energy dominance. What are some of the areas of focus we should be aware of?

MS. TRONNES: Certainly. Thank you. One of the big issues is that the inputs to the grid have been tariffed at 50 percent. Steel, aluminum. Many things that are made in Canada that contribute directly to the electricity grid have been tariffed at a rate that quite frankly is going to make it very difficult for local utilities to modernize the grid.

Canada contributes a significant portion of America's domestic and exported energy. Not just electrical, but oil and natural gas. And as America needs to add about one hundred gigawatts of electricity in the next three years just to come close to meeting demand, building out the grid is

something that is a primary need for the United States. Not just for the AI revolution, but just to meet up -- to meet the local demand for power.

And so, ensuring that these goods can flow from Canada to the United States tariff free can help with the United States in building out the grid and modernizing the grid, as well as in building things like the nuclear power revolution, which we are entering into as well.

Both Canada and the United States are increasing the nuclear power capabilities in both countries. Canada is planning specifically more nuclear power to come online just for export to the United States ahead of anticipated demand. But if we can't get the grid built in order to export that demand there is going to be shortages.

The demand is so high it's exponential. And so, it is reiterating the importance of friendship and the treatment with respect between both countries, and the removal of Section 232 tariffs. And need for a greater way to resolve these issues between the two countries for our mutual electrical benefit. Thank you.

MR. OLIVER: Thank you. We'll turn to our next question from Ms. Lynton-Grotz.

MS. LYNTON-GROTZ: My thanks also to the Panel for their testimony. My question is to Ms. Kilcrease.

In your written comments you had spoken about the USMCA partners establishing an economic security committee, which was to oversee the implementation of the agreements, economic security commitments that you spoke about, and to provide a forum for handling disputes between the parties. Now with regard to the handling disputes element, my question is, how would this differ from and improve upon the current dispute resolution mechanisms in the agreement? Thank you.

MS. KILCREASE: Thank you for the question. It's a quite important one. So to clarify, the comments that we had provided with regard to dispute settlement, we do not think it's appropriate for economic security commitments such as export controls, investment screening.

Measures that governments take in their own domestic system that have an underlying national security rational, we don't think it's appropriate to subject specific actions that a government may take in that context to, for example, a third-party panel or independent arbitration. So we would see

the existing dispute settlement processes in the USMCA as not applying to any economic security commitments that the three parties may decide to undertake.

What we've proposed instead is to develop the economic security committee to provide an alternative way to handle disputes that may come up. So the economic security committee could have several functions.

One of which is just to oversee and share information about how each country is, in its own domestic system, implementing its export controls or investment screening mechanisms, et cetera, but there would also be benefit in having a, what's essentially a consultation process where if there is a dispute that arises. If for example the United States blocks a Canadian investment and Canada has concerns about it, the economic security committee could provide a forum for discussing that and resolving, not, excuse me, I shouldn't say resolving the concern because there would be no right for Canada to challenge it officially, but we do think that the process of engaging in that consultation, having that consistent information sharing can be quite important for building shared norms about how

these sort of economic security instruments should be used, with the goal ultimately that all three countries would be rowing in the same direction. They'd be looking at similar types of risk and taking similar types of actions, but using the committee structure really just to promote that sort of alignment as opposed to providing any formal right of any government to challenge an action that each government would take in its own interest.

MR. OLIVER: Thank you so much. We'll turn back to Mr. Manogue for the next question.

MR. MANOGUE: Thank you. And this is for Mr. Gresser.

Mr. Gresser, in your request to testify you noted the importance of avoiding, quote/unquote, ill-considered steps that might damage American standards of living, job and export opportunities and national security. Can you please provide us with a few examples of such ill-considered steps?

MR. GRESSER: Certainly. We are unfortunately not short of those this year. I will say for example on, I believe September 29th the administration put out a federal register notice imposing on national security grounds a ten percent

tariff on all the wood that Americans buy from abroad, including from Canada. Along with tariffs of 25 percent on bathroom cabinets and upholstered furniture and kitchen cabinets. But not on bare wood chairs or similar things.

So the effect of this is going to be to raise the cost of making homes in the United States, making wood products in the United States and raising costs for people who are buying some types of furniture. It is very hard to connect this to a national security need.

And the paper, or the register notice, suggested that we needed wood for thermal protection systems for nuclear reentry vehicles and ballistic missiles and munition. And that struck me as, you know, pretty far fetched. And a kind of justification for taking a step that is going to raise costs for, both for families and for industry without really any, you know, any feasible rational.

So that's the sort of thing that I am concerned about. And it's not the only one. A month earlier there was a decision to define condensed milk and balance beams, and propane, steel and aluminum derivative products.

And so I think we have entered a pattern

of taking steps for possible political reasons or quick off the cuff responses to the radio advertisement that the Ontario government was, you know, running quoting former President Reagan. And I think we really need to step back from this and remember that all these things have economic impacts. That they add costs to the United States, that they often entail retaliation from abroad, and we ought to do them only with a lot of circumspection and attention to the likely effects.

MR. OLIVER: Thank you. We'll turn back to Ms. Lynton-Grotz for the next question.

MS. LYNTON-GROTZ: Thank you. My question is for Mr. Marczak.

In your written testimony you had noted the role of USMCA and reducing U.S. dependence on strategic rivals for key technologies. In your view, what is the best example of this that is attributable to USMCA and are there lessons from this example that can be applied in the course of this joint review?

MR. MARCZAK: Great, thank you for the question. And I think your question reinforces part of the importance of USMCA which is, as we discussed as a panel, the importance of a fortress

North America and ensuring economic security for the United States and our own economic competitiveness in a global spill specifically with regard to strategic rivals.

With regard to USMCA, as mentioned, what we've seen over the last few years is a significant reduction in the imports and the market share of U.S. imports from China in a number of different areas. But most notably machinery, but also medical equipment, metals, plastic, rubber. Essentially all -- essentially a nearly over eight percent reduction in all imports from China, whereas we've seen an increase from our North American partners.

And I think part of the way to further accelerate that as we move into this review period are things like looking at our -- at how we can further enhance our customs harmonization, modernization process. That entails things like potentially standardizing some of the certificates of origin across the three countries so that there is a common template to declare the origin of a product that reduces some of the ambiguity around the original destination -- original source of a product. And also reduces any type of confusion

among the three countries with regard to that.

I think improving on the rules of origin is going to be absolutely fundamental as we're looking at the review and ensuring that the rules of origin, and helps to reinforce industries across the U.S., Mexico and Canada, especially as you mention with regard to products that are critical, like electronics and other products that are critical for the U.S.'s own economic security. Not only here within our own country but globally as well.

MR. OLIVER: Thank you so much. We'll turn to Mr. Watson for the final question.

CHAIR WATSON: Thank you. So, Ms. Stewart, you've spoken about the importance of having a trilateral overcapacity monitoring system for the USMCA. What is Silverado's vision for such a system, including what type of metrics might trigger an alert or a remedial measure?

MS. STEWART: Thank you so much. I'm glad that you pulled on that thread because this is a really important area that I think we are falling down on as a government. In all private practice law firms you are looking at trends in trade data, not just the volume and value of trade but unit

value, production, capacity in certain sectors, capacity utilization. Very similar to the things that the ITC would look at in a trade case. You're trying to identify trends.

In a lot of cases for private law firm that's doing that on behalf of a client or to try to find a new client, they are identifying patterns in, you know, trade behavior based on those metrics before there is serious or, you know, even threat of serious injury to domestic industries. It's a relatively straightforward and easy process. We could be doing it together with our partners on a coordinated basis so that we could raise those alarm bells.

Maybe we're not tracking, you know, Chinese imports of electric vehicles into the U.S. because we have safeguards, but Canada or Mexico may see those trends and could be alerting the U.S. and saying, let's work together on this. Let's see if as a group we can now use every opportunity at -- on the margins of other multilateral or bilateral meetings that the countries are having to address, you know, these patterns of export behavior with the offending country so that we don't have to get to a place where either we're in a trade dispute

with the foreign exporter or that we have injury to our businesses or workers.

So I think that it's an important area. It fills a gap as well because you could be doing this across industries that are not necessarily just related to national security.

So to Ed's point, you know, if you're looking at certain more commonplace products that are coming in that would nevertheless have very injurious effects, but may not necessarily be national security, this is going to pick up on that and give you a sort of an out valve so to speak before it becomes a bigger trade issue.

MR. OLIVER: Thank you. And thank you all for sharing your testimonies, for your responsiveness to the questions, and for taking the time to be here with us today. With that, this Panel is concluded. And we will release you all. If you will please take your placards and just put them over at this table to my right we would really appreciate it.

And with that, we would ask the members of Panel 3 to please come forward. We also ask that you bring your placards, and sit in the order in which you have been seated. In addition, we ask

that the members of Panel 4 please come forward to the seats that are reserved for you as well to prepare.

CHAIR WATSON: Good morning. And thank you. Thank you all for being here. We're also now going to be joined by one of our colleagues from USDA. And I will let her introduce herself.

MS. ANDERSON: Good morning. My name is Lisa Anderson. I'm a senior advisor for the Western Hemisphere in the Foreign Agricultural Service of the Department of Agriculture.

CHAIR WATSON: Thank you. And with that, we will begin with Panel 3. As a reminder, your testimony should be no longer than five minutes. Once we have completed all of them we will ask one question at least of each of you. Please keep your responses to two minutes. And with that, I will turn it over to Professor Appleton to start us off.

MR. OLIVER: And if you'll turn on the mic please.

MR. APPLETON: We'll try this again. Good morning, Mr. Chairman. Thank you very much to your colleagues.

My name is Barry Appleton. I'm the co-director for the Center for International Law

at the New York Law School. I'm also a scholar and fellow at the Balsillie School of International Affairs.

I also want to note that I filed comments, not only the comments for this submission, but also the 004 submission. I filed a full brief here and I would incorporate those into the terms of my testimony today.

Global trade governance is undergoing a structural reset towards security driven rules based competition. The era of neoliberalism has ended. And understandably the United States is reevaluating and updating its trade relations with all of its trading partners, including Mexico and Canada.

And as the U.S. reviews its trade frameworks it should focus on the benefits gained from legal stability and institutional consistency. Strong trade rules rather than short-term victories are what foster investor consistency.

Trust, supply chain resilience and public support across borders all benefit from these same approaches. And even in mid-trade policy reviews the U.S. still derives real value from due process, the rule of law. And these principles have served

the U.S. very well in the past.

So my first point would be that law, not leverage, builds North American prosperity. And for over 30 years Canada and Mexico, with the United States, have shown that prosperity rests, not on power but on predictability. Rules-based cooperation is really a foundation of our prosperity. I'd like to say that predictability is the quiet currency of commerce.

Second point I'd like to get to is that -- a little bit about Canada. Canada's strategic value to the U.S. Canada is the United States' largest foreign market for goods, second largest market and source of investment as it supplies roughly 60 percent of U.S. crude imports, key fertilizer and aluminum inputs and critical minerals essential for electric vehicle defense supply chains.

And on critical minerals I really want to focus in on the impact also of critical minerals that are developing. The ring of fire in particular. We're looking at significant deposits of critical minerals essential for the United States. We're talking about titanium, chromite, platinum group minerals, nickel, various types of

copper. They're right on our border. They're right beside us.

When we think about having strong continental resilience, having these types of minerals available to us next door is very, very important. It should be something that we are factoring into in the nature of this type of review.

Third. I'd like to talk about the digital dimension. And that's Chapter 19 of the USMCA. Trade no longer moves only through pipelines and trucks, it moves through data and algorithms and cloud infrastructure. And Chapter 19s trade digital provisions, you know, they were drafted before the AI revolution but they now lag global practice. The U.S. should lead in modernizing these rules to ensure cross-border data flows remain secure, accountable and rights protected.

But to that end it's very important that we consider foundationally that technological non-alignments is actually in the United States as interest rather than opposed to U.S. interest. And by that I mean is that the right of states to be able to participate in global AI or data and cloud.

Ecosystems without subordination to a single approach. Resilience and ability from our

partners makes the U.S. system stronger, not weaker. We should be encouraging that rather than discouraging that.

And then I'd like to turn, as my last point, to the foundational re-anchoring of confidence before the end of 2026. And in respect, I think it's probably easiest to say that trade law's not really about tariffs and text, it's about trust between people who share a continent. North America's prosperity flows from its institutions and the genius of a continents trade architecture lays not on tariff schedules but in the rule of law, due process, efficient interoperable standards, shared defense, efficient customs administration and predictable enforcement.

And so as we're considering the review I suggest that we think about these ideas as we go forward. And I thank you very much for the opportunity to be able to present today. Thank you.

MR. OLIVER: Thank you for your testimony. We'll turn to the next witness, Mr. Kucik.

MR. KUCIK: Thank you so much for having me. I'm speaking on behalf of New York University's Wahba Initiative for Strategic Competition where one of the things we care about in this moment is

that as we're thinking about the future of North American trade cooperation, we want to get to write what the costs and benefits of trade deals really are.

So one of the core questions I think that underpins recent U.S. trade policy is precisely that. What are trade agreements ultimately worth?

And common criticisms, as we know, cite everything from souring trade deficits, manufacturing job loses, environment degradation and infringements indeed even on national sovereignty. USMCA has been no exception to facing these criticisms. The deal sits at the center of regional conversations about labor rights, immigration, agricultural practices and many other issues.

But the far reaching public debate over USMCA we think still often misses three of the agreements core benefits. And we'd like to caution against developments that undermine these benefits.

First, dispute settlement works better than we often think. The negotiations that produced USMCA highlighted longstanding difficulties resolving certain sensitive trade conflicts. So disputes over dairy, disputes over

soft wood lumber date back decades.

And enduring disagreements over these issues are cited by critics frequently to claim the dispute settlement mechanisms are inefficient or enforcement is in some way broken. More recently rules of origin disputes have become equally controversial.

These high profile disputes are important but they represent only a tiny fraction of the bigger picture in regional trade cooperation and the rule of law benefits that derive from agreements like USMCA. So we must be cautious in inferring too much from headline grabbing disputes, even though they are important industries, they are not a faithful depiction of the many other disputes that are resolved in a timely and amicable fashion and that do result in policy compliance.

The successful resolutions, less widely discussed, may be a truer measure of well functioning trade system and it's a mistake therefore to let a few persistent politically charged outliers obscure our net assessment of whether these provisions are working according to plan, which by some measures they are working.

Second, rules stabilize markets and that

stability helps workers. The single largest critique of U.S. trade deals over the last decade is that liberalization costs jobs. Indeed many analyses of NAFTA, and now the USMCA, analyses of the net effects on employment almost always focus on whether import penetration crowds out jobs, particularly in the United States.

But a single largest threat to stable employment is not predictable import competition it is market instability. Something that economists have shown us repeatedly over the decades.

Unpredictable sharp fluctuations in the market have been shown to depress wages, dampen job growth, halt capital investment. And in short, trade volatility is toxic for workers across industries.

And that volatility does not just fall out of the sky, most month-to-moth trade volatility is a direct result of policy volatility or policy uncertainty. Sudden tariff threats, disruptive regulatory shifts, things of this nature that inject uncertainty into the market are the core root causes and the controllable sources of trade volatility.

So agreements like USMCA help reduce these

policy disruptions creating a rules-based trading system, creating and encouraging policy harmonization, reigning in and reducing the incentives to act unilaterally. And in doing those things USMCA has been shown to reduce market fluctuations that punish workers in all three member countries.

Third and finally, USMCA helps secure critical supply chains. The agreement incentivizes companies of course to source and manufacture within North America. And with the recent push towards nearshoring production the agreement reduces dependence on volatile overseas trade partners focusing trade instead on more predictable, more certain relationships closer to home.

And this opens the door for, particularly in the United States, more access to critical sectors such as Mexican pharmaceuticals and Canadian energy, two areas in which the U.S. faces persistent need and strong strategic incentives to keep those supply chains close to home. So I will end there. And I am open to questions. Thank you so much for your time.

MR. OLIVER: Thank you for your testimony.

We'll turn to the next witness, Mr. Gantz.

MR. GANTZ: Thank you for this opportunity to testify on behalf of the Baker Institute for Public Policy and its Center for the U.S. and Mexico on this extremely important, in a matter of respect, very welcome review coming up next year.

I will start by indicating -- repeating that the USMCA, and NAFTA before it, helped generate an integrated U.S. and North America economic juggernaut. Goods manufactured, services produced which compete effectively with their counterparts 30 years ago. It was mostly with Europe, today it's mostly with China and elsewhere in Asia.

We have numerous sectors, autos, auto parts, trucks, steel, aluminum products which produce high quality products at a very competitive price in the U.S. and for export to the rest of the world. I think it's critical to keep in mind, as with NAFTA, that the USMCA makes it possible for U.S. exports to be competitive price-wise with markets throughout the rest of the world, particularly in the growing region in the global south.

Some 29 percent of global GDP, according to the IMF, is within North America. That's a huge

number for one trade agreement that has three parties.

So in our view, basically the overriding aim of the review, and revision, ought to be to enhance competitiveness. Not to jeopardize it. I would quote from the medical profession that said, first, do no harm.

We don't want to do anything, I don't think, that could reduce efficiency, raise cost for consumers, threaten jobs, cause inflation, jeopardize exports. And I don't think without a robust USMCA the U.S. will be able to, in the future, to complete, particularly with Asia, for sales in Asia and in the developing world.

There's been more than 30 years of mostly successful, obviously there have been some significant down sides, of economic integration that has benefitted all three countries. And I, you know -- it seems obvious but I'll mention it anyway, the first Trump Administration was wildly successful in not only modernizing and modifying NAFTA, you know, five years, six years ago, I think similar very constructive approach would be very useful again next year.

A couple more points. The most important

steps the U.S. could take would be to preserve Mexico and Canada's access to the U.S. market. They currently have it for about 80 or 85 percent of their export goods, but there is some huge exceptions that I think need to be reviewed. Steel, aluminum, copper, automotive goods. I think preferential treatment is a good idea there.

If you've read the side letters to the USMCA you would see that this -- the 232 actions were contemplated back in 1918 and '19. Some sort of access, whether it's tariff free quotas or some other mechanism, would seem to me, seem to us, to be very sensible.

At the same time I think many of us would like to see a focus on transshipment of Chinese goods. Mostly from Mexico, some from Canada. We already have rules on connected vehicles, ships, medical supplies and such. I think there are other areas of concern. Steel has been a problem in the past.

And this, I think, can be addressed much more less complicated ways than in Asia. In Malaysia, in the Philippines, in Indonesia there are no real rules of origin apply. Basically it's a very simple rule it seems to us for Mexico or

Canada. The goods that comply with rules of origin, existing ones or maybe amended ones, automatically are not considered to be transshipped. And some of those goods are coming from, directly or indirectly through China, but many of them are coming from Europe and elsewhere available.

I think we also need -- Mexico also needs an equivalent to CFIUS. Some way of screening for an investment. Primarily but not necessarily all Chinese. Whether that could be done by Mexico itself or in cooperation with the U.S. and Canada, which already have mechanisms, I think is an open question.

Obviously there are needs to develop critical minerals. It was mentioned earlier, I think the idea of an annex makes a great deal of sense. Or maybe several annexes. But given the fact that we will probably be reliant on China for another five, ten, 15 years, the faster we can develop alternatives, including those in Mexico and Canada, as well as the U.S. would be, I think, very useful.

I think the USMCA would also benefit from a new chapter to cover regulatory alignments, stuff of that sort. And finally, I think there are many

opportunities to revise and de-modernize the chapters on data driven economy. We need to deal, I think, on a regional basis with the data economy. And particular with artificial intelligence.

There are obviously lots of other matters that need addressing, but I think it's worth keeping in mind that on the whole NAFTA and USMCA worked very well for U.S. companies, but also for U.S. consumers and we need to preserve that option and practice in the future. Thank you very much.

MR. OLIVER: Thank you for your testimony. We'll turn to the next witness, Mr. Cardenas.

MR. CARDENAS: Thank you. My name is Julian Cardenas. I'm the director of the Center for U.S. and Mexican Law at the University of Houston Law Center. On behalf of the Center I appreciate the opportunity to present testimony regarding USMCA.

It is an honor to contribute to this important process which is vital to the economic and legal framework of North America. The Center for U.S. and Mexican Law, founded in 2012, is a leading institution dedicated to conducting academic research on international legal studies between Mexico and United States.

Additionally, the Center has played a pivotal role as a member of the North American Consortium of Legal Education, NACLE, founded in 1999. Which promoted legal education across the United States, Mexico and Canada. Through various programs we strive to develop legal professionals equipped to navigate the complexities of North America trade and investments.

My testimony will point out to three issues related to legal education, legal practice in North America, as a framework -- having USMCA as a framework of rule of law for trade and investment.

First, regarding TN USMCA professional visas, Chapter 16. Even the recent changes in U.S. immigration relations, I would like to emphasize the importance of TN USMCA professional business for attorneys and researchers, holding Mexican and Canadian citizenships.

These visas can play an important role for cross border legal practice, fostering legal education and promoting international law changes, all critical to the durability and success of the USMCA. The Center of U.S. and Mexican Law works to promote U.S. legal education among Mexican and Canadian law students and attorneys.

Many of whom go on to became licensed attorneys in the United States as highly skilled professional in cross-border transactions. Therefore maintaining and enhancing access for legal professionals ensure continued cooperation and legal development across our borders, strengthening U.S. competitiveness, economic security, productivity and rule of law.

Second, USMCA investment chapter, Chapter 14. The USMCA investment chapter, particularly the Investor-State Dispute Settlement provision, is crucial for maintaining a stable and predictable legal environment for foreign investors.

When a nation exercise its sovereign powers to join an international trade and investment agreement, it not only demonstrates openness for the exchange of goods, services and investment. By joining a global market each nation benefits from access to international funding, technology and knowhow, all advantages that require predictable rules governed by international law.

The judicial and energy reforms in Mexico enacted between 2024 and 2025 illustrate Mexico's ongoing restructuring efforts. While their outcomes remain to be seen, it is imperative to

preserve the stability of the foreign investment protection regime established under USMCA.

Particularly for investors operating in a strategic sector such as energy, manufacturing and technology. A stable rule of law framework is essential for fostering cross-border investment and straining long-term economic security alignment with Mexico.

Third, USMCA's role in international trade, Chapters 2, 5 and 7. The rules of origins and trade provisions within USMCA serve as the backbone for a dynamic multi-trillion dollar market.

In recent years trade among the three nations has approached $2 trillion. Underscoring the agreement significance for regional stability and growth.

The USMCA, through foster supply chain integration, reduced trade barriers and promote fair competition ensuring that North America remains a leader in global markets. These provisions are particularly important as technological advancement and shifting trade dynamics require resilient and predictable frameworks to support continued growth, investment

and innovation.

In conclusion, the USMCA remains a cornerstone in North American economic cooperation. The recent collaboration among our nations, such as the joint hosting of the 2026 FIFA World Cup, serve as an inspiring example of cross-border partnership. Reflecting the spirit, the University of Houston is hosting, in 2026, the international conference, the 2026 FIFA World Cup and North American Cross-Border Cooperation. This event will highlight importance of North America integration.

We hope that this spirit of collaboration will guide the upcoming USMCA review process. I appreciate the opportunity to provide these comments, and I'm available to respond to any questions.

MR. OLIVER: Thank you for your testimony. We'll turn to the next witness, Ms. Hansen-Kuhn.

MS. HANSEN-KUHN: Thank you for this opportunity to testify regarding our proposals for the USMCA review. The Institute for Agriculture and Trade Policy is a non-profit organization based in Minneapolis that works locally and globally to ensure fair and sustainable food, farm, and trade

systems. We prepared our submission in this process with the National Family Farm Coalition and the Western Organization of Resource Councils. We urge you to utilize the USMCA review process to correct fundamental problems in the agreement that affect farmers, consumers, and rural communities.

Specifically, we call for three sets of changes. First, improve transparency on food labels to ensure informed choices and enhanced competition in agriculture. Agricultural production has become extremely concentrated in North America. Just four firms control 85 percent of beef packing in the United States. U.S. farm groups have been pushing for mandatory country-of-origin labeling, or COOL, for meat for many years. Consumers also want to know where and how their food is produced. A 2017 survey conducted by the Consumer Federation of America found that 89 percent of the U.S. consumers want to know where their meat comes from, a figure that is likely to have increased in recent years as there is more interest in local foods.

Canada brought a trade dispute over COOL for meat to the WTO in 2009, arguing that the rules discriminated against imports. After a series of

decisions and appeals, a WTO dispute panel ruled that some aspects of the program treated imported meat and cattle less favorably than U.S. production, and that the rules, record keeping, and verification requirements were overly burdensome. In 2015, the Dispute Panel authorized Canada and Mexico to impose retaliatory tariffs. The U.S. Congress repealed the COOL rules a few months later.

Given the vast expansion of data about all aspects of our economy, including agriculture in recent years, the argument that recordkeeping is too costly now seems disingenuous. The problem is not so much the compliance as the trade rules that provide excuses not to comply. In addition, as scientific knowledge emerges about the health impacts of chemical additives in ultra-processed foods, there is increasing demand for nutrition labels on food that are both more comprehensive and more accessible. Many countries, including Mexico, have moved to front of package nutrition labels that allow consumers to see information on calories, sodium, and fats at a glance, with more detailed information on the back. Those initiatives, too, could be the subject of trade disputes.

We urge you to amend Chapter 11 on technical barriers to trade to add a kind of peace clause, an annex on transparency in food labeling in which Canada, Mexico, and the U.S. agree not to challenge each other's labeling policies under the rules in USMCA and the WTO. This would include measures important to all three countries, including mandatory COOL for meat, nutrition, and GMO labeling. Parties to the USMCA should also commit to negotiations to permanently carve out measures related to transparency in food labeling from trade disputes.

Second, encourage innovative seed systems. Now more than ever, public policies are needed to support new solutions to agriculture and food systems. Current trade policies, including those included in the USMCA, create a barrier to those innovations. We urge you to remove the requirement in Chapter 20 on intellectual property rights that each party ratify UPOV 91, a restrictive treaty that prohibits farmers from saving and sharing protected seeds. This agreement greatly restricts farmers' ability to develop new varieties that meet their specific needs and respond to changing climate conditions.

And third, develop new solutions to overproduction and low prices of dairy and other agricultural commodities. This is a complex problem that will require many changes to U.S. farm programs, but changes in trade policy are also relevant. As a starting point, the U.S. should abandon its trade challenges to Canada's dairy supply management program and instead convene a participatory tri-national commission to learn from that, and other public programs designed to stabilize prices and supplies and enhance resilient food systems. We appreciate this opportunity to provide input on the review process, and look forward to learning more about those talks as they proceed. Thank you.

MR. OLIVER: Thank you, and thank you all for sharing your testimonies. We'll now turn to our panel of U.S. Government officials who will be asking some questions. Just a reminder, one question to each witness, with a limit of two minutes of response. And with that, I'll turn to the Assistant U.S. Trade Representative for the Western Hemisphere, Mr. Daniel Watson.

CHAIR WATSON: Thank you again to all of you for your testimony. The first question is for

Professor Appleton. In your comments, you argue that the United States should lead in the modernization of USMCA's digital trade provisions to ensure that the cross-border data flows remain secure, accountable, and rights protective. As we're thinking about the joint review, what would you recommend to ensure the security of cross-border data flows?

MR. APPLETON: Thank you, Mr. Watson, for the question. I think from a U.S. perspective, services in digital trade represent the most dynamic component of the bilateral economic relationship for the future. Every dollar invested in stable and rules-based frameworks with Canada secures a competitive advantage for American firms in the world's largest services economy. And remember that the United States has a massive services surplus with Canada, especially in this area, and so we really want to get this right, because it's so important in terms of America. So a predictable law-anchored trade relationship safeguards not only the standard widgets economy, we'll call it, the older economy, but also this new American-driven digital economy.

And so, when we're looking at these types

of approaches, I would strongly urge that we consider the concepts of technological non-alignment. In other words, that we deal with processes of mutual recognition to be able to deal with and satisfy what we want to do, rather than drive and demand that the Canadians have to follow the specifics of U.S. law. But rather, that we should be pleased to have resilient, strong, and independent systems, because they supply America. If there's a problem with a Canadian energy grid, that's a problem for America. If there is a problem with the Canadian ability to get strategic materials to the United States, that's a problem for America.

And therefore, to the extent that we accept and we enhance what Canada is doing, that's good for America as well as being good for the United States. And we could overregulate and actually get it wrong in the chapter, and I think that that would be the most important area that I would stress by far to the committee. In other words, allowing Canada to have its own data sovereignty is not a negative for America; it's actually a prerequisite for having a strong and robust trading partner.

MR. OLIVER: Thank you for your response. For the next question, I'll turn to Mr. Manogue.

MR. MANOGUE: All right, thank you very much. Mr. Kucik, you would emphasize political shocks and predictability of rules. How has participation in the USMCA shaped member state behavior and how do you see that evolving, if at all, moving forward?

MR. KUCIK: Yeah, so I think one of the things we have to be aware of in this conversation is that part of what I would argue motivated the transition from NAFTA to USMCA in the first place, and something we're seeing more broadly in kind of the wider global conversation around international trade agreements is this push for greater flexibility in the rules. And the narrative is sometimes something like this, that we've tried strict enforcement in the past under the WTO, that didn't go very well, and what we've realized is that countries need greater leeway and room to maneuver under the law. And so, what we've seen are arguments for and some policy behaviors that seem to evidence a heavier reliance on flexibility provisions that permit non-tariff barrier use. So, whether that's anti-dumping measures, whether that's subsidies, countervailing duties.

These non-tariff barrier policy moves have

become in some respects more popular over the last decade globally, not just in North America, and so why is it worth talking about this? Because use of non-tariff barriers are one of the key policy sources of trade volatility in the marketplace. And it's not to say that flexibility isn't important, it's not to be unrealistic about the need for flexibility in trade law, but it's rather to caution against the idea that greater flexibility is strictly speaking always better, and that allowing countries to utilize escape clauses is necessarily going go to alleviate all of those pressures on the local economy and the workforce that is supposed to be motivating escape in the first place. Because what we're seeing in the first few years of USMCA, as we're seeing globally, is that use of flexibility provisions is continuing to generate market volatility, and that that's bad for job growth and wages. Thank you.

MR. OLIVER: Thank you for your response. For the next question, we'll turn back to Ms. Lynton-Grotz.

MS. LYNTON-GROTZ: Thank you to the panel for their testimony. My question is to Mr. Gantz. Mr. Gantz, in your testimony just now you

highlighted the role of China in North America, and in your written testimony, you talked about the impact of Chinese FDI in Mexico, and the broader question of access to critical minerals. Could you provide a little bit more detail as to how the three countries should collaborate trilaterally to address the concerns you raised?

MR. GANTZ: On critical minerals, or on both issues?

MS. LYNTON-GROTZ: On both issues.

MR. GANTZ: All right. Well, let's start with critical minerals. We obviously have a situation where we're going to be dependent on China for quite some time, and China is very effectively, evilly using that leverage in trade discussions with the Administration. And I come from Arizona; there are huge critical mineral deposits across the border in Sonora, but they're just sitting there. Nobody is developing them; the government makes it very hard to do so. You don't have many competent companies who could go in there with some help, not only mine, but refine some of the minerals in an area where it's a very safe ally and very easy access to U.S. consumers. Repeat the first question again, please? Sorry.

MS. LYNDON-GROTZ: The question was in relation to the role of China in North America and how the three countries can --

MR. GANTZ: Yes, thank you. I think that there is a great bipartisan concern that Mexico, and to a lesser extent Canada, will be a means for getting Chinese goods into the U.S. surreptitiously. Some of it is just basic transshipment, we had those issues with steel a year or two ago, and some of it, which gets much more complicated, is companies, not necessarily Chinese companies, but companies produced in Mexico, but they're still heavily dependent on Chinese supply chains, particularly in the electronic sector.

So, I think if there's going to be a transshipment mechanism, it has to be very carefully designed because you do have rules of origin, and it would make a lot of sense to say, well, if you meet the rules of origin, which obviously may be amended next year, we don't have transshipment issues. If you don't meet the rules of origin, then we look more carefully, particularly if we're worried about Chinese investment in Mexico. I don't think the auto industry per se is much of a problem, I think BYD has eliminated its plans for

the time being for obvious reasons, but there are other sectors which I think probably we need to watch.

MR. OLIVER: Thank you for your response. We'll turn to Mr. Watson for the next question.

CHAIR WATSON: Mr. Cardenas, you referenced Mexico's ongoing reforms, including the recent judicial and energy reforms. As we're thinking about how we handle the joint review, what do you think is important for us to consider in this respect?

MR. CARDENAS: I think the key approach to this is rule of law, and understanding that the fact that the transition from NAFTA to USMCA, the Chapter 11 remains now, and a new Chapter 14 that provide rules of international and local protection to foreign investor. The dimension of the reforms that are both in the judicial reform and the energy reform just prove that having those types of regulation is key for foreign investors in sectors where require massive investment of funds in the billions or hundreds of millions of dollars. And those rules are the ones that provide an umbrella protection to U.S. foreign investors in Mexico in this case. So, I think that considering the

importance of the stability of these rules will be crucial in the review.

MR. OLIVER: Thank you for your response. We'll turn to Ms. Anderson for the final question.

MS. ANDERSON: Thank you. Ms. Hansen-Kuhn, in your submission you recommend the United States abandon its trade challenges to Canada's dairy supply management program. Can you elaborate on that, please?

MS. HANSEN-KUHN: Sure. This is an issue we've followed along with other family farm and labor unions for several years. When the dispute first came up, the National Family Farm Coalition, the Wisconsin Farmers Union, National Farmers Union, United Food and Commercial Workers and Teamsters all urged the U.S. to reconsider that attack, because it was seen -- the Canadian system balances supply and demand of dairy at prices that keep farmers on the land. There's smaller herd size; there's lower emissions; the prices to consumers are slightly higher, but not as much as organic milk.

And so, this system produces what they need with some residual exports that have for the most part been pretty low. It would not work with a flood

of imports coming from the United States. Wisconsin alone produces more milk than Canada consumes throughout the whole country. And what we heard from different farm groups is that increasing some exports to Canada wouldn't be a solution to the very low prices and overproduction that they're experiencing.

So instead, several organizations have proposed legislation in Congress and put up different proposals to learn from that experience. It's certainly not perfect, but it does offer lessons for how we might approach issues of overproduction and dependence on exports, the low and very volatile prices that are so ruinous for farmers everywhere. And so, this seems like a process to, instead of urging further challenges, to step back and think where we're really trying to get with rural communities and this kind of production. Thank you.

MS. ANDERSON: Thank you.

MR. OLIVER: Thank you for your response. And thank you again for sharing your testimonies, for your responsiveness to these questions, and for your time. We really appreciate it. And with that, this panel is concluded. I will ask as we

release you for you to grab your placards and please put them over on this table to the right. And would the members of Panel Four please step forward? And we ask that you bring your placards and sit in the order in which you are seated now.

And in case she's in a different space, I'll ask that Ms. Gass also come forward. And before we get started, I'll do another check for Ms. Vicki Gass? I think we'll go ahead and get started, and then if Ms. Gass joins, we'll have her sit up at the front. Thank you so much.

CHAIR WATSON: Okay, thanks to all of you for joining us here today. We do have some new representatives on the panel, so I'm going to turn to them to introduce themselves.

MS. MASTMAN: Hi, I'm Katie Mastman, I'm the Assistant USTR for Labor Affairs.

MS. TATE: Good morning, my name is Samantha Tate, I'm the Division Chief for USMCA Monitoring and Enforcement at the Department of Labor.

CHAIR WATSON: And with that, we'll go ahead and get started with Panel Number Four. Quick reminder, I think all of you have heard the rules several times, but please keep to the five minutes

for your presentation. After the testimony, we will ask each of you one question at least, and then please keep your response to two minutes. So with that -- and of course we will continue in the order in our schedule, and so then, let's see, we will go ahead and start with Ms. St. Louis.

MS. ST. LOUIS: Thank you. On behalf of Public Citizens, 1.5 million members and supporters, we welcome the opportunity to provide recommendations to this USMCA review. While some important improvements were made under the original NAFTA, the USMCA still contains many rules that undermine the rights of consumers and workers in all three countries. The USMCA review must focus on fixing the damaging trade rules that have contributed to the continuing offshoring of good U.S. jobs as well as the root causes of migration from Mexico. In our written comments, we detail seven areas that must be fixed during the USMCA review to put workers and the public interest ahead of corporate profits, and I'll summarize those briefly.

First, we know that the USMCA was a big win for big tech companies at the expense of consumers. It was the first time that extreme

digital trade rules were codified in a binding and enforceable U.S. trade agreement. A number of these digital trade provisions limit the ability of Congress and state governments to hold big tech companies accountable and protect consumers, and thus should be removed.

These include provisions that prohibit requirements to disclose source code to regulators and researchers that would ensure algorithms are not perpetuating biases facilitating anti-competitive behavior, or restricting the right to repair. Provisions that restrict the ability of governments to regulate cross-border transfers of data, which undermine efforts to protect privacy online, and provisions that undermine anti-trust policies that ensure competition in the digital economy or that inhibit taxation of large digital companies.

Second, we join 30 public health groups in calling for the USMCA's intellectual property chapter to be removed to improve access to life-saving medicines. Decisions regarding the balance between the rights of patent holders and the rights to public health should be made through democratic policymaking, not through international

trade agreements. Should the IP chapter be retained, we recommend the removal of provisions regarding patent term extensions, market exclusivity, patent linkage, and TRIPS-plus enforcement mechanisms. The deal should also affirm Government's right to use compulsory licensing to address public health needs and to negotiate lower prescription medicine prices.

Third, the USMCA's labor standards and their enforcement must be strengthened. The USMCA's enforceable labor obligations and the rapid response mechanism were a marked improvement over NAFTA. However, the overall framework has failed to deliver the wage growth, union representation, and cross-border equity that was promised, and companies continue to offshore jobs in pursuit of low wages and weak enforcement. We stand with trade unions in their demands to ensure a decent standard of living for workers across borders, including by strengthening and expanding the RRM to cover all sectors and all forms of labor violations in all three countries, and establishing a North American minimum wage for manufacturing workers in key sectors.

Fourth, a key priority for the review must

be to spur a race to the top in environmental standards to ensure that clean U.S. manufacturing is not undermined by unfair competitors that take advantage of weak enforcement standards abroad. We thus support the changes to the environmental chapter proposed by prominent environmental organizations, which include requiring parties to implement all necessary measures to fulfill their current and future multilateral environmental agreement commitments, even when such compliance may conflict with other provisions in the USMCA, and making environmental obligations binding and enforceable, including through the creation of a facility-specific mechanism like the RRM.

Fifth, we call for the full removal of investor state dispute settlement, a mechanism that has empowered foreign investors to undermine democratic governance. Republicans and Democrats alike have opposed U.S. ISDS because it's unnecessary, harmful, and undermines sovereignty. While the USMCA made significant progress by eliminating ISDS between the U.S. and Canada and restricting its application with Mexico, ISDS rights are preserved for companies with covered government contracts in Mexico and certain sectors,

and these terms should be fully removed.

Sixth, we recommend an overhaul of the USMCA's agriculture rules. While large agribusiness corporations have benefitted from export expansion and consolidation, small and medium farmers, rural workers, and indigenous communities have faced displacement and declining incomes in all three countries. Among other fixes, we call for restoring policy space for governments to manage agricultural imports and stabilize markets, and reinstating country-of-origin labeling for major food products including beef, pork, dairy, eggs, and seafood, to guarantee informed consumer choice.

Finally, the USCMA review is taking place amid ramped-up efforts to unjustly scapegoat immigrants, terrorizing communities through ICE raids and violating due process. These tactics are not only cruel, they do nothing to address the root causes of migration, which stem from decades of economic dislocation driven by trade deals like NAFTA. We stand in solidarity with prominent migrant justice groups in calling for USMCA reforms that will allow people to live and work with dignity in their homeland and protect the rights of

migrants. I'll conclude by urging a fully transparent and participatory USMCA review process including by publishing textual proposals and negotiating texts and having a Congress vote. Thank you.

MR. OLIVER: Thank you for your testimony. We will now turn to Ms. Lara De La Cruz, and if Ms. Gass is here, we welcome you to come forward. But with that, begin with your testimony.

MS. LARA DE LA CRUZ: Good morning and thank you for this opportunity. I speak on behalf of Colectiva, a group of women working in Mexico's federal judiciary. Women commitment to justice, equality, and the defense of human rights. Women's participation in public policy is essential for economic development, prosperity, and security. These goals are also central to the review and future of the USMCA. We appreciate the commitment of our international partners to women's rights and gender equality, because strong institutions and fair systems benefits all three nations.

As members of the federal judiciary, our duty is to help guarantee an impartial and independent legal system that offers certainty to the investors and the public. The USMCA is not only

a trade agreement, it's a framework of cross corporation and shared responsibility across North America. Mexico remains commitment to higher labor, social, and governance standards. In recent years, Mexico has had advance in labor reforms, transparency, union democracy, and gender inclusion. Challenges remain, and we work every day to ensure labor rights, equal pay, gender inclusion, and effective dispute resolution. These are essential to fair competition under USCMA.

Looking ahead to 2025 and beyond, all economic actors including governments and companies share responsibility for compliance and corporations. Businesses must understand the current regulatory environment. Judicial reform affects how commercial disputes are resolved, and requires reliable access to independent courts. Changes in regulatory agencies raise new questions in sectors such as telecommunications and energy. Ongoing labor reforms require companies to adapt continually and responsibly.

As in many countries, Mexico's tax administration has grown, and companies must evaluate compliance risks carefully. These are not obstacles, but realities that investors must

analyze with professional advice and long-term planning. International arbitration also reminds an important tool for resolving complex disputes. To strengthen regional and value and change, we highlight five key areas for corporations.

Number one, active engagement in labor and equality rituals. Number two, participations in forums on how the USMCA adapt to the utilization, immigration, and sustainability. Number three, ethical business conduct to appoint legal and reputational risk. Number four, competitiveness based on equality, inclusion, and sustainability. Number five, prevention of long-term risk and oversight and responsible management. Additionally, we propose the creation of a permanent international dialogue round table. This space will allow Mexico, the United States, and Canada, to share best practices, coordinate early responses to risk, and strengthen customary international cooperation. It will support transparency, communication, and a stable regional growth.

Our goal is not confrontation, but co-responsibility. We want Mexico to meet its commitments, and we want the three countries to work together on policies that promote inclusion,

sustainable development, and shared prosperity. The success of the USMCA will not be measured only in three numbers, it will be measured in the strong institutions, respect for human rights, and participation of women in decision making. There is the vision with Colectiva on North America, where economy, democracy, and social justice must move forward together. I'm sorry for my English, I do my best, and I want to thank you all for your attention and for your willingness to jointly strengthen cooperation between Mexico, the United States, and Canada. Let us continue moving forward with patience and responsibility to where a more solid and effective framework of collaboration. I will be open to all your question, I hope I can answer all of them. I mean, I can respond all of that in the proper way. Thank you very much.

MR. OLIVER: Thank you so much. We'll now turn to Ms. Wallach.

MS. WALLACH: Thank you for this opportunity to testify on behalf of American Economic Liberties Projects, Rethink Trade. We urge the administration to use the mandatory six-year USMCA review process to renegotiate key parts of the pact and secure terms that can better

deliver on more balanced trade, wage gains, and U.S. manufacturing capacity and job creation, which is what President Trump promised for USMCA when it was launched in 2020, while also altering or removing terms that conflict with U.S. law or undermine public interests. We oppose extending the pact as is for another 16 years. We think USMCA made important improvements on the NAFTA, but as members of Congress and unions and other private sector groups said at the time of USMCA's passage, there was a lot of skepticism about whether it could actually end or even slow down the trends of race-to-the-bottom job offshoring to exploit the much lower wages and environmental standards in Mexico, as well as concerns were expressed about new terms that were added, such as relating to digital trade that could undermine the public interest.

While the USMCA has become for certain a new standard every new trade agreement should meet, further progress certainly is needed, as the five-year record of its outcomes show. In our written testimony, we focus on three main issues. First, improvements are needed to USMCA's digital trade rules, to remove what are now conflicts with

existing U.S. federal and state laws and policies enacted since the 2020 effective date of the USMCA. This is necessary to avoid international preemption of U.S. existing law, by digital trade rules in the USMCA. Number two, USMCA outcomes with respect to trade flows and balancing jobs are opposite of what President Trump promised -- with respect to balance trade and an end to job offshoring.

We have seen, with ECLAC data, increased investment of U.S. firms in Mexico, particularly in manufacturing. The U.S. bilateral deficit with Mexico is up 30 percent under USMCA. Manufacturing wages in Mexico remain 40 percent lower than in China, and even in the two-year period before trade adjustment assistance ended between July 1st, 2020 to 2022, U.S. Department of Labor certified 249 petitions, almost 42,000 U.S. workers who had lost their jobs to USMCA. Contrary to Ed Gresser's notion that this is driven by a lack of U.S. savings, the outcomes described have to do with the rules of the agreement and the context of broader global trends in trade. As our written testimony describes, we believe that there are four important key sectors, a need to increase MFN tariff rates

amongst the three USMCA partners, as well as tightening rules of origin and improving labor standards, and instituting wage standards in key industrial sectors.

The third area is the labor rights, RRM, system of enforcement, which is an enormous improvement on the existing state of labor rights enforcement in the other trade agreements. We have a report with detail recommendations, however on further improvements given in the final two years of RRM implementation, there is a lack of good settlements that are benefitting workers relative to the first three years. Our trend data shows this in the Closing the Gap report.

With my remaining minute, I will focus on the digital trade issues, given on Friday you have two panels of corporate representatives who will be testifying to what should be done to further limit domestic policy in the U.S., regulating big tech through these rules. In sum, there is a set of changes to five specific provisions in that chapter that are necessary to avoid conflict with existing U.S. law. The rules on data flows and storage must be altered to avoid undermining laws, such as the unanimously in the House, Republican House passed,

2024 Protecting Americans' Data from Foreign Adversaries Act, the 2025 Trump Administration preventing access to Americans' bulk sensitive data regulations, and the U.S. government's current procurement rules for cloud computing services requiring domestic storage of data, as well as Montana's 2023 Genetic Information Privacy Act. I see I'm out of time, so hopefully this comes up in the questions. Thank you very much.

MR. OLIVER: Thank you for your testimony, we appreciate it. Mr. Stamoulis, we'll welcome you next.

MR. STAMOULIS: Good morning. Thank you for the opportunity to testify today. Again, my name is Arthur Stamoulis, I am the Executive Director of Citizens Trade Campaign, which is the National Coalition of Labor, Environmental, Family Farm, Faith, and Consumer Organizations that's been working together to improve U.S. trade policy since the original NAFTA debate in the early 90s.

When Congress approved the U.S., Mexico, Canada agreement in 2019, our coalition's position was that despite some improvements, the revised NAFTA deal remained a far cry from the type of transformative trade policy that should serve as

the template for new trade agreements moving forward. Six years later, witnessing the increase in the U.S. trade deficit under this pact as well as the spike in imports of everything from automobiles to aerospace to agriculture, we believe the validity of our viewpoint has been confirmed, and more so that the upcoming USMCA renegotiation must be used as an opportunity to better sector the interests of working people, family farmers, and communities.

This past June, CTC sent Ambassador Greer a letter from over 680 labor and civil society organizations that outlined priority changes we believe were needed, to the USCMA, including those designed to reduce the offshoring of good paying jobs, raise wages across the region, strengthen rural communities, address root causes of economic displacement and migration, stop abuses by big tech, shut down special rights for foreign investors, and make medicine more affordable.

And I'll note, these are popular positions. Last month, our member organizations and other allied groups together collected public comments from 23,596 individuals that read the following. By prioritizing the interests of greedy

corporations over working people, family farmers, and communities, the U.S. Mexico Canada agreement trade deal has failed to deliver the benefits that President Trump promised. Among other serious problems, the President's signature trade deal helps corporations ship good paying jobs abroad to take advantage of ongoing labor rights violations, lacks pollution controls, and abysmally low wages. As a result, his trade agreement is destroying livelihoods at home and increasing exploitation in Mexico. To reverse the USMCA's race to the bottom for working people, strong new provisions to better enforce labor and environmental standards and raise wages throughout the region must be added. Dangerous giveaway provisions for big tech, big pharma, and other corporate special interests must also be removed. Recognizing that corporations and billionaires have been the primary beneficiaries of President Trump's policies to date, we oppose the scapegoating of immigrants in neighboring countries. A renegotiated deal should address root causes of economic displacement and put the needs of workers, rural communities, and a health environment in all three countries ahead of the whims of corporate elites.

So, I urge you to please make these views the centerpiece of the USMCA's renegotiation, and to proceed with upcoming talks in a fully transparent manner by allowing the public to review countries' written proposals, any composite texts, and other negotiating documents in real time, and to hold stakeholder sessions that are open to the public during negotiating rounds. Thank you for your consideration.

MR. OLIVER: Thank you, Mr. Stamoulis. And thank you all for sharing your testimonies, we greatly appreciate it. We will now turn to our panel of U.S. Government officials to ask you some questions, and as a reminder one witness will get one question with a maximum of two minutes of response. And with that, I'll turn it over to our U.S. Government panelists, beginning with Mr. Watson.

CHAIR WATSON: Hello, and thank you again for your testimony. My first question is going to be for Ms. St. Louis. You recommend -- you talked about the need for a mechanism similar to the rapid response mechanism for labor to help ensure timely compliance with environmental standards. Can you say a little bit more about how you would envision

that mechanism working in that context?

MS. ST. LOUIS: Thank you for the question, and I am also happy to follow up with more kind of detailed written response. You know, I think that the RRM has shown in the labor context to have been successful in some cases, and needing to be strengthened. When it came to the environment chapter however, there was no such mechanism. No meaningful enforcement at the facility specific level, so we are seeing companies engaging in environmental dumping to exploit weak environmental standards.

And so, in order to actually have any environmental provisions in the USMCA have teeth, and to incentivize high-road investment that protects the environment and does not engage in such arbitrage, we believe that it is important to have such a mechanism like the RRM that would, at point source violations of the USMCA and relevant environmental standards to, and protections by specific facilities. And so, you'd have to appropriate provisions in Chapter 30 and 31 of dispute settlement to support the operation of a new RRM, and it should be supported by harmonized data collection and information provision

requirements for emissions that would enable uniform and consistent access to information on facilities in the U.S., Mexico, and Canada. So, I think that having and then establishing an inter-agency body to gather input and meet regularly to address emerging concerns that affect the climate and the environment as unintended consequences or abuse of the USMCA.

MR. OLIVER: Thank you for your response. And given Ms. Gass' unavailability, we will turn to Mr. Manogue for the next question.

MR. MANOGUE: Thank you very much. So, this is for Ms. Lara De La Cruz. So, in your request to appear at this hearing you cited dangerous giveaway provisions for big tech, big pharma, and other corporate interests. Could you please share with us some examples of these provisions you recommend we address?

MS. LARA DE LA CRUZ: I'm sorry, recommendations about gender?

MR. MANOGUE: You talked about dangerous giveaways for provisions for big tech and big pharma and other corporate special interests, and we wanted to know if you had any examples of what you would like us to address.

MS. LARA DE LA CRUZ: Sorry, I don't understand so well. So, it's about the gender participation in the USCMA, that's the question? Or I understand in the wrong way.

MR. MANOGUE: Yes. Sorry, my Spanish isn't very good.

(Foreign language spoken.)

MS. LARA DE LA CRUZ: Okay, thank you very much. We quote that in the solicitation of the hearing because we think that barometric centralization creates vulnerabilities across multiple dimensions, like privacy, cyber security, and commercial data flows. We speak about it from separate industries because we have no regulation about the taxes in Mexico. I mean, we have it, but this increase so the investors has to know that once they come with the company at Mexico, this has to be provided, and your imbursing, it's increased. So, I quote the barometric centralization because these central databases can be exploited for political surveillance and discriminatory practices. So, the companies maybe will be like a spy, and that's why we quote it in the solicitation of this hearing. I don't know if I answered your question properly.

MR. MANOGUE: Yes, thank you very much.

MS. LARA DE LA CRUZ: Okay, thank you very much.

MR. OLIVER: Thank you, and we'll turn to Ms. Tate for the next question.

MS. TATE: Lori, you mentioned one of the improvements would be on the labor value content requirements. We were wondering if you could elaborate on your recommendations related to the LVC, and what impact your recommendations would have on wages across the three countries?

MS. WALLACH: So, our concern on the LVC is two-fold. First, it was sold, and many people understood it as a way to raise wages and distribute the work. And it really was a way to distribute the work and to make sure particularly the transplant auto companies, because it only supplies to that sector, would have some processing and some facilities and supply chain in the U.S. And in that regard, it may have worked. But what it didn't do is try and bring up the wages so that the combined wage level we hoped would be including, raising wages in Mexico. So, we support the position of the Labor Advisory Committee the UAW that a more useful way to do that would be to set industrial,

specific, sectoral, international minimums for North America. To have a floor, as compared to do a formulaic rule of origin. Obviously, it would be like a rule of origin, because you'd have to certify that the wage was met as for the good to get the benefits, but it wouldn't be a mathematic formula. So, that's number one, to really aim at the wages, we should focus at the wages.

Number two, with respect to the labor value content itself, the actual formula used allowed for too much gaming. And so, and this is something that was criticized at the time, which has proved to be true, which is by allowing things like various salaried, professional employees to go into the $16 minimum, you ended up basically not having to raise wages at all for the big three in their supply chain with respect to actual line workers in Mexico. We think that having an approach that sets minimums in key sectors, plus tightens up actually the labor value content with respect to try and distribute the work, which it did actually work to do, added with key improvements to the rapid response mechanism which we lay out in a lot of gory detail in our recent report, could actually help raise the standards of wages and labor rights in Mexico so

we could have a high-standard North America.

MR. OLIVER: Thank you for your response. We'll turn to Ms. Mastman.

MS. MASTMAN: Thank you. And my question is for Mr. Stamoulis. Thank you so much for your testimony. Given CTC's routes and state affiliates across the country, and that your coalition members have membership across the country, can you tell us your membership's main concern about the USMCA and its effects on American workers?

MR. STAMOULIS: Yeah, thank you for that question. Our main concern, going back to NAFTA, has been that this pact, both before and today, makes it easier for corporations to ship good paying jobs from the United States to Mexico, to take advantage of low wages, lax pollution controls, and ongoing labor rights violations. The USMCA certainly made improvements relative to the original NAFTA, but we think more improvements are not just warranted but are absolutely necessary to protect good paying jobs in this country and to prevent and downward pressure on wages and benefits in the jobs that are left.

So, that includes many things we've already heard today about strengthening the rapid

response mechanism for labor rights. One of things we'd like to see, among others, is including some requirement for consultation with parties that are bringing complaints before remedies are announced. We think that would be very useful. There are ways potentially to speed up the process, also to ensure that Mexican regulators have greater authority on their own to impose sanctions against violations. We'd like to see, again, a rapid response style enforcement mechanism for point source pollution, so that the companies that are offshoring pollution, you know, have a lot less incentive to do so. And again, we want to see direct wage standards. Over now 30 years, the wage gap between U.S. workers and Mexico workers in our view hasn't really improved. I believe it's like 10 to one in terms of manufacturing workers. Many Mexican workers are making less than their Chinese counterparts. We can do a lot better.

MR. OLIVER: Thank you for the response, and thank you all for sharing your testimonies, for your responsiveness to the questions, and for your time today. We really appreciate it. And with that, this panel is concluded. I'll just ask that you bring your placards over here to the right of

me. And with that, I'm also going to be able to say something that I hope we'll be able to say over the next couple of days, which is, we are ahead of schedule, and we will pause for lunch.

So, for those of you participating in Panel Five that are around, we ask that you come back a few minutes early, and all of you just give time to go back through security if you are exiting the building. But we will be starting promptly at 1:00, or even a couple of minutes before if we are able. So, thank you all.

(Whereupon, the above-entitled matter went off the record at 11:20 a.m. and resumed at 12:58 p.m.)

MR. OLIVER: Thank you, everybody. Welcome back from lunch. For some of you, welcome for the first time. For others of you, just a couple of housekeeping rules before we get started.

For those of you that are speaking, just a reminder, make sure to turn on your mic and turn it off when you're speaking and not speaking, respectively.

As a reminder as well that remarks will be limited five minutes. You'll see some lights in front of you and around the room that will turn

green when your time has started, will turn yellow when you have one minute left, and will start blinking red when you have run out of time. Given the number of panels and witnesses we're going to be sticklers on this five-minute rule, so we appreciate you respecting that as well.

And once you all have given your statements we'll then turn it over to our USG Panel up here to ask you some questions, and the responses will be limited to two minutes, which we'll also be tracking with that same yellow with one minute remaining; red flashing when your time has elapsed.

So with that, I'll turn it over to Assistant U.S. Trade Representative for the Western Hemisphere, Daniel Watson.

CHAIR WATSON: Okay. Well, thank you for being here. We're going to go ahead and jump right because, as Randall said, we have a lot to do today. And so to get us started we're going to go in the order that was in our agenda. So we will start with Jed Bower.

MR. BOWER: Good afternoon. Thank you for allowing me to testify today. My name is Jed Bower. I'm the President of the National Corn Growers Association, or NCGA. NCGA has over 36,000

dues-paying members representing half of a million corn growers across the United States.

NCGA's mission is to protect and advance the interests of corn growers. I farm corn and soybeans in Southwest Ohio with my wife and children, my family's fifth generation farm.

American corn growers rely on trade to be successful. About one-third of our corn crop is exported. The most important customers for the U.S. corn industry are Mexico and Canada. The United States exports nearly $5 billion worth of corn to Mexico. This is about 40 percent of the total corn exports. And the United States exports almost $1 billion worth of ethanol to Canada, which is 35 percent of ethanol exports.

The strength of these export markets is all because of the United States-Mexico-Canada Agreement, or USMCA. President Trump was the architect of USMCA, and it passed Congress with enormous bipartisan support. Mexico has always been a strong partner and USMCA has submitted its importance as the number one customer as corn exports grew by 83 percent between 2020 until now.

Because of USMCA's provisions our corn became very cost-competitive for the Mexican

importers, driven by their livestock industry. Now the Mexican market is the same size as the second, third, fourth, and fifth largest markets for U.S. corn combined. USMCA has provided a key took to address Mexico's harmful policy banning corn derived from biotechnology. If Mexico's presidential decree was allowed to remain, other countries around the world could follow suit imposing their own policies not based on science, which would discriminate against U.S. corn.

The United States called for the dispute panel under Chapter 31 of the USMCA. The final panel report was a clear and resounding decision that determined Mexico's actions were not based on science and violated the USMCA. Mexico complied with the panel report, withdrew the decree. This provided without a doubt that the USMCA's dispute settlement chapter worked for the U.S. corn industry. We will remain vigilant toward any action by Mexico that negatively impacts the trade of corn, but we know that the tools provided under USMCA are effective.

The USMCA also includes committees and working groups that should be utilized to their full potential to increase ethanol access in Mexico,

mutually beneficial for both Mexico and for the U.S. corn industry. Ethanol blending should not face restrictions. It reduces emissions and makes fuel more affordable for customers. For U.S. corn farmers nationwide ethanol access in Mexico would provide a new demand opportunity and the potential to reduce the overall trade deficit with Mexico by 16.7 percent. Let me say that again. Ethanol access into Mexico can reduce the agricultural trade deficit by 16.7 percent. This is a very effective tool to create more balance.

Canada is a success story for the U.S. ethanol market access. One-third of U.S. ethanol is exported to Canada. When the USMCA first entered into force ethanol exports to Canada had largely plateaued. The Canadian regulatory environment drastically improved in 2022, paving the way for ethanol to become a key part of Canada's fuel matrix. As they sought to reduce emissions USMCA facilitated the U.S. ethanol industry's ability to respond to new regulatory environment and grow as a supplier.

NCGA encourages the continued accessibility of this market and values the role of USMCA to maintain barrier-free trade flows.

Freight rail has been vital to moving U.S. corn, bridging the gap between farms and markets across North America for nearly two centuries. USMCA ensure that the rail system is efficient, and all three nations leverage this transportation system for a competitive advantage over other global suppliers. Disruptions are very costly to corn producers and we encourage the working groups to improve collaboration and respond immediately to disruptions.

To conclude, American corn growers are globally competitive because of the trilateral partnership in North America. We are successful because of USMCA, because of how it preserves and promotes market access for agriculture. We support a full 16-year extension of the agreement because of its overwhelming success to the U.S. corn industry. Thank you for giving us the opportunity to share our views.

MR. OLIVER: Thank you for your testimony. And we'll go to our next witness, Ms. Castillo.

MS. CASTILLO: Good afternoon. My name is Alejandra Castillo and I am the President and CEO of the North American Export Grain Association, NAEGA. Thank you for the opportunity to appear

today before you.

NAEGA is the trade association representing exporters of bulk shipments of U.S. agricultural commodities and their derivative products, and our mission is to promote and sustain the reliability of commercial agricultural exports.

My oral testimony today supplements the formal comments we submitted on November 3rd, and our full testimony for today's hearing submitted on November 24th.

The USMCA region has enjoyed an era of phenomenal growth in agricultural trades since the enactment of the North American Free Trade Agreement in 1994. The U.S.-Mexico trade in agriculture alone grew from just over $5 billion in combined nominal value in 1990 to more than 50 billion in 2020. Today Mexico and Canada account for 25 percent of U.S. agricultural exports. Roughly one in 10 acres of U.S. crop land production is exported to Mexico or Canada.

The USMCA has not only promoted economic partnership, it has also built a foundation for North American food security. U.S. corn imports now account for a third of Mexico's overall corn consumption.

Wheat grown in Montana, Idaho, and North Dakota is used to make beer in Mexico, some of which is exported again for consumption in the U.S. and Canadian domestic markets.

Seeds produced in the United States are grown into canola in Canada and re-imported into the U.S. where it is fed to cattle boosting U.S. dairy productivity by almost 100 gallons per year per cow.

Seventy percent of agricultural goods imported to the U.S. from Canada are used in the production of other goods, including over $700 billion worth of biofuels that support U.S. energy security and keep prices down at the pump.

As the governments prepare for a formal review of the USMCA, NAEGA believes the core components for long-term success and predicable trade are already in place. As such, NAEGA supports a full 16-year renewal of the agreement and strongly recommends no changes to the underlying agreement. We ask that the negotiating partners consider using the existing tools of the USMCA and resist reopening the text.

Through use of these tools that include committees, side letters, and consultations we

would ask USMCA partners to continue working together to address the following impediments to trade:

Number one, actions at border. Goods may be subjected to inspections or may even be rejected without apparent scientific justification. Mechanisms that reduce checks and speed up trade should be developed.

Science-based risk analysis. Many SPS-based import bans and restrictions do not conform to the North American Plant Protection Organization and the Codex Alimentarius guidelines. U.S. negotiators should secure commitments under existing authorities to effectively require the timely completion of sound risk assessments with adequate opportunities for comment by the public.

And number three, transparency provisions. U.S. negotiators should pursue clear and transparent timelines for disclosure and resolution of adverse import checks that prevent or delay import shipments.

To address these trade impediments NAEGA recommends that negotiators pursue the following:

Number one, maintain market access, tariff concessions, and other provisions that have enabled

economic integration in the North American marketplace and supply chain over the last three decades.

Number two, create a rapid response mechanism that enables a timely and transparent resolution of adverse import checks.

Number three, adopt risk management and risk assessment procedures that prevent the use of non-tariff barriers that lack scientific merit.

Number four, promote regulatory consistency and cooperation provisions. Commercial trade benefits enormously when governments coalesce around widely-accepted good regulatory practices and core principles such as transparency, impartiality, and due process.

Number five, strengthen efforts to address TBT matters including through the convergence of mutual recognition of regulatory standards and the enforcement of no less favorable treatment to national conformity assessment bodies.

Finally number six, increase transparency and cooperation on authorization processes for modern agricultural production techniques including seed breeding technologies.

Through pursuing these objectives the

review process could lead to mutual recognition agreements and harmonization of regulatory standards in the areas of pesticide regulation and products of modern agricultural technology.

Trade agreements do not eliminate irritants to trade or prevent new trading issues from emerging, however when properly negotiated they are essential frameworks to facilitate trade through providing parties with clear pathways to effectively resolve their disputes.

The value of trade agreements is in the sustainability of the tools that they establish that enable parties to resolve their concerns and seek meaningful enforcement. We believe the existing text of the USMCA meets the threshold test. Therefore, we urge no changes to the underlying text of the agreement confident that the existing mechanisms enable U.S. negotiators to further improve the predictability of trade. Thank you.

MR. OLIVER: Thank you for your testimony.

And we'll turn to the next witness, Mr. Swanson.

MR. SWANSON: Thank you. Good afternoon. My name is Stu Swanson. I'm a third-generation corn, soybean, and swine farmer from Wright County,

Iowa. I am also the Chairman of the Iowa Corn Growers Association and serve as the Western Hemisphere A Team leader with the U.S. Grains and Bioproducts Council. I'm thankful for the opportunity to be here today and speak with you about the importance about the USA's trade agreement--USMCA trade agreement with the U.S. Grains Council.

USMCA represents a gold standard in trade agreements which has enabled Mexico to become the top export market for U.S. corn and Canada to be the top export market for U.S. ethanol.

Before I throw more trade stats at you, I want to spend a few moments describing the rural America where we grow corn, sorghum, and barley that we export to the world.

Wright County, Iowa, where I live, has lost 3.8 percent of its population since 2010 while the overall U.S. population has grown by 7.7 percent. While my home county has been losing people for decades, Polk County, which is home to Iowa's largest metro area of Des Moines, has seen its population increase by 15.9 percent since 2010. And I could repeat this stat for countless rural counties across our country.

As rural America continues to lose population the tax bases in rural counties shrink, the labor force which businesses look for shrinks, health care and schools shrink. The reason for this trend in America is not complicated. Americans are smartly moving to where the economic opportunities are.

This has played out in my own family with our four adult daughters, all four graduating with degrees in agriculture. They have professional careers in seed, equipment, crop protection, and animal/ag industries. Only one of our lives in rural Iowa, where the other three have moved to Des Moines, Ames, and Minneapolis.

Now the good news is we're here to talk about one of the great economic success stories for grain farmers in rural America, the USMCA. The USMCA is cherished by farmers since it guarantees zero tariff trade and harmonized sanitary and phytosanitary standards and prevents arbitrary restrictions such as Mexico's attempted ban on genetically-engineered corn.

In 2024, Mexico imported nearly 1 billion bushels of U.S. corn, or roughly 6.5 percent of the 2024 U.S. corn crop. Mexico is the single largest

foreign market for U.S. corn and the Mexican animal feed industry sources 99 percent of its corn from the U.S. Since entry into force of NAFTA in 1994, corn exports to Mexico have increased from 3 million metric tons to 25.5 million metric tons in the '24-'25 marketing year. That equates to a compound annual growth rate of 7.39 percent, and we expect this market to continue growing if duty-free access is maintained.

Mexico is the second largest market for U.S. sorghum after China consistently importing hundreds of thousands of metric tons each year, and the steady demand from Mexico is deeply intertwined with the growth of its livestock and poultry sectors which demand on imported sorghum for animal feed.

More than 75 percent of the total U.S. barley products exports go to Mexico and the primary use for imported barley in Mexico is malting, which supplies a robust Mexican beer industry. The symbiotic trade relationship ensures that the success of the U.S. barley sector is closely linked to the health and growth of the Mexican beer industry.

In 2024, we exported 675 million gallons of ethanol to Canada, equal to 35 percent of all

U.S. ethanol exports and making Canada far and away the largest export market for U.S. ethanol.

Export markets to Mexico have varied over the past five years with current exports setting records at 70 million gallons. These imports are only for industrial usage, not for on-road fuels. Mexico does not currently blend ethanol into its gasoline, however blending U.S. ethanol would reduce its reliance on the environmentally-problematic additive MTBE, which the U.S. quit using in 2005. Replacing MTBE with ethanol would provide Mexico with more octane at a lower cost and cleaner burning gasoline.

For American corn, sorghum, barley, and ethanol exporters the USMCA is indispensable. The agreement sustains billions of dollars in trade, enforces science-based regulations, and locks in duty-free access to our closest export markets.

The increased demand fostered by USMCA ultimately supports commodity prices and contributes to the economic vitality of rural communities across the U.S. These economic benefits help keep farmers in business and enable them to weather tough economic challenges like many of us are currently experiencing while remaining

competitive against our South American rivals.

Solidifying this trilateral partnership for the next 16 years will give U.S. farmers confidence to maintain and invest in their operations and ultimately help ensure family farming as a viable economic option for the next generation who wants to live and work in rural America. Thank you.

MR. OLIVER: Thank you for your testimony.

And we'll go to our next witness, Mr. Seyfert.

MR. SEYFERT: Good afternoon and thank you for the opportunity to testify today. My name is Mike Seyfert, President and CEO of the National Grain and Feed Association.

NGFA was founded in 1896 and represents a broad cross-section of the American grain, feed, processing, biofuels, milling, export, and livestock feed industries. Our members include cooperatives, private, and publically-traded companies operating more than 8,000 facilities across the country.

The broader grain and feed sector directly employs more than 175,000 Americans and supports over 1.16 million jobs nationwide. The economic

health of U.S. agriculture and the communities we support depends on an open, predictable, rules-based trading system. That is why NGFA strongly supports a complete 16-year renewal of USMCA with no changes to its underlying terms.

Negotiated and codified under President Trump during his first term USMCA has been an unquestionable success for our industry. It's helped grow our exports substantially and it's reduced tariff barriers. It has strengthened cooperation and provided the certainty needed for companies to invest, expand, and deliver food, feed, and fuel to markets across North America and around the world.

Mexico and Canada are two of the most important export markets for U.S. corn, soybeans, wheat, and other commodities. Mexico purchased more than 12 billion in U.S. grain and oilseed products last year and is expected to surpass China as our largest export customer.

Ensuring that trade remains seamless, predictable, and science-based is essential to America's farmers, grain handlers, feed manufacturers, exporters, and transportation partners. However, there are meaningful

opportunities to strengthen market access within the agreement, particularly in addressing non-tariff barriers related to sanitary and phytosanitary standards in ag biotechnology.

Let me begin with official grain inspection. Today U.S. grain moving to Mexico is inspected by the Federal Grain Inspection Service or its designated agencies. These inspections confirm the grade and quality of the shipments and that they meet the importing country's phytosanitary requirements.

Despite this, Mexico's agency known as SENASICA stops shuttle trains at the border and reinspects them under a zero-tolerance standard for soil, which differs significantly from U.S. practices. This has real economic consequences. Reinspection delays trains, increases transportation costs, and often triggers fumigation orders that can cost shippers up to $70,000 per train. Rail carriers may send cars back empty rather than risk delays and grain companies must purchase additional train capacity to keep supply chains running. These are onerous and duplicative procedures. They are not science-based protections.

We believe USMCA provides a clear pathway for the United States and Mexico to harmonize inspection procedures, reduce redundant reinspections, and eliminate technical barriers that slow trade and raise costs for sellers and buyers in both countries.

We respectfully urge USTR to prioritize this issue in the ongoing review. It's of such importance to our industry that just last month NGFA had two senior representatives attend the USDA Trade Mission to Mexico City where they had the opportunity to discuss rail grain inspection with Mexico's Minister of Ag, as well as with our sister Mexican Trade Association, APPAMEX.

The second area is ag biotech. USMCA includes forward-leaning provisions that recognize the importance of innovation including new plant breeding technologies and require the parties to manage low-level presence, or LLP, of biotech traits in a predictable and science-based way. While these provisions were a significant step forward, LLP policies have not yet been implemented and this gap continues to create a risk for cross-border grain trade.

We strongly encourage USTR to work with

its Canadian and Mexican counterparts to activate the Ag Biotech Working Group contemplated in USMCA to develop clear LLP procedures and ensure transparent science-based regulatory processes for both existing and emerging technologies. Stakeholder engagement before and after these discussions will be critical.

Finally, I commend USTR for its use of USMCA's dispute settlement procedures regarding Mexico's 2023 decree restricting biotech corn. The panel's finding that Mexico's measures were not based on scientific evidence and violated USMCA obligations was essential to preserving market access and maintaining trust in the agreement. That action reinforces why USMCA's enforcement tools matter and why they must remain strong and fully intact.

In closing, USMCA has been an unquestionable success for the North American grain and oilseed industry. It's strengthened supply chains, enhanced competitiveness, expanded export opportunities, and contributed meaningfully to economic growth across the continent, and more especially to America's farmers and ranchers in our grain and feed industry. A stable long-term

renewal with no changes paired with focused efforts to address SPS and biotechnology-related trade barriers will allow our integrated North American ag system to continue thriving.

Thank you for your leadership and an opportunity to testify. We're grateful for the administration's efforts and leadership on this critical topic. Thank you.

MR. OLIVER: Thank you, Mr. Seyfert.

We'll turn next to our next witness, Dr. Crowell.

DR. CROWELL: Thank you very much. Good afternoon. My name is Dr. Sam Crowell and I'm providing the following remarks on behalf of the American Seed Trade Association, ASTA.

ASTA is one of the oldest trade associations in the U.S. We were founded in 1883 and we have nearly 700 members comprised of companies, universities, and researchers that are involved in all aspects of seed production. Ninety-five percent of these members are small businesses and we represent approximately 85 percent of the total seed industry in the United States.

In short, ASTA members develop, produce,

and distribute a huge variety of seeds across all crop types: grasses, forages, flowers, vegetables, row crops, cereals. These seeds are used across all agricultural production systems: conventional, organic, and biotechnology. Farmers are our primary customers and U.S. seeds drive the economic success of nearly all downstream agricultural production within the United States.

Unlike other agricultural goods which are exported primarily for immediate use in food and feed or processing, the seed sector relies on trade for commercial sales and as a fundamental step of years-long research and development pipelines. We rely on trade to test and produce seeds in a wide variety of markets. We must use counter-seasonal production. When it's winter in the U.S. we produce seeds in warmer locations to bulk, to test seed, to grow seed in specialized environments that are free from pest and diseases. For some crops it's not uncommon for a seed to travel between as many as six or seven countries during this R&D process prior to sale to a U.S. farmer.

The complexity of this industry is reflected in our global trade statistics. We export to over 100 markets under 80 tariff codes

and approximately 40 percent of our total exports are destined for Canada and Mexico alone, 40 percent of $1.7 billion in seeds.

These trade numbers seem small compared to my colleagues here today who are also testing guidance, but these seeds as the foundation for the nearly $180 billion in U.S. ag exports. So it's really critical for policy alignment and trade of seed to continue to drive the success of the U.S. seed sector.

To date the obligations under USMCA are among the most robust of any trade agreement. We strongly place a high priority as ASTA on maintaining the obligations in this agreement and we believe that it's not constructive to renegotiate or to open the text at this juncture. Instead, we think that there are opportunities through existing provisions within the agreement such as exchanges of letters or expanded work under existing USMCA working groups and committees to further strengthen implementation on key topics.

We have provided a tremendous amount of detail in our written comments, but I will attempt to quickly summarize those here today.

Our priorities fall into four buckets.

The first, we really need to maintain tariff-free market access for seeds within North America. The provisions within USMCA are critical to preventing U.S. companies from experiencing compounding costs within their R&D process as they move seed in and out of the United States multiple times. Because of the unique aspects of our supply chain we are also hoping and requesting for additional flexibility on duty-free access for seed produced outside of USMCA countries.

We recognize that that can be done through other processes such as existing executive actions with the PTAC process, but if that is not feasible at this time, we would request other flexibilities under the agreement itself through minor tweaks to the harmonized tariff schedule or through the use of duty drawback provisions within the market access chapter.

Our second big bucket of priorities is focused on agricultural biotechnology within Chapter 3 of the agreement. We believe that these obligations provide tremendous opportunity for cooperation between the parties, but we think that exchanges of letters could take this cooperation further, provide legal clarity for plant breeding

innovations like genome editing and make it every clear for all involved that not all products of agricultural biotechnology require pre-market approval from a regulatory perspective.

We also believe that there are opportunities to strengthen and implement the provisions on low-level presence, LLP, in this chapter. And notably, we think it would be very helpful for the parties to acknowledge that not -- that products of modern biotechnology are subject to LLP provisions, but not other products of agricultural biotechnology. And we are happy to discuss that in further detail.

Our third priority is on SPS obligations. I commend USTR for its work on addressing Mexico's biotech corn policies. We think we need to defend this chapter vigorously. We do not want to open the SPS chapter at this juncture though we do think there's opportunities for engagement on SPS issues specific to seed before they become trade irritants.

And finally our fourth bucket of priorities is on intellectual property. It takes 10 to 15 years to produce a seed and we need robust IP protections in place. To date Mexico has not implemented its obligation to adopt and ratify the

Convention on the International Union of Plant Protection for new varieties, UPOV 91, and we strongly feel we need to hold Mexico accountable to that obligation. I'll say we also have ideas on how we can cooperate on other IP issues, but I'll save that for the Q&A.

Thank you very much for your time and I'm happy to answer questions.

MR. OLIVER: Thank you, Dr. Crowell.

And thank you all for sharing your testimony. We really appreciate it.

We'll now be turning to our U.S. Government officials up on the dais starting with Assistant U.S. Trade Representative for the Western Hemisphere, Mr. Daniel Watson.

CHAIR WATSON: So good afternoon, everybody, and again thank you for your testimony. I think the first of four consecutive panels that deal primarily with agricultural issues and it occurs to me we failed to introduce ourselves at the beginning. So we're going to do that now and then we'll turn to questions.

So I'm Daniel Watson. I'm the Assistant USTR for the Western Hemisphere.

MS. CALLAHAN: Good afternoon, everyone.

I'm Julie Callahan, the Assistant USTR for Agriculture.

MS. ANDERSON: And I'm Lisa Anderson, Senior Advisor in the Foreign Ag Service at USDA.

CHAIR WATSON: And so this is the panel you'll be seeing for the next four groups.

So the first question is for Jed Bower. So in your submission you requested the creation of a dialogue under the USMCA on ethanol market access in Mexico, and you talked about that a little bit today as well. So can you provide further details on what steps your organization envisions would lead to an E10 blend rate in Mexico and the achievement of your other goals in Mexico?

MR. BOWER: So as far as the detail side of that I would have to resubmit that, get back with staff to get the true details on that. I can see from a grower perspective the opportunity to increase that blend rate not only would help farmers across the country, it would also benefit rural America, and it would simplify the fuel system from the U.S. to Mexico.

CHAIR WATSON: Thank you.

MR. OLIVER: Thank you. The next question will come from Ms. Callahan.

MS. CALLAHAN: This question is for Ms. Castillo. Would you please describe -- or excuse me, your submission highlights the expansion of U.S. grain exports under the USMCA while also noting some of the challenges including around rail freight capacity and customs and inspection practices in Mexico. And could you please expand on what opportunities you see for improvement in these areas, please?

MS. CASTILLO: Thank you for the question. And as my colleague, Mike Seyfert, mentioned in his testimony, rail inspections and rail issues in regards to not only delays in shipments because of rail backlogs, but specifically on inspections given to soil presence, which Mexico has a zero-tolerance level, which is -- in opposition to what we do in the United States where we don't have tolerances at zero. That causes significant delays in inspections, potential rejections that harms or goes into a domino effect on both sides of the border.

Where we see opportunities, and we have been working actively -- and by we, the export industry, as well as with our partner associations like NGFA and others -- we've been working primarily

with the railways, both in the U.S. and in Mexico to address the backlog, but we need consistent support on the inspections piece because this touches on APHIS and SENASICA's authority. And we believe that there is room for the -- within the USMCA working groups to address these issues and be able to tackle them.

We do see a significant amount of interest from industries in both Mexico and in the U.S. to not only address these, but actually have some action items already being rolled into place such as importers in Mexico retrofitting their plants so that they can do inspections in-country, thus limiting the amount of delays at the border crossings, for example.

MS. CALLAHAN: Thank you.

MR. OLIVER: Thank you. And the next question will come from Ms. Anderson.

MS. ANDERSON: This is a question for Mr. Swanson. Would you please elaborate on what factors have contributed most to the success of the U.S. sectors represented by your organization and what you would like to see in the future under the USMCA to ensure continued success?

MR. SWANSON: Yes, thank you for the

question. I think that we really look at the agreement, USMCA agreement, as a building of trust between the partners. And it goes from the government level to the farm gate.

We have seen the opportunity, and I personally have had the opportunity to host the end users on my farm to see the products that we are selling being grown. I have taken them to the elevator where these products are delivered, loaded on the rail cars, and then delivered across the border.

So in addition I've had the opportunity to see my product, the actual bushels that I have produced, being fed in Mexico or ethanol produced in Goldfield, Iowa being shipped to Canada. And I think the development in the trust and the relationship building that has occurred over the years has allowed us to build infrastructure and industry on all sides of the border that allow this to be a huge success for agriculture.

Going forward we truly appreciate the biotechnology chapter on USMCA. We saw that in action where we were able to defend the GM corn issue. So really we don't see a lot of challenges or changes that need to be addressed.

One thing, if the U.S. could help open the market for U.S. ethanol into Mexico, much like the question that Jed answered, that would be huge improvement for us, eliminating water quality issues in drinking water in Mexico by eliminating MTBE and replacing it with ethanol.

MR. OLIVER: Thank you. And we'll turn back to Ms. Callahan for the next question.

MS. CALLAHAN: Thank you. This question is for Mr. Seyfert. Your submission raises inspection of U.S. grain exports by Mexico, as we discussed just now. And could you please provide additional detail on the scope and impact of this issue on current trade as well as some context on how do Mexican practices differ from other trading partners' practices. Thank you.

MR. SEYFERT: Absolutely, and thank you for the question. Well, first I would say Mexico has a zero tolerance. I believe the standard in the U.S. is two or three percent for number two corn. And so that is a much more restrictive tolerance that they have in Mexico versus U.S.

And I would just second what Alejandra said. I think there's agreement and alignment on addressing this between U.S. shippers, Mexican

buyers, our organizations, our sister org in Mexico. And I'd also say I think -- don't want to speak for them, but based on conversations with the U.S. rail lines and Mexican rail lines, alignment as well, I think everybody agrees, needs to be addressed.

The number I have off the top of my head, I believe it's some of the height of some of the issues that we've had with this. I don't have it with me, but I believe, and we can clarify this, the number was around up to 10 percent of shuttles were getting stopped when -- at the height of when we've seen significant issues.

And I think a couple things I would emphasize on that is that two-thirds of our rail shipments -- of our ag exports are going to Mexico via rail. One-third is going through the Gulf of America. For many of our NGFA-member companies that are exporting to Mexico they are not bulk shippers. They are not vessel shippers. Mexico is their export market. It's a number of coops, small, medium-sized coops, privates that are shipping there. When they get held up, that's their export market. Impacts their bottom line, impacts basis for producers back into the country side.

The other thing is that -- because when they get stopped and they have to do the fumigation, the train can be held for up to 72 hours. So that has severely restricted the ability to send individual hopper cars, but even more so for container shipments of U.S. corn, U.S. beans, U.S. wheat, some of the niche markets into Mexico because if a container gets flagged, it may be the only ag container on that train, but the entire train may be held for 72 hours. And that's simply something -- you can't blame the U.S. rail lines for not being able to take on that risk with the additional customers that they're trying to serve in Mexico.

And so it is restricting the shuttle trains, but I think there's real opportunity to expand particularly on the container side U.S. exports, if we can get this addressed, for a number of small and medium-sized coops and companies that aren't otherwise in the export marketplace.

MR. OLIVER: Thank you. And we'll turn to Ms. Anderson again for the final question.

MS. ANDERSON: Thank you. This is a question for Dr. Crowell of ASTA. Would you please summarize how you envision USMCA in its current form, how it can support advances for plant

varieties developed using genome editing, and what significance those advancement hold for U.S. farmers?

DR. CROWELL: Thank you very much for the question. Building on my colleagues' comments on this panel, we view USMCA as the gold standard for cooperation between the countries. The way we bring innovative crops to market is through repeated trial and error in multiple markets. And the fact that North America represents something like 40 percent of our combined seed sales, it's a testament to how much emphasis we place on the provisions within this agreement.

We think that cooperation under the committees and the working groups is a great way to lean in and to lead the world on a lot of these regulatory and trade issues that affect the seed business. That includes things like creating legal certainty for genome-edited crops so that we don't have to go through a seven-year regulatory process and $116 million to get a trait approved, which is what we have to do for an old GMO.

Canada and U.S. have already established regulatory exemptions for genome-edited products. We think it's time for Mexico to align with the

rest of North America, and we think that USMCA provides creative ways we could do that without having to open the agreement.

We have a working group. We have opportunities for exchanges of letters to clarify legal provisions. And we think there are a lot of really concrete steps that could be taken at the trade level to coordinate the regulatory agencies and the downstream scientific agencies on those topics.

But having regulatory clarity is not enough. It takes a lot to move a seed, right? We need SPS cooperation. We need phytosanitary dialogues. We need the ability to move seed in and out of countries multiple times. And that requires more simplified SPS certification approaches. It requires leadership in international standard-setting bodies. It requires alignment between the countries.

I don't think there's any other block in the world like USMCA that could lead the charge globally on SPS issues in the 21st century, and I think that it provides an awesome platform for us to do that through working groups and committees.

And then finally, on the IP issues, if

you've got to register a new variety in every single market all over the world before you can actually commercialize it, it would be great to harmonize and be able to commercialize variety in a single go in these three markets all at once.

We could do that through joint plant variety protection working groups. We could do that through reciprocity on data packages. Those should not be hard lifts from an IP perspective. And we're already seeing cooperation between the U.S. and Canada on some of these topics. We just need a venue to get it started from a trade perspective and we think that USMCA's got all the nuts and bolts to make that happen. So thank you very much.

MR. OLIVER: Thank you. And thank you all for sharing not only your testimonies, but for your responsiveness to the questions and for taking the time to be here. We really appreciate it.

And with that, we will conclude this panel. If you could just bring your placards over to this table over here, that would be great.

And we'll ask that Panel 6 please move forward. Please bring your placards with you and please be seated in the same order that you're seated

now up here.

One final point. For those that are in Panel 7, we ask that you please start to step forward to be seated at your reserved seats up at the front as well. Thank you.

Okay. Thank you again for joining us. We're going to just do a couple quick reminders. Please keep your testimony to five minutes. When we're done we'll ask you one question -- at least one question each, and your response should be two minutes. So let's keep us on track.

And with that, we'll go ahead and get started with Mr. Bushue.

MR. BUSHUE: Yes, good afternoon. I'm Riley Bushue. I'm Vice President of the Northwest Horticultural Council on behalf of the apple, pear, and cherry growers in the Pacific Northwest. Thank you for the opportunity to share the immense benefit that the U.S.-Mexico-Canada Agreement has been for our industry and the importance of maintaining that transparent, open, and preferential access into the future.

The Northwest Horticultural Council represents the growers, packers, and shippers of fresh apples, pears, and sweet cherries in Idaho,

Oregon, and Washington. Our growers produce 77 percent of the fresh apples, 87 percent of the fresh pears, and 68 percent of the fresh sweet cherries grown in the United States.

Our industry generates $13.2 billion of economic output, employing some 100,000 people and is critical to the economic and social health of many rural communities in the Pacific Northwest.

Exports are a critical component of that. On average, 30 percent of each crop is exported to over 40 countries, but over half of those exports go to Canada and Mexico. In fact, in total 17 percent of the apple crop, 26 percent of the pear crop, and 13 percent of the cherry crop are exported to both countries with a total value of over $880 million annually.

The stable trading relationship and duty-free access provided by USMCA, and NAFTA before it, underpins that export success. Since 1994, apple exports to Mexico and Canada have grown 210 percent. Pear exports to Mexico have doubled and cherry exports to Canada have increased over 700 percent. It's clear U.S. tree fruit growers have greatly benefited from the opportunities afforded by the USMCA.

We have not experienced implementation or operational challenges affecting our industry and their ability to export. We're not aware of any compliance issues pertaining to trade in U.S. apples, cherries, or pears between USMCA member countries. Rather, the rules regarding trade in these fresh fruits are clear, well-established, and operate well.

In addition to duty-free access USMCA's rules directing science-based SPS measures have fostered a positive and transparent dialogue on plant pest and disease and other technical issues between regulators and member countries. Such an environment is crucial to avoiding costly non-tariff barriers for our growers.

Modifying the agreement or otherwise using this review process to attempt to address individual crop-specific trade concerns would put at risk that longstanding and successful trading relationship.

Those individual issues should be addressed separately outside of this process in agreement utilizing other existing remedy mechanisms. Failing to maintain and extend the transparent, open, and preferential access under USMCA would significantly reduce exports for U.S.

growers and harm one sector that contributes to a positive U.S. trade balance.

Unfortunately, that's not a theoretical analysis. We've seen that outcome before. Between June of 2018 and May of 2019 Mexico imposed an unfair 20-percent tariff in response to U.S. Section 232 action on steel and aluminum. Apple exports to Mexico during that time went down 21 percent from the prior season. Growers lost an estimated $60 million in exports to Mexico.

Avoiding these sorts of lost export sales is as important as ever. Since 2018, apple, cherry, and pear growers have lost over $900 million in exports to China due to unfair retaliatory tariffs. With thousands of American family tree fruit farms already at risk of going out of business, losing preferential access to Mexico and Canada would be devastating.

There are no other export market opportunities capable of offsetting the severe economic losses to growers in the event that we lose preferential access to Mexico and Canada under USMCA or some other alternative agreement. We strongly urge USTR to protect the hard-earned and historic access to Canada and Mexico for U.S. apples, pears,

and cherries and extend the term of USMCA.

Once again, on behalf of our growers thank you for the opportunity to share the success story of USMCA, and we look forward to working with USTR and the rest of the USG team to maintain these positive benefits into the future. Thank you.

MR. OLIVER: Thank you for your testimony.

And we'll go to our next witness.

MR. NUXOLL: Good afternoon. My name is Dennis Nuxoll and I am the Vice President of Federal Affairs for Western Growers and I'm pleased to have this opportunity to provide public testimony today.

Before I start, let me note that Western Growers is made up of small, medium, and large-size businesses that produce, pack, and ship fruits, vegetables and tree nuts from our home states of California, Arizona, Colorado, and New Mexico. Beyond our home states, Western Growers members produce in and contribute to the economies of more than 30 states. In total, our members account for roughly half of all the annual fresh produce grown domestically.

Western Growers provided extensive and detailed comments to the administration for this review. In this testimony, I will highlight a few

of the key elements from those comments.

Over the past 30 years, North American free trade cooperation has resulted in an astonishing growth in U.S. produce exports. In 1995, the United States sold a mere $1.4 billion in fresh produce to Canada and Mexico. Yet, by 2024, we sold over $6 billion to our neighbors. Through our dedicated grower, packer, and shipper members, Western Growers itself represents a significant share of this trade. Indeed, our home states accounted for 42 percent of what was sold. As a result, Western Growers strongly support this review maintaining crucial tariff-free access between our three countries for produce.

While Western Growers supports extending the agreement, we also believe that this review should be used to make improvements to it and here are a few. First, over the past few years, the United States Government has increasingly focused on the food safety of domestic farms and American producers have invested heavily in enhanced food safety systems. However, food-safety compliance cannot stop at the border. In 2021, roughly 60 percent of all fruit and nearly all 40 percent of all vegetables consumed in the United States were

imported with a large majority of those imports coming from Mexico or Canada.

To ensure a safe food supply entering the United States, Western Growers strongly recommend that food-safety oversight of produce imports be strengthened in an updated USMCA. To that end, we would like to see a two-step process put in place.

In step one, produce from identified foreign farms will be sampled and tested at the port of entry. Currently, the United States inspects less than two percent of all food imports, but if a foreign farm is the source of an outbreak, then under our proposal, inspection rates would rise to ten percent for that farm with these higher rates remaining in place for at least the remainder of the export season of the crop. Repeated positive tests would trigger a hold on imports until reasonable verification of food safety control is proven.

The FDA currently inspects domestic farms during outbreak investigation. If food safety systems are deemed inadequate, they expect the farm to remedy the failing or they prohibit produce from entering the stream of commerce. The same sort of system should apply to foreign farms if they are

the source of an outbreak. In our second step, we propose that FDA hire local staff to conduct these same types of on-farm investigation. This is similar to the avocado inspection system that USDA has had in place for years and would both enhance food safety and best utilize FDA resources.

In the United States, the Perishable Agricultural Commodities Act, grants fresh produce shippers first priority creditor status in the event of a buyer bankruptcy. This protection is essential as highly-perishable products cannot typically be reclaimed or resold from bankrupt buyers. After years of advocacy, Canada passed Bill C280 which creates a similar PACA mechanism. As part of this review, we urge Mexico to also adopt a similar PACA structure so all exporters of perishable agricultural commodities would have protection across North America.

Finally, we believe reinforcing labor requirements in Mexico will foster fairer competition with the United States. We strongly support efforts to build upon USMCA's existing labor provisions and as a result, we commend the recommendations made by the U.S. Government's independent Mexico Labor Export Board which

recently analyzed Mexico's USMCA compliance.

Furthermore, while we know that American growers operating in Mexico are subject to retailer mandated certification requirements that include prohibitions on the use of child labor, not all growers operating in Mexico fall within these provisions. Since the potential for child labor exploitation represents a humanitarian and economic ill, we urge the administration to embed existing Department of Labor recommendations to curb child labor in renewed USMCA.

To conclude, the trade partnership between the United States, Canada, and Mexico is critical for U.S. farmers. At a time of unprecedented trade uncertainty in markets around the world, losing this agreement and the long standing zero tariff access for U.S. produce into our top two export markets would be a severe blow. Western Growers thus strongly support a renewed, but improved, USMCA. Thank you.

MR. OLIVER: Thank you for your testimony. We'll move to our next witness.

MS. ESPINOZA: Good afternoon and thank you for the opportunity to speak today. My name is Raquel Espinoza and I am the Chairwoman of the

Fresh Produce Association of America. Our members import and distribute fresh produce grown in Mexico that supplies families across the United States and sustains a wide network of American businesses across the fresh produce supply chain.

I share this not only as a chairwoman, but also as a business owner whose story would not have been possible without the integrated North America supply chain. I founded my company because USMCA allowed small and mid-size businesses to participate in cross-border trade. I am just one of many companies across the border states doing the same. This is real economic opportunity that strengthens communities while supplying Americans with nutritious, fresh fruits and vegetables. We strongly support a full renewal of the USMCA and the preservation of tariff-free trade amongst our North American partners.

The United States is home to 335 million people and the reality is simple. We cannot grow enough fresh fruits and vegetables year round to meet demands. Member companies import fresh produce from Mexico during the winter months because that is Mexico's season. Attempts to use trade restrictions would limit supplies, raise consumer

prices, and make healthy food less accessible and more expensive for American families.

We support American producers but protectionist measures that reshape supply chains only hurt consumers, not help them. Protectionism enriches a few at the expense of American consumers and agricultural exporters.

Mexico's moderate winter climate does not constitute unfair trade. It is a natural comparative advantage within the integrated North American supply chain. For example, Mexican avocados helps more than double the U.S. per capita consumption. Mexican vine ripe Romas and specialty tomatoes led U.S. retail tomato sales. We would not have consistent affordable avocados and tomatoes without Mexico.

North American agriculture works because we complement each other. The trade between Mexico strengthens the U.S. economy in every region. In 2024, Mexico imported over $30.2 billion in U.S. agricultural products. Along the U.S.-Mexico border, fresh produce imports generated $40.8 billion in economic impact in 2022, including 55 percent of all U.S. fresh fruits and vegetables imports entering through Texas and nearly 5,000 jobs

supported in Arizona. Prosperity works in both directions. California exports over seven percent of its table grape crops to Mexico. The USMCA has enabled integrated supply chains that have led to consistent supplies and market stability. Disrupting that stability would raise costs and reduce availability for American families.

In regards to sanitary and phytosanitary alignments, today pesticide residue limits vary across the three USMCA countries. Harmonizing maximum residue limits would benefit producers and consumers in all three countries and can serve as a template for future alignments with other export markets. We ask that this issue be considered and acted on as it would streamline businesses within the region and facilitate additional export opportunities for American farmers. This is good governance and we believe this is good science.

In regards to infrastructure and border modernization, the USMCA supports trilateral efforts to modernize border facilities, expand inspection capacity, strengthen trust trader programs, improve expedited lanes and streamline Customs and security procedures across all three nations. A resilient supply chain requires a

modern, coordinated border across the United States, Mexico, and Canada.

Our recommendations are to preserve free trade for fresh fruits and vegetables, to reject seasonal trade remedies and protectionist carve outs, to strengthen sanitary and phytosanitary harmonization, to invest in North American border infrastructure for imports and for exports.

In closing, renegotiating the USMCA is an opportunity reaffirm North America's commitment to fair, efficient, and integrated trade. This agreement supports the supply of healthy, fresh fruits and vegetables. It supports American jobs, strengthens rural communities, and it enhances shared prosperity across all three countries. We might be competitors, but we're also partners in supplying healthy food to America. Thank you very much for your time and consideration.

MR. OLIVER: Thank you for your testimony. We'll move to the next witness.

MR. MELBAN: Good afternoon. I'm Ken Melban, President of the California Avocado Commission. I appreciate the opportunity to testify today, driving home two pressing import concerns that threaten the viability of the

California avocado industry.

The first relates to the potentially devastating phytosanitary risks posed by Mexican avocados under the current import protocol. For years, from 1997 to 2024, USDA's inspection rules governing Mexican avocados provided the safeguards needed to protect U.S. production. The cornerstone of those safeguards and what made them effective for 26 years was the assurance that APHIS personnel would conduct both the orchard and packing house inspections in Mexico.

However, in early 2024, when cartel activity threatened APHIS personnel, the prior administration replaced APHIS inspectors with inspectors employed by Mexico in the groves. The prior administration opted to preserve ongoing trade, but in doing so, destroyed the paramount safeguards of the 1997 protocol, sharply increasing the pest risks and making the inspection system more susceptible to cartel activity.

As a sign of how deficient the system has become, when APHIS conducted the in-field inspections prior to 2024, pest interceptions in the packing houses were rare. In fact, from January 1 of 2024 until August of 2024, there were zero

detections in packing houses. After the APHIS inspectors were withdrawn, over 150 pest interceptions were reported in just a four-month period. This is a serious infestation risk waiting to happen, and when it does, it could financially break out industry. We are therefore asking for a two-part USMCA solution.

First, the 1997 protocol, including all APHIS inspection requirements should be fully reinstated and memorialized under USMCA. Second, the Mexican Government, not our industry, should bear the responsibility for fixing the cartel concern. If the Mexican Government fails to ensure the safety and integrity of the process, U.S. access should be shut down until those risks are adequately solved.

Let me turn now to our second, equally-pressing concern, the risk that surging, low-priced imports will make our industry unsustainable. Here, too, the data tell the story. As a new USDA report confirms, the Mexican industry's production levels and exports to the U.S. have enjoyed explosive growth. Over a recent 14-year period, Mexico's production levels jumped by 134 percent, yet their export levels to the U.S.

shot up by 312 percent. The Mexican avocado industry is now by far the dominant player in the U.S. market with volumes far exceeding U.S. production.

A far smaller player, but a growing source of market disruption during our marketing season, is Peru. While imports drive, the trend lines for our industry all point to decline. Over the past two decades, our grower ranks have shrunk by 55 percent. Our production levels have plunged by 46 percent. And despite significantly higher costs, our market price has progressively eroded.

The past season, due to import pressures, our average grower price sank to $1.08 per pound in August, a level that no California grower can sustain. Because foreign avocado production isn't significant over supply, and U.S. consumption is flat, the downward trends in our industry have no chance of abating on their own.

To ensure that our nation continues to feed itself with U.S.-grown avocados, we are calling on the U.S. Government to restore market equilibrium by imposing an effective TRQ arrangement on fresh avocado imports during the California industry's March to September marketing season. The most

effective approach would be TRQs imposed under Section 232 of the Trade Expansion Act, so that all imports are covered. At a minimum, we ask the U.S. Government to establish during the joint review a seasonal TRQ on Mexican avocados.

We look forward to working the U.S. Government to achieve these imperative phytosanitary and TRQ measures and thank the administration for its strong commitment to sustaining America's food production. Thank you.

MR. OLIVER: Thank you for your testimony. We'll move to our next witness in the second row, starting with Mr. Joyner.

MR. JOYNER: Good afternoon. My name is Mike Joyner and I serve as the President of Florida Fruit and Vegetable Association. We are grateful today to have the opportunity to address how USMCA has impacted Florida, our produce industry.

The Florida produce industry shares the administration's concerns to skyrocketing imports of offshore agriculture posing a grave risks for U.S.-grown production. Years of surging Mexican produce shipments during Florida's season and that's key, during Florida's season, proved the extent of the risk and the urgent need for corrective

measures.

When USMCA was enacted by our country in 2020, it promised to improve trade fairness and economic prosperity for American interests. Its impact on our industry has been just the opposite. Since 2020, the Mexican industry has seized substantial additional market share and further depressed prices during Florida's marketing season, causing that much more devastation to our grower community.

The Mexican Government has played a heavy hand in fostering the Mexican industry's booming growth at the expense of our industry. For well over two decades, that government has provided hundreds of millions of dollars or more in targeted subsidies to build a multi-billion dollar, export-oriented, protected, produce industry. As intended by these subsidy schemes, many of which still confer benefits today, Mexican production has enjoyed explosive growth in a full range of fruits and vegetables, nearly all of which are being sent to the U.S. during our season.

As imports from Mexico have soared, Florida growers have paid a crippling price in the form of lost sales, market share, and jobs.

Multi-generational farms have had no choice but shut their doors. One of our growers who not long ago faced the end of the family's 30-year pickle business, put it this way and the photo was of he and his wife with their hand on the lever of the packing house, pickle packing house, and their Facebook post said the end of an era has come. Mexico wins this one. To say it lightly, I have lost a piece of my heart.

Import data shows how closures and financial distress of this nature are so pervasive throughout Florida. Since 2014, Mexican blueberries have captured nearly four times more of the U.S. market, while Florida's share has been cut in half. Its market share for bell peppers has doubled since 2004, while Florida has dropped by 73 percent. The same trends repeat across tomatoes, cucumbers, squash, and many other produce in Florida.

Our growers find it impossible to understand why this country would allow them to be sacrificed under NAFTA and then would allow the problem to compound under USMCA. They are hopeful, however, that under our country's renewed commitment to America First trade principles that

our Government will right this wrong. At this late date, our country cannot right the wrong by pursuing advisory committees or measures that do not curb imports, that don't curb imports.

To stem our decline, we urgently need the administration to establish product-specific seasonal TRQs that will effectively limit imports of Mexican produce, especially strawberries, blueberries, bell peppers, squash, cucumbers, watermelons, sweet corn, and lettuce. Without these measures, American consumers may soon be forced to rely entirely on foreign-sourced fresh produce during several months of the year.

Compromising our country's core nutritional needs in this manner jeopardizes America's food security and by extent our national security. We therefore ask the administration to take all steps necessary to achieve these TRQ measures during this joint review. Thanks for your attention.

MR. OLIVER: Thank you for your testimony. We'll move over to the next witness.

MR. KOUKOULIS: Hi. My name is Teddy Koukoulis. I'm the Chairman of the North American Blueberry Council and I'm also a Florida blueberry

grower. Thank you for having me.

The North American Blueberry Council represents high bush blueberry growers, packers, and distributors across the United States, Canada, and Mexico. The NABC supports the renewal of U.S.-Mexico-Canada agreement. The USMCA has been critical to the growth of our industry by ensuring tariff-free trade, strengthening regional supply chains, and enabling year-round availability of blueberries that American consumers now expect. Since USMCA took effect in 2020, the U.S. blueberry exports to Canada and Mexico have grown by 37 percent, reaching an estimated value of $175 million. Canada is our largest export market, accounting for 80 percent of that, and U.S. blueberry exports and over 90 percent of U.S. fresh blueberry exports.

In Washington State, our nation's leading blueberry-producing state, many farms sit just miles across from the Canadian border. Over the life of the USMCA and the NAFTA before it, we created a coordinated and highly-effective system for moving fruit back and forth for processing, packaging, and storage.

Mexico is also a critically-important

partner for both as a major supplier to the U.S. and as a growing export market for U.S. blueberries. The integrated North American supply chain works for everyone. Reliable export markets strengthen opportunities for U.S. growers at the same integration supports a steady year-round supply that keeps blueberries on the shelves and drives consumer demand. It's this combination made possible through USMCA that underpin the continued growth of our industry.

Growing consumer interest in health has driven significant new demand for blueberries and because consumers can count on a consistent supply, blueberry consumption has continued to soar. The total consumption has risen from about 94,000 metric tons in the early 1990s to about 920,000 metric tons between 2020 and 2024. Per capita consumption has grown as well, rising from just 1 pound in 2010 to 2.6 pounds in 2023.

In addition to farming, much of my career has been spent working for blueberry marketing companies. I have watched this industry transform from a niche seasonal crop into a year round super-food category. Retailers answer to consumers and consumers are asking for more

blueberries. They can be produced in the United States. Our growing seasons have natural limits and imports from countries like Mexico fill those gaps to keep up with the growing demand and ensure blueberries are on the shelves all times of the year.

While I believe in the future growth of this industry so much that I planted 220 acres of blueberries at a farm in Florida, it is also important to recognize that it is a challenging time for many U.S. blueberry growers. Labor costs are at historic highs and labor availability continues to decline and the rising import costs of input costs are significant pressure on farms.

I understand first hand the concerns that come with competing against regions that have lower labor costs and environmental standards. The hourly wage rate for farm workers in Mexico if far less than here in the United States. Such disparities are frustrating and feel unfair to domestic growers who comply with stringent U.S., state, and federal wage requirements. This is precisely why strong labor enforcement within the USMCA matters. Reinforcing Mexico's compliance with the USMCA labor requirements can help narrow these disparities and support a more level playing

field.

We support efforts to reinforce and build upon the USMCA's labor provisions including consideration of recommendations made by the independent Mexico Labor Export Board and reported data on October 6th, 2025. The NABC will continue to work hard for domestic farm policies to allow U.S. growers to survive and thrive in today's global marketplace. At the same time, we recognize the USMCA is the most successful trade agreement in our country's history and has been and continues to be an important success to the U.S. blueberry industry. This is by the North American Blueberry Council continues to support its renewal. Thank you again for the opportunity.

MR. OLIVER: And thank you for your testimony. We'll move now to the next witness.

MR. RADER: Good afternoon, Dr. Callahan and Mr. Watson, Ms. Anderson, and the other members of the Review Committee. Thank you for the opportunity to appear before you today to share the U.S. raspberry industry's interest in the United States-Mexico-Canada trade agreement. My name is Brad Rader. I'm the General Manager of Rader Farms, a red raspberry farming and processing operation

in Lynden, Washington. I'm the third generation to manage our business and I've gained extensive knowledge of our farming, processing, and marketing operations over my 30 years in the business.

I serve as a board member for the Washington Red Raspberry Commission and Chair of the Advocacy and Trade Committee. My recent trips to D.C. remind me my first trips with my dad when he testified on trade action against Canada and Chile. I'm honored to represent the Commission today to help provide our growers with a better future.

The Washington Red Raspberry Commission was formed in 1976 to support and promote the processed raspberry industry. The Commission represents approximately 60 farms which employs thousands of both seasonal and full-time staff. Our growers produce over 90 percent of the U.S. raspberries grown for the frozen berry market. Our local area is the best suited for raspberry production and lacks other crop options.

For Washington's raspberry growers, volatile markets and influx of low cost, imported fruit from Mexico and escalating production expenses are making it increasingly difficult to

remain in business. Unfortunately, we have numerous examples of previously reliable customers reducing or canceling their orders from our processors and instead choosing to purchase low cost frozen raspberries imported from Mexico.

At the request of the U.S. Trade Representative Robert Lighthizer, the ITC conducted a Section 332 investigation for raspberries in 2021. According to this report, between 2015 and 2020, Mexico emerged as the leading supplier of fresh raspberries for processing largely due to its favorable trade conditions. Mexican raspberry imports have continued to increase since 2020. As a result, Mexico has been able to expand its presence in the U.S. market, putting U.S. growers out of business by supplying raspberry products at prices we cannot match.

During this same period, Washington's total raspberry production has declined, reflecting the growing pressure from lower-cost imports from Mexico. Mexican imports typically undercut the prices of U.S.-grown raspberries by 40 percent or more. Since these berries are a byproduct of the Mexican fresh industry and were historically left in the field or sent to a landfill, they have no

effective price floor. For the 2025 harvest season, Washington raspberries are being offered in the U.S. market at approximately $2.75 per pound while Mexican raspberries are being offered at $1.50 a pound, well below the cost of production in Washington.

Mexican producers benefit from substantially lower labor costs, as well as reduced regulatory and environmental compliance expenses. With strong support for export infrastructure and favorable trade conditions, under the current USMCA, Mexican suppliers can move large volumes of raspberries into the U.S. at minimal expense.

As USTR prepares for the upcoming USMCA review, we respectfully encourage renewed consideration of policies to support the competitiveness and long-term viability of our industry. While there may be no single solution to the current trade imbalance, we are open to a range of approaches, including the establishment of quotas from Mexican imports to provide relief, and a level playing field for Washington's raspberry producers.

I would like to thank you for the tireless work you are doing and efforts to improve the trade

relations for American agriculture. Thank you for allowing me to testify today. I look forward to any questions you may have.

MR. OLIVER: Thank you for your testimony. We'll move to the final witness.

MR. BJORN: Good afternoon and thank you for the opportunity to write comments regarding our experiences in reputation of USMCA.

My name is Soren Bjorn. I'm the CEO of Driscoll's, a 100 year old family-owned fresh berry company located in Watsonville, California.

We work with hundreds of independent farmers across United States, Mexico, and Canada to grow, pick, and pack fresh strawberries, raspberries, blackberries and blueberries, for families across North America.

Today I wanted to speak directly to the real world benefits USMCA delivers to American consumers, American berry farmers, and the agricultural workforce across our continent.

First, the benefit to you as consumers is clear and profound. Thirty years ago, fresh berries were a summer luxury. Today, thanks to USMCA and North American corporation, American families enjoy affordable, high-quality berries all

year around.

USDA data shows that per capita, strawberry consumption has soared from 1.4 pounds per capita in 1990, to 9.2 pounds in 2024.

This isn't just a statistic, it's the story of better nutrition, more choice, and stable prices for millions of Americans.

U.S. berry imports, most of which count as seasonal, don't undermine domestic growers. Rather, they expand the market, ensuring the berries are available in winter and summer alike.

And giving consumers access to healthy foods, whenever they want them.

Secondly, USMCA has been a catalyst for growth and opportunity for American berry farmers.

Predictable, duty-free and rules-based trade gives farmers the confidence to invest, innovate, and expand.

Since 2020, U.S. berry production has increased by 140 percent. In Florida alone, winter strawberry acres grew from 9,900 acres in 2020, to 16,200 in 2024. And I think that number is actually going higher this year in 2025.

This growth is not just for the domestic market. American strawberry growers exported over

350 million pounds of fresh strawberries last year, mostly to Canada and Mexico, making 98 percent of all exports were to Canada and Mexico.

And with duty-free access on berries, we expect demand for American berries to Canada and Mexico, to grow about 9 percent every year for the next 5 years.

USMCA has created a contiguous, complimentary market where American farmers can thrive, not just survive.

Thirdly, USMCA provides the framework through a standards for all agricultural workers. They have obligations to our core enforceable part of USMCA.

All three countries have committed to establishing and enforcing laws and practices governing minimum wages, hours of work, occupational safety, and health.

In Mexico, minimum wage is set to increase by 12 percent annually, through 2030, and has already started a couple of years ago.

And new laws require anti-harassment training, specifically in the agricultural fields.

And at Driscoll's, we publicly disclose all our global labor standards, which are consistent

across the world, regardless of where we grow.

And of course, wages are different among the three parties to USMCA, just like they vary across industries within the USMCA participants.

And I might add, just like they vary across, among states in the United States.

In agriculture, wages are a large percentage of the cost of production, but they are not the only driver.

It is important to recognize the non-harvest costs, so the non-harvest related costs such as crop establishment and compliance, are often much higher in Mexico, than in United States.

Through the principles outlined in USMCA, Mexico has made real progress on labor. Over the last 5 years, several laws have been passed to strengthen worker rights, and improve employee conditions.

Enforcement, however, is key and we support continued government oversight and centers to ensure that every worker in every country, is treated fairly.

And finally, USMCA's improvement in sanitary and phytosanitary standards, have strengthened food safety and market access.

Regulatory alignment, transparency and supplication, and technical consultations have built mutual trust among regulators and within the industry, to ensure that fresh, safe berries reach consumers quickly.

USMCA provides the mechanism for the three countries to collaborate on sound scientific methods to address issues as they arise.

This regional approach to safety benefits everyone. Growers, retailers, and families.

One of the greatest successes of USMCA, is how strong rules-based trade allows for free and fast trade of highly perishable horticulture products, something that is often a major challenge in other trade relationships.

So as you consider the future of USMCA, I urge you to recognize its role to create a regional food block, supporting American consumers, empowering American farmers, and raising the standards for all.

Thank you for your leadership and for your commitment to policies that assure Americans have access to healthy, delicious fruits all year long. Thank you.

MR. OLIVER: Thank you, and thank you all

for your testimonies. We appreciate it.

We'll now be turning to the panel of U.S. government officials ahead of you, and just a reminder each witness will get one question, limited to a two minute response.

And with that, I'll turn it to Mr. Watson.

CHAIR WATSON: Okay, thank you all for your thoughtful testimony. The first question is for Mr. Bushue.

You have discussed the importance of duty-free access to the success of U.S. exports of apples, pears, and cherries.

Can you elaborate on what has contributed most to your industry's success, and what actions would you recommend the U.S. government take to ensure the continued growth of your industry?

MR. BUSHUE: Sure, I'll just reiterate. Duty-free access is huge. We've seen the downside to that in Mexico, and I'd add to that comment that I made about the decline in that period of time.

That was prior to the European Union gaining duty-free access into Mexico. I would anticipate that that number would be much more significant if we were to see increased tariffs into Mexico now, under that new arrangement.

Beyond that, if you go back into the early '90s and getting access into their SPS issues were a bit of a dog fight between us and Mexico.

And now, it's fairly routine. There's one-off things here and there as there always are, but it's routine. Everybody understands what the rules are; how it works.

And if there is something that needs to be resolved, it's worked out fairly, fairly smoothly as it can be at the timeframe that these things take between APHIS and SENASICA.

So, it's really that clear, transparent process and duty-free access that is, has been so beneficial to our ability to continue shipping to essentially what is our home court.

They are our neighbors and particularly in Washington state, not far away.

MR. OLIVER: Thank you. And the next question will come from Ms. Callahan.

MS. CALLAHAN: Thank you, this question is for Mr. Nuxoll. You had highlighted some important protections for exporters of perishable agricultural products, in the event of a buyer bankruptcy under Canadian law.

And, could you please elaborate on how

these protections have benefitted U.S. producers to date, and also how you would envision similar protections being established in Mexico? Thank you.

MR. NUXOLL: That is a wonderful question, thank you for asking it. So the Perishable Agriculture Commodities Act, is not something that most people really know very much about, other than in our sector, everybody here at these tables.

So the PACA Act was established by the United States, and is administered by USDA. And what that does is it basically provides protections for perishable producers when they sell to buyers.

If those buyers are in financial difficulty, go bankrupt, et cetera, it provides a series of guarantees for those buyers to be first in line in order to get payment.

Or depending on the type of financial difficulty if it's short of bankruptcy, a mediation process.

And so, that is something that U.S. growers have enjoyed for many, many decades.

The Canadian government recently, Canadian Parliament I should say, recently passed a very similar mechanism.

It does quite work exactly the same, under a law called Bill C-280. And it would establish, it hasn't yet actually been up and running. It's not quite up and running; they passed it earlier this year so the regs aren't out yet.

But in any case, it would establish a very similar mechanism in Canada. Such that a produce buyer would have certainty that if I sell to -- a producer sell would have certainty.

If I sell to a buyer in Canada from the United States, that buyer goes bankrupt. I am in first in line in order to get payment.

Because most of the products that we provide are perishable. We all know this when you go to the grocery store after a week or two, as wonderful as Soren's products are and I consumer many of Driscoll's strawberries, at some point they go bad.

So, it's unlikely that you're going to be able to recoup those products unlike other goods.

We would like to see the Mexican government implement the same structure, and pursue that same structure in Mexico.

That would allow exporters in the United States, exporters from Canada, to export into Mexico

and have those same sort of certainties that we enjoy now in the United States, and we enjoy in Canada.

MR. OLIVER: Thank you for your response. And the next question will come from Ms. Anderson.

MS. ANDERSON: Thank you. This question is for Ms. Espinoza. In your submission, your submission includes recommendations against a seasonal produce trade remedy, quotas, and other measures.

Are there any actions you would recommend to address concerns raised regarding the impact of fresh produce imports from Mexico, on U.S. growers?

MS. ESPINOZA: So what we're talking about those, the seasonality, they are pockets. Most of the trade or the imports that are coming in from Mexico, are during the months of probably the winter months starting maybe November up until May.

And so, we need to see a different sector because maybe during that timeframe, especially the commodities that I deal with, they're not in production and they're complementary to producers here in the United States.

So I think that we need to do an analysis of the different types of commodities to see what really does affect, because it seems to us that it's

just seasonal and it's just temporary.

And it could just be little pockets here in the United States, when really it would not make a huge impact because most of the product that's coming in is during the winter season.

MR. OLIVER: Thank you for your response. And the next question will come again from Ms. Callahan.

MS. CALLAHAN: Thank you. This question is for Mr. Melban, and this is kind of a two-part question.

You mentioned the requested establishment of a TRQ for avocado imports during California's growing season.

And, could you provide further information on how you would expect this TRQ to affect California avocado producers, what effect you could see on Mexico, and also the effect on product availability and price for consumers.

And then, the next part is are there other actions that might also be complimentary, that could increase competitiveness of California avocados?

MR. MELBAN: Thank you for the questions. On the first one, the effects of a TRQ specifically to California avocado producers, our season gets

very busy within our market, which is the West Coast primarily.

We look to be the local supplier. Nobody can beat us on freshness. Nobody can beat us on premium and quality in our core market.

So that's where we thrive; that's where we want to survive, and live. The challenge is it's becoming more and more crowded because of the mismanagement frankly, by our administration, of bringing in volumes, and volumes, and volumes with no end in sight.

And so, we would submit that during our season, it would help just bring some equilibrium within our core market, to assure that our growers are able to sell their healthy, nutritious product that costs money to grow, at a price that they can earn a living and be viable into the future.

In terms of the impact on the importing country specifically Mexico, look, they are suffering with some low pricing too, in the U.S. okay?

We're all in this situation together. And they have other states. Nayarit is trying to come online. They want to get into this market.

Frankly, it was Michoacan and California

that really worked hard to build this strong U.S. market, and we are now seeing evidence that because of the strength of the market what it was, everybody is coming into this market.

And there's no management of it, and it's really resulting in a challenge I would submit, for all of the market players now.

And I think we need to have a conversation about how we bring better management into this market, so that it works for all of us.

MR. OLIVER: Thank you, we appreciate it.

MR. MELBAN: In terms of other options, I at this point, we need the government's help to manage this market. And, I don't see another option short of that. Thank you.

MR. OLIVER: Thank you. The next question will come from Ms. Anderson.

MS. ANDERSON: This is a question for Mr. Joyner, also a two-parter. Your organization recommends the establishment of product-specific TRQs during the fall-spring marketing season, to protect Florida producers from the impacts of imports from Mexico.

First part. Would you please provide further explanation on how you would expect

establishment of TRQs would impact Florida producers, including sales and market share?

Also impact imports from Mexico and product availability, and prices for consumers. That's question one.

Question two. What other actions do you see as important to help increase competitiveness of Florida fruit and vegetable producers?

MR. JOYNER: Thank you very much, and I hope I answer your question. The issue for us is just this onslaught of the products coming into Florida during our season.

When we talk about establishing a tier for a quota, we think we can establish the TRQ that would continue to allow imports from Mexico, but not at levels that will risk destroying U.S. growers.

And that's that sweet spot that I honestly believe we can find.

One of the things that we haven't said today, is affordability. And I think that's the second, maybe the second piece of that question.

And I don't mean to be crass at all when I say this, and if you know me, you know I'm just not going to be crass.

But to me, a worst case scenario would be

for, or worst case scenario for U.S. consumers and U.S. growers, would be that we are absolutely out of the market during that time of the year.

And, consumers will rely on other countries to provide fruits and vegetables during those winter months.

Our window is that fall-spring-late spring window. So again, not to be flippant or crass, but if we become wholly dependent on other countries during certain times of the year, it would be interesting to what the price would do at that point.

So let me just say this to kind of reiterate maybe some of the things, and maybe this will also answer the question.

I really do believe that the survival of our industry is at stake. I've been in this industry my whole life. And I think it's at stake.

We do need a sense of urgency and I know y'all have that sense of urgency. But we desperately need a sense of urgency.

My phone starts ringing in the morning at about 6:15 from my growers. And usually it's a hey, good afternoon, Mike.

And then, I just hear these stories every day. The principle problem for us is just this

relenting and unfairly priced volumes of produce that come into the U.S. during our season.

Now curbing imports for us is a key. And to your second question and I'm sorry, to your second question, we are past the point of other things that would be helpful for us, in my opinion.

This is kind of a last step for us. So I wish I had other things. I wish I had a menu of things that I could provide to you, but I think we're past that point. Thank you.

MR. OLIVER: Thank you. And the next question will come again from Ms. Callahan.

MS. CALLAHAN: Thank you, this is for Mr. Koukoulis. And, you had highlighted the growth in U.S. blueberry exports under the USMCA.

And, if you could please highlight or elaborate on what contributed to your industry's success in your view, and also what actions could be taken by the U.S. government that could ensure continued market access growth for U.S. exports.

MR. KOUKOULIS: Thanks for your question. So, I want to answer this question as truthfully and honestly as I can.

Our export has risen to Canada extraordinarily. Our exports to Mexico would be

very minimal. So let's not confuse the two countries.

So USMCA works I think fairly well, with the blueberry growers whether they're in Florida, which I'm in Florida, as well as the State of Washington because we do have access to their market, and their retailers.

And they are consumers of blueberries. But let's face it, blueberries are probably not a priced commodity that would cross the border in shape, way, or form.

And I would say the other part of that answer is, if the Mexican public were buying a significant amount of blueberries, it would be less Mexican blueberries coming across the border.

So I think the reality is we have one really good partner, which is Canada, and we have one really, we have a partner that we need to work on.

And, I don't have the answer to how we get more access to their market, but I think consumers drive that.

If they were buying blueberries in Mexico, we would be shipping blueberries to Mexico.

MR. OLIVER: Thank you. The next question will come again from Ms. Anderson.

MS. ANDERSON: Thank you. This question is for Mr. Rader. Similar to the one for Mr. Joyner, your submission recommends the establishment of tariffs and other trade measures, to protect Washington raspberry producers from the impacts of imports from Mexico.

Can you provide further explanation on how you would a) expect establishment of tariffs and other trade measures to impact your producers, to impact imports from Mexico, and to impact product availability and prices for consumers.

And b) what other actions you see as important to increase competitiveness for your producers.

MR. RADER: Thank you for the question. I tried to highlight in my comments, the fact that what comes into the U.S. from Mexico, is for, and what we're talking about is for the frozen market.

And, there's a big disparity between what we're selling for U.S. produced product, and what the Mexican product is coming in for.

So it would take some creative work to come up with how do we close that gap, which we're looking to level the playing field.

With the labor costs that we're dealing

with in Washington, I don't know to compare that to Mexico, I don't know how that would be possible.

I think it's going to take some duties, some creative work on behalf of staff. Like we said, we've been back here before to discuss things.

We're happy to work together on that but once again, this is a byproduct of the fresh industry.

So fresh growers are benefitting from being able to sell the fresh market. This is simply a byproduct that has been a creative work by some, to look at an opportunity to undercut us in the U.S. markets.

And, it could put us out of business. And it will if we don't do anything. So as far as other ideas, we've been establishing markets for smoothies, for a lot of different things.

We've been working hard on that. We're a pretty small industry but we've done some pretty big things.

And there's a lot of frozen berries consumed in the United States. Not just raspberries, but other berries.

So happy to have a complimentary influx of pounds, but just not being undercut. We can't

afford that, and we're looking forward to different opportunities to work on.

We are not looking at growing our acreage from 8,000 to 40,000 acres. We just want to stay at 8,000.

We want to stay at 60 million pounds. We don't want to go 120, 140 million pounds. Thank you for your time.

MR. OLIVER: Thank you. And the final question will come from Mr. Watson.

CHAIR WATSON: Yes, the final question is for Mr. Bjorn, and this also has two parts. So, you've spoken about the benefits of tariff free access both in terms of providing consumer access to fresh fruits and vegetables, and also to increased investment in the production of berries throughout North America.

Can you talk a little bit more about what you see as the benefit specifically for U.S. berry producers, is one part of the question.

The other part is, are there any actions you would recommend to address concerns raised, regarding the impact of dairy imports from Mexico, on U.S. growers?

MR. BJORN: Yes, so I think the evidence

is pretty clear that when you have a product that's available year-round, and consumers can get it every day, that the overall consumption rates just goes up significantly.

So I think you can probably think of your own experience of going into a grocery store years ago, and sometimes strawberries are available in big quantities in the summer time, and then in the winter they were barely available.

And the raspberries and blackberries, blueberries, were back in the corner.

Today when you go into your local grocery store, it's the first thing you see in the store, and the display is always there.

So the fact that you have year-round availability has just driven up the demand, right? It's just something that's on everybody's shopping list. It's no longer just an impulse item.

I think the number one thing that we see that can be improved in the current USMCA, is really the enforcement mechanism.

I don't think it's going to come as a surprise to too many people in the room, that the Mexican government has been consistently cutting all of its budgets, which also means that a lot of

the budgets that had gone to enforcement and to facilitate the trade, those parts have also been cut.

And so in particular when it comes to the labor standards that are part of the current agreement, we don't need to revise the standards, I think we need to hold the Mexican government accountable for making sure that they enforce the standards that they have agreed to.

That is the thing that's going to create more of a level playing field between the U.S. and Mexico. Thank you.

MR. OLIVER: Thank you, and thank you all for your testimonies and your responsiveness to the questions, we appreciate it. And with that, we'll close this panel.

We ask that you take your placards and please put them over here. And we also ask that the members of Panel 7 please step forward.

Please bring your placards with you and set them here in the order in which you are seated currently. Thank you.

And as they are being seated, just a reminder please while these panels are going on, please no reporting -- or recording, and please,

no pictures. Thank you.

CHAIR WATSON: I think you all have been waiting patiently so you know the rules, so I won't go over the 5 minutes, and the 2 minutes.

But let's go ahead and get started, and we will begin with Mr. Walton.

MR. WALTON: Yes, thank you for the opportunity to testify today on the United States Trade Representatives Review, of the United States-Mexico-Canada Trade Agreement, or USMCA.

My name is Dave Walton, and I'm a soybean farmer from Iowa. I also have the privilege of serving as the secretary of ASA, which represents U.S. soybean farmers across 30 main soy producing states.

ASA has submitted full comments on the USTR docket with our sister organization, the U.S. Soybean Export Council.

But in my time today, I'd like to provide a brief overview of the U.S. soybean industry, our dependence on export markets, and share our support for a full 16 year renewal of USMCA.

Soybeans are the largest ag export in the U.S., and a robust international trade is a top priority for our industry.

In the last complete marketing year, Canada and Mexico together, exceed $4 billion in U.S. soybean exports, or nearly 14 percent of the total soy complex exports.

For the U.S. soybean sector, the USMCA and its predecessor, the North American Free Trade Agreement, that provided stability and predictability for integration of the North American Agricultural markets, especially through the guarantee of duty-free treatment of soy and soy products.

USMCA upgraded NAFTA in several important ways, particularly through the inclusion of strengthened chapter on sanitary and phytosanitary measures.

Which builds on the rules that are already applied as part of the World Trade Organization's SPS agreement.

The revised agreement also included a novel section on agricultural biotechnology, that preempted disruptive trade barriers stemming from the use of genetically engineered trades.

Both additions modernized the agreement for U.S. agriculture, and are considered the gold standard of language for U.S. trade agreements.

ASA's top priority in the 5-year review of USMCA is the whole-hearted preservation of the trilateral agreement between the countries, that maintains the comprehensive duty-free access of USMCA, the WTO plus SPS chapter, and an effective dispute settlement mechanism.

We support a full 16 year extension of the current agreement, and do not advocate for major changes to existing provisions of the agreement.

USMCA is critical for the U.S. soybean sector and should be continued without creating disruptions or additional uncertainty.

However, there are minor adjustments included in USMCA that the three parties could consider, including adjustments that help the agreement better facilitate agricultural trade.

These recommendations include setting maximum residue limits more effectively, without undermining the effectiveness of the regulatory approval processes.

We strongly encourage all three governments to base domestic pesticide residue regulatory approaches, on international standards developed by the Codex food code.

And ensure that regulatory decisions

remain based in science, and do not undermine the integrity of risk assessment process and create unnecessary barriers to trade.

We also encourage USMCA partners to abide by the spirit of the agreement, and avoid imposing trade and tariff barriers on each other.

Tariff predictability is a cornerstone of growing opportunities in international trade, and U.S. soy products have enjoyed tariff-free access to both Canada and Mexico, since the original NAFTA entered into force.

However, U.S. soy bean exports are currently facing large amounts of tariff unpredictability with other export markets, including our largest customer, which is China.

This unpredictability has allowed Brazil and Argentina to expand their exports to China, while U.S. soy's market share in China has decreased.

The ever-expanding tariffs on Mexico and Canada through section 232, the International and Emergency Economic Power Act and other authorities, increase the likelihood that U.S. soybean farmers will end up in the cross-hairs of potential retaliation.

At a time when U.S. soybean farmers begin to recover our largest export market due to the harm of retaliatory tariffs, our industry will not survive an additional prolonged tariff battle with our two closest customers in Canada and Mexico.

It is nearly impossible to overstate the importance of maintaining free, open, rules-based and fair trade within the North American continent for U.S. agriculture.

Soybean farmers are facing the most challenging landscape in a generation. Failure to renew USMCA would be catastrophic for us.

President Trump negotiated this agreement, overwhelming bipartisan majority supported it, and entire industries, companies, farmers, and families, depend on it.

ASA strongly supports a full 16 year renewal of USMCA without delay. Our industry looks forward to working alongside USTR to accomplish that goal.

MR. OLIVER: Thank you for your testimony and we'll move to the next witness.

MR. TUPPER: Thank you. Good afternoon, my name is Justin Tupper, I'm President of the United States Cattlemen Association.

I'm a second generation auction market owner; third generation rancher, but we ranch with my wife and four children in a state that has way more cattle than people. We have 3.5 million cattle and 925,000 people.

Thank you for the opportunity to testify, and to the USTR for soliciting comments ahead of this critical joint review of the United States Mexico Canada Agreement.

I'm honored to sit here with you today as the rest of my fellow American ranchers are out on their land, with their cattle, in the bitter cold and unfavorable conditions.

They are folks who know that taking care of and feeding livestock is not only a 365 day a year job, it's a way of life.

Our core message is simple. Mandatory Country-of-Origin labeling for beef is America First policy agenda, and we must update USMCA's rules of origin to reflect that.

Why? Because mandatory COOL is necessary to protect our U.S. cattle producers, ensure consumers are informed when they buy beef, and to protect the trusted brand of American beef.

American producers have been elevating the

standard of raising beef for hundreds of years.

These ranchers and their families have worked extremely hard to build U.S. beef's global reputation as a standard of quality, and good taste.

It is wrong to let our brand value be tarnished because of misleading or truly missing labels.

USMCA's joint review presents an opportunity to deliver meaningful reform for U.S. cattle producers, by transforming the product of the U.S. label from voluntary designation into mandatory, enforceable, and auditable standard.

While USDA's 2024 voluntary initiative is a step forward, it remains insufficient. Voluntary standards are vulnerable to abuse, and can mislead consumers who believe they are purchasing truly domestic beef.

Cattle producers believe that consumers have the right to choose. And if they have that informed choice, this is what consumers want.

Consumers are demanding transparency in their food supply chain, especially when it means knowing where their food comes from.

In a 2017 survey, 88 percent of adults favored the requirement on sellers to indicate on

the label, the country where the animal was born, raised, and processed.

Studies show they are willing to pay a premium for beef that reflects American standards of quality and value.

According to the 2022 USDA study, consumers are willing to pay more for meat products bearing a product of the USA label.

Claim especially when all product steps occur in the United States.

Consumer demand for knowing where their food comes from gives U.S. producers crucial market leverage.

It also allows them to demand a processors who can then supply consumers with exactly what they've been asking for, verifiable American beef.

Ultimately, buy American rhetoric means very little if there's no strong labeling standards on the imported beef that allows well intentioned consumers to buy just that, American beef.

USMCA joint review is a pivotal moment to deliver real reform. The administration's commitment to American First, must reflect in concrete action within the beef sector.

Our advocacy for modernizing rules of

origin and MCOOL, is centered on truth in labeling. Not a call for renewed trade barriers or tariffs.

We recognize the upside of the zero tariff treatment that benefits U.S., Mexico and Canada.

The goal is to find compliant pathways that achieve labeling transparency, without fear of trade retaliation and the WTO challenges.

Here's what has to happen. Affirm the right to label. The agreement must explicitly affirm the United States' right to require Mandatory Country-of-Origin labeling, without fear of trade retaliation.

Modernize rules of origin. Rules must ensure that only beef from animals born, raised, and harvested in one country, qualify as origination.

This prevents repackaging of imports from being disguised as domestic beef.

Mandatory COOL protects ranchers and keeps multi-generational operations alive. Transparent labeling secures a future for the next generation of ranchers by offering U.S. producers competitive advantage in their home market, and making trade deals that work for the United States.

We ask that you make truthful labeling

available. It must be non-negotiable standard in all agreements.

Thank you for your time and I look forward to your questions.

MR. OLIVER: Thank you for your testimony and we'll move to the next witness.

MS. DOWNING: Good afternoon. I'm Dana Johnson Downing, Senior Vice President of the North American Renderers Association.

Rendering is an industry that rarely makes headlines, but plays a critical role in our agriculture system.

I grew up around the livestock side of agriculture because my family ranched in Nebraska.

While I didn't exactly follow in my parents' footsteps, I have spent the majority of my career advocating on behalf of farmers and ranchers, working on Capitol Hill, at USDA, and later in the private sector promoting exports of soy and animal products.

Even with that background, it wasn't until I began working at NARA that I fully grasped how essential rendering is to our agricultural sustainability.

When most Americans think of livestock

agriculture, they might think of a juicy steak on their plate.

Few consider what happens to the fat, bone, trimmings, and other byproducts. And that's where rendering steps in.

Our members collect those materials from meat processing and upcycle them into safe, high value ingredients for food, feed, fuel, and a multitude of everyday consumer goods.

NARA represents a large, the large integrated firms such as Tyson and JBS, that process their own raw material.

And also independent renderers that collect byproducts, expired meats, used cooking oil, from smaller slaughter facilities, butchers, supermarkets, and the HRI sector.

Rendering keeps nutrients in circulation, creates jobs in rural communities, and exemplifies the highest standard of resource efficiency in environmental stewardship.

Today I'm joined by a few of our longstanding customers from Mexico, Tecnoalimentos and the Scoular Company.

They choose to import U.S. product not just for its quality, but because of the trust built over

decades.

These are not transactional relationships; these are trusted partnerships built on the framework of free and fair trade, which the USMCA was designed to protect and enhance.

USMCA has delivered very meaningful benefits for U.S. agriculture, and providing tariff-free access to our closest trading partners.

However, Mexico's retroactive application of a 16 percent value added tax on U.S. exports of rendered animal meals and other feed inputs, is restricting trade.

This VAT operates as a de facto tariff, undermining the spirit and the letter of the USMCA.

The objective of my testimony is to urge full enforcement of USMCA's national treatment, and free trade commitments.

There's been a lot of dialogue with Mexico's tax authority, the SAT, on this issue. In 2018 that agency made a formal ruling in writing, confirming that meat and bonemeal is exempt from the tax.

In 2020 the agency for the protection of the taxpayer, which is known as PRODECON, reconfirmed that the tax rate on meat and bonemeal

should be zero percent.

Despite those rulings of the last two years, SAT has reversed course and has been issuing VAT demand letters, which I provided to USTR.

According to our partner association in Mexico, at least 13 feed inputs are now subject to this VAT, including animal-based meals, soybean concentrate, DDGS, and a number of feed additives.

This VAT has become a contagion threatening to spread to other products, and widening our trade deficit with Mexico in the process.

Remarkably, domestically produced animal meals in Mexico are not subject to the VAT. This is clearly a national treatment issue under USMCA, disadvantaging U.S. imports.

The retroactive nature of the VAT reaching back up to 5 years, further undermines stability.

The potential financial exposure on rendered products is around $80 to $100 million USD, which could cripple small and medium-sized Mexican feed companies, and jeopardize our trade relationships.

The VAT threatens to erode the value of our products, and block exports to our third largest

market in the world.

At a time when we're already losing market share in Asia due to political friction with trading partners, we cannot afford to lose access to our neighboring Mexico market.

Therefore, we respectfully urge the U.S. government to number one, engage immediately with Mexico's tax authority the SAT, to restore the VAT exemption on rendered products and other feed ingredients.

And number two, to clarify and enforce the USMCA commitments on nondiscrimination national treatment, and stable trade for feed ingredients.

Simply put, this is a matter of right and wrong. Mexico's VAT is an indefensible trade barrier and on behalf of the North American Renderers Association, we ask you to insist that Mexico live up to its commitments under the USMCA. Thank you.

MR. OLIVER: Thank you for your testimony and we'll turn to our final witness, Ms. Rockwell.

MS. ROCKWELL: Good afternoon. My name is Alicia Rockwell, Chief Government Affairs Officer for Blue Diamond Growers.

I'm here today representing over 3,000

family almond farmers, who own and operate Blue Diamond Growers, the world's leading almond processing and marketing cooperative.

Our average member farms are less than 100 acres and together we employ over 1,600 team members, and generate $1.5 billion in annual sales.

California produces 80 percent of the world's almonds, and 70 percent of our crop is exported to over 100 countries.

Mexico and Canada together represent $315.8 million in annual almond exports, making them absolutely critical markets for our industry's continued success.

The 2025 California almond crop is forecast at 3 billion neat pounds, a 10 percent increase over last year.

With production growing, maintaining and expanding access to markets like Mexico and Canada, isn't just important. It's essential for the survival of thousands of family farms.

USMCA has delivered tangible results for Blue Diamond and the entire almond industry. In Canada, we've increased annual ingredient sales by 35 percent since USMCA's implementation, driven by dry roasted whole almonds, blanched flour, and

non-pareil almonds.

Our branded snack nut business grew 25 percent by volume, in fiscal year 2025. Canada now represents over 3 million pounds of ingredient opportunities.

In Mexico, we've increased shipments by 30 percent with strong growth in manufactured ingredients.

We see potential for an additional 2 million pounds of growth in this price sensitive market.

USMCA continued NAFTA zero duty treatment for all almond products in shell, shelled, flour, and meal, and prepared and preserved almonds.

This duty-free environment has been essential for maintaining competitiveness against Australia, and Spain.

Supporting growth in value added products like almond butter and almond milk, and enabling supply chain integration with North American food manufacturers.

While USMCA has been tremendously successful, regulatory barriers continue to restrict the full potential of North American almond trade.

In Canada, the all or nothing fortification requirement for almond milk unnecessarily restricts product flow, with limited consumer benefit.

This rigid approach creates market access challenges that deserve attention during this review.

In Mexico, labeling requirements present significant impediments. Front of package warning labels and the prohibition on the using the term milk for almond milk products, requiring them to be labeled as vegetable beverages, creates consumer confusion.

Almond milk is a globally understood concept. These labeling barriers limit market access and consumer choice, particularly in a market with higher lactose intolerance.

The Mexican market is extremely price sensitive. Should tariffs on U.S. almonds be imposed, we estimate the market would turn to Chile, Spain, or Australia, to meet their needs, resulting in a potential 30-35 percent decline in U.S. shipments.

For a commodity where California growers depend on export markets for 70 percent of

production, such a loss would be devastating.

As you conduct this joint review, we respectfully urge you to focus on three priorities.

First, maintain the zero duty environment for all almond products. This is a foundation for everything we've achieved.

Second, enhance regulatory transparency and stakeholder engagement, to address the labeling and formulation barriers that restrict trade, despite zero tariffs.

And third, continue streamlining customs processing and infrastructure to facilitate the efficient movement of both bulk commodities, and value-added products.

In conclusion, USMCA works for American almond growers. It has opened doors, created opportunities, and supported thousands of family farming operations.

The duty-free environment must be preserved, and remaining non-tariff barriers must be addressed to fully realize the promise of North American agricultural integration.

Blue Diamond stands ready to work with USTR, USDA, and our government partners to advance this vital trade relationship.

The families who grow almonds in California are counting on us to protect and strengthen the market access that supports their livelihoods.

Thank you so much for the opportunity to testify today. I welcome your questions.

MR. OLIVER: Thank you, and thank you all for your testimony. We'll now to turn to questions from our U.S. government officials.

And just as a reminder, there will be one question to each witness with a maximum response of 2 minutes.

And with that, we will turn to Mr. Watson.

CHAIR WATSON: Okay, the first question is for Mr. Walton. In your comments, you talked about the potential for increased cooperation on renewable fuels, and other bioproducts.

And you also talked about the need to ensure regulatory structures that facilitate, rather than undermine that trade.

What more can you tell us, what more details can you give us about what your, which specific actions your organization would be looking for with regard to renewable fuels?

MR. WALTON: Sure, first of all, USMCA has

worked for us. It's provided stability in the marketplace.

We've seen soybeans flow into Mexico and Canada. And Mexico has turned into our second largest customer.

The Mexican market is generally a whole bean market. We do import some or export some meal to it, but in regards to the biofuel question, what we hope is that we continue to see that free flow of whole beans to Mexico, and the oil to come back to the U.S. as feedstock.

As you know, the renewable volume obligation has expanded and we need feedstocks in the U.S. to create that biodiesel. And so, that oil is critical for us as a feedstock.

MR. OLIVER: Thank you, we appreciate the response. And the second question will come from Ms. Callahan.

MS. CALLAHAN: Thank you. This question is for Mr. Tupper. You had mentioned that the absence of mandatory Country-of-Origin labeling, reduces market share for U.S. beef products and suppresses prices and returns for American ranchers.

Could you provide a bit more detail on

this, and also how does the USDA voluntary product of U.S.A. label fall short of meeting these objectives? Thank you.

MR. TUPPER: Yes, thank you for your question. I think when we look at how some of the movements of live cattle versus meat imports, are very different. And I think they need to be very separate in how we address them.

Live Cattle movements happen pretty regularly on both ends of the spectrum, both borders, Canada and Mexico.

When we look at the meat imports from other countries and the quality standards that some of those have to abide by, some of them are very different from ours ourself.

And we have a risk-based assessment as we let those in to our country, and we definitely want to maintain and make sure that we can ensure that our product is the safest, best protein on the planet.

When we talk about the second part of your question, when we allow for those markets to work how they should, and allowing the consumer to decide.

And we think this is a consumer today that

wants to know where their food comes from, that that is the best choice.

And we would put our product up against anybody when it comes to the meat case, as long as labeling was correct.

We also understand and know that a lot of the lean trim has to be co-mingled. But as those products if they are co-mingled and they're labeled with the product of all the countries that they're co-mingled with, then I think that's fair to the consumer, and also fair to the producer. Because we know that has to happen.

So I think again, we believe in our product, and we believe that we would stand tall in the market place, and that we can be very competitive, even if it is at a slightly higher price point, to be all U.S. beef.

MR. OLIVER: Thank you, and the next question will come from Ms. Anderson.

MS. ANDERSON: Thank you. This question is for Ms. Downing. Your organization submission raised concerns with a VAT, as did your statement here today.

Could you please provide further details on how this tax treatment is impacting your members

specifically, and their member sales to Mexican customers, and what this could mean for the future of rendered products in Mexico?

MS. DOWNING: We currently have about 88 rendering plants that are approved for export to Mexico.

Actually, not all of them are rendering plants, some are transloaders, some are gel bone facilities. But 88 of our plants are approved to export to Mexico.

So when you think of the large packers like Tyson, Cargill, JBS, they're either directly exporting to Mexico themselves, or they're using a trader like the Scoular Company, who is represented here today.

Scoular is literally buys from almost everyone, and they're exporting that. They're also on the other side of the transaction as the importer of record in Mexico.

And so, they're receiving these demand letters from the state tax authority in Mexico. And it's a significant amount of money.

I did say during my testimony that we estimate the total exposure to be $80 to $100 million dollars because of this retroactivity of the VAT

going back, some of these demand letters going back as many as 5 years.

We were on the Hill earlier today and I was visiting with some staff and I explained, and a great analogy is if you got non-profit status 2 years ago, and then the IRS came and said just kidding, we're going to take your non-profit status back and guess what, you're going to owe taxes on those 2 years that you thought you had non-profit status, it would never work.

And so, these are some huge demand letters and it's threatening to put our Mexican customers out of business.

We've already had some that have told our U.S. exporters that come the beginning of the year, they're no longer going to be able to import from the U.S.

We basically have 100 percent market share there now because of our geographic position, and competitiveness.

With a 16 percent added essentially de facto tariff, that starts to put product from Brazil is going to price in and be able to take over market share from us.

And, we just simply ask that the government

intervene and make sure that this VAT exemption is restored.

MR. OLIVER: Thank you for your response. And the final question will come again from Mr. Watson.

CHAIR WATSON: Yes, and this is for Ms. Rockwell. In your submission, you talked about duty-free access under the USMCA as enabling long-term supply chain integration in North America.

Can you say more about how U.S. almonds have benefitted from that integration?

MS. ROCKWELL: Absolutely. At the end of the day, USMCA has been an absolute win for almonds.

Our growth rate basically within Canada since 2003 when we first received the zero duty status, was over 500 percent the growth rate, just in Canada.

In Mexico, it was over 800 percent growth rate since 2003. So undeniably, this has been enormous for almonds.

And keeping that integration is an extreme value to all of our growers. In addition, we've been experiencing as an industry, some significant declines in domestic consumption.

Shipments have been down about 7 percent and so for us especially as a brand, we really need the Canadian market and the Mexican market, to help support us in times when we're having a decline like we're seeing right now in the domestic market.

So it really is important. We appreciate all the work that you all are doing, and especially during this upcoming review in June. So, thank you for your work.

MR. OLIVER: And thank you all for sharing your testimony for your responsiveness to the question, and for your time joining us today. We really appreciate it.

And with that, this panel is concluded; I will release you all. If you could all please grab your placards and please put them on the table here to the right.

And with that, I'm able to say of the second time today we're ahead of schedule so we will pause for about a 20 minute break and return at 3:30.

For those of you participating in Panel number 8, we ask that you be here a little bit before 3:30 so that you can go ahead and take your seat, and please bring your placards with you and set them in the order that they're currently seated.

Thank you everybody.

(Whereupon, the above-entitled matter went off the record at 3:08 p.m. and resumed at 3:30 p.m.)

MR. OLIVER: Welcome back from the break. Welcome to some of you for the first time. Welcome back to others.

A couple housekeeping notes just before we get started, just as your resident broken record.

Please make sure to keep the mikes close to you.

Remarks are limited to five minutes.

When we get to the question period, one question per person, with the response limited to a two-minute response.

There will be sort of a light up right there in front of you and around, around the room. It will turn yellow when you have one minute left, both for your remarks and the question. And it will blink red when you're out of time.

So, we appreciate it.

And with that, we will convene Panel No. 8. Thank you all for already being seated.

For those that are in panels 9, 10, or 11, I think we already have the seats reserved for you

up here. So, just look for your name and, as you come in, go ahead and take those seats so that once we get to your panel we can just jump right from there over to here.

So, really appreciate it.

And with that, we'll start with the order that we have right here with Ms. Morris, and go from there.

MS. MORRIS: All right. Good afternoon. I'm Shawna Morris, Executive Vice President for Trade Policy and Global Affairs for the National Milk Producers Federation and the U.S. Dairy Export Council.

Thank you for the opportunity to share our priorities for the 2026 USMCA review.

USMCA is a critical agreement for the U.S. dairy community. The U.S. dairy industry strongly supports USMCA, particularly because of the U.S.-Mexico agricultural trade flows it supports and the improvements it was designed to delivery in dairy trade with Canada.

It's vital that the Administration maximize use of the review to make targeted improvements to USMCA so that the agreement's anticipated dairy benefits are finally fully

achieved.

Mexico has long been our top export market, accounting for over a quarter of total U.S. dairy exports last year. The USMCA has laid the groundwork for continuing that success. The U.S. and Mexican dairy industries have worked very closely for decades to grow total dairy consumption in Mexico to the benefit of both industries.

The review should ensure that we can maintain that positive, free-flowing dynamic with Mexico. A key part of that is Mexico's implementation of commitments on geographical indications and common food names. We urge USTR to ensure clear and definitive implementation by Mexico of its USMCA GI and common name commitments, and preservation of access for dairy terms previously used in this important partner market.

In many cases it is U.S. producers who created specific markets in Mexico for these cheeses. Mexico's policies should not be permitted to upend those sales.

We also urge the Administration to work with Mexico to ensure that no future regulatory issues create impediments to trade.

As part of that, it's critical to closely

monitor changes in Mexican dairy production standards, and other regulatory and customs requirements to guard against any attempt by Mexico, including actions by its congress, to create barriers to trade by imposing cumbersome requirements for imported products.

In contrast to Mexico, Canada has always been a particularly challenging dairy trading partner. Regrettably, Canada has a long history of working to identify and exploit loopholes in its dairy trade commitments, rather than abiding by them in good faith.

Throughout USMCA negotiations with Canada the U.S. sought to address two persistent issues:

First, the need to expand U.S. access to the tightly-limited Canadian dairy market, and;

Second, the offloading of artificially low priced Canadian dairy proteins onto the global market in ways that undercut commercially priced U.S. products.

Unfortunately, Canada's implementation in both areas has fallen short, resulting in an impairment of USMCA's intended benefits to American dairy farmers and manufacturers.

On the first front, USMCA created several

new TRQs for U.S. dairy exports. And that access has resulted in some increased exports but not the full measure the USMCA allows for.

This shortfall in access as seen in the TRQ fill rate, as low as 3 to 12 percent, is driven by Canada's decision to where the vast majority of the TRQ access may be in dairy processors rather than allowing others, such as retailers, restaurants, importers, and distributors fair access to the TRQs.

And the result is that U.S. exporters have been cheated out of access USMCA should have delivered.

To combat this, reforms to Canada's USMCA dairy TRQ system must be secured in the upcoming review so that U.S. dairy exporters can maximize opportunities the negotiators sought out to create.

In addition to harming U.S. exports to Canada, Canada has also been continuing to impact U.S. dairy sales to other markets by exporting growing quantities of nonfat milk solids. U.S. negotiators sought to curb this problem with reforms to Canada's Class 7 milk pricing policy, and limitations on Canadian dairy exports benefitting from that policy.

Rather than right-sizing its milk production and industry in the wake of USMCA, Canada has instead chosen to shift its dairy protein production into new product categories intentionally designed to evade USMCA dairy discipline. These products benefit from ample government subsidies, and impact the commercial markets U.S. producers rely upon.

In the upcoming USMCA review we urge the Administration to address Canada's growing artificially low priced dairy protein exports and its blatant attempts to circumvent USMCA's previous efforts to limit this process.

We urge USTR to ensure that the review addresses these targeted implementation problems with Mexico and Canada to create an even stronger agreement that will be up to the task of facilitating U.S.-Canadian -- U.S.-Mexico-Canadian trade for years to come.

Thank you.

MR. OLIVER: Thank you for your testimony.

We'll move to the next witness.

MS. RASDALL VARGAS: Good afternoon. My name is Becky Rasdall Vargas and I am the Senior Vice President for Trade and Workforce Policy at

the International Dairy Foods Association.

IDFA represents the U.S. dairy manufacturing and marketing industry, which supports more than three million jobs that generate $780 billion in economic impact. IDFA member companies make the majority of milk, cheese, ice cream, yogurt, and dairy ingredients produced in the United States and sold throughout the world.

On behalf of U.S. dairy processors, IDFA appreciates the opportunity to testify on USMCA. And today we urge USTR to pursue a review that encompasses three key outcomes:

To preserve the positive elements of USMCA;

To build on the agreement's progress, and;

Importantly, to rectify longstanding violations and operational challenges.

Taking these outcomes in order, I'd like to focus first on preserving USMCA's positive elements.

While dairy is commonly known for having some of the most renowned trade barriers in USMCA, there are also many benefits to U.S. dairy exporters and, indeed, across U.S. agriculture contained within the agreement.

Mexico and Canada are the two largest markets for U.S. dairy outside of the United States, and account for 44 percent of all U.S. dairy exports, which is about $3.6 billion annually. It seems that Canada and Mexico are outlets for nearly half of all U.S. dairy exports. And these trading partners support an integrated cross-border supply chain for many U.S. companies.

Therefore, the importance of USMCA cannot be understated. It is critical to maintain some form of preferential trade agreement between the United States, Canada, and Mexico.

Not only that, but specific elements of USMCA set new gold standards for U.S. trade agreements, one example of which is the sanitary and phytosanitary measures chapter. These provisions are particularly important to maintain in an era where science-based regulation and risk assessments are being eroded in international trade.

There are many other examples of the benefits of this agreement for which time does not permit. But for today IDFA and our members urge you to work towards a USMCA review outcome that preserves these many benefits while driving towards

the future.

Regarding additional progress we believe can be built upon with this agreement, there are many new issues that have arisen since the time of negotiation.

For instance, we believe certain work uses agreed upon with Mexico could be reviewed and improved upon to modernize them for today's needs in agriculture.

We also wonder whether the parties benefit from cooperation on restoring certain industrial manufacturing to this continent, or on the impact of non-market -- cooperation of non-market economies in global trade.

However, these improvements require a constructive and active agreement in place to effectively consider them. We, therefore, urge negotiators to build on the significant progress of USMCA and to enhance it by focusing on future U.S. needs.

Finally, and perhaps most importantly, this USMCA review must correct the violations of the agreement and the implementation challenges that U.S. dairy has encountered within it. For U.S. dairy these challenges center on Canada's dairy

policy, as you just heard.

Canada's dairy tariff rate quota policies actually limit U.S. dairy exporter access to the Canadian market instead of improving it, as was intended. Canada achieves this by, among other methods, allocating the majority of its available quota to Canadian processors who may or may not use the quota to meet their own needs.

This policy has resulted in approximately only 30 percent of available Canadian dairy TRQs actually being used at all, and even less of it being used by U.S. dairy exporters, despite many U.S. companies wanting to ship more.

Canada's implementation of its USMCA dairy pricing commitments is also a major concern for U.S. dairy.

In 2020, before USMCA even entered into force, Canada was already working to evade its pricing transparency commitment. It has also worked to ensure the dairy pricing formula has not operated effectively, while simultaneously evading its export threshold commitments on dairy protein.

And all of these actions create opportunities for Canadian milk proteins to undercut global protein prices.

While there are many possible solutions to overcome these challenges during the review, most important for this hearing is a recognition that USMCA must not be renewed without correcting these concerns. Addressing these challenges will require diligent and creative negotiations. And we fully recognize the difficulty U.S. negotiators will face in meeting IDFA's objectives.

We commend negotiators for considering all possible options. And we fully commit to engaging as a constructive and collaborative partner throughout the process.

We look forward to supporting you in developing a renewed, modernized, and corrected USMCA that can serve as a reliable tool for exporters, and that opens the door for new and improved trading relationships between the parties.

Thank you again for the opportunity to be here. And I look forward to answering your questions.

MR. OLIVER: Thank you for your testimony.

We'll move to the next witness.

MR. MAXWELL: The U.S. is losing 57 cattle producers a day. And mandatory country of origin labeling would help end the slide of the demise of

America's cattle producers.

Good afternoon. My name is Joe Maxwell and I serve as the co-founder and Chief Strategy Officer of Farm Action, a national farmer-led organization working to stop corporate monopolies, restore fair competition, and rebuild rural America.

I appreciate the opportunity to testify here, and appreciate the job that you all do

I wanted to make one point as clearly as possible today:

Reinstating mandatory country of origin labeling for beef and pork must be a top U.S. priority in 2026 USMCA joint review.

We provide a detailed written comment but today I want to emphasize why this is urgent regarding our food security, the survival of independent ranchers, and the long-term stability of North America's beef supply.

The U.S. cattle herd is in crisis. USDA reports that the U.S. beef cow herd has fallen to its smallest level is almost -- in over 70 years. Ranchers tell us the same thing across the country. They cannot justify rebuilding their herds because the market does not reward U.S. origin.

Tyson just closed a plant in Lexington, Nebraska, and is scaling back a beef plant in Amarillo, Texas. These moves impact 4,900 jobs.

At the same time, beef imports are rising to record levels, over 4.5 billion pounds last year. But at the retail meat case that imported product is indistinguishable from U.S.-raised beef.

That combination, a shrinking domestic herd and rising imports, is a dangerous trajectory for America's food security and rural economy. The United States should not be increasingly dependent on foreign beef while our own herd declines with historic lows.

MCOOL is essential for rebuilding the U.S. cattle herd. Reinstating MCOOL would give ranchers the most important thing they lack today: a reliable, enforceable market signal that U.S.-raised beef will be recognized and rewarded.

Reinstating COOL would allow consumers to choose U.S.-raised beef and ensure that choice benefits U.S. ranchers; give producers the confidence to reinvest in multi-year herd expansion; strengthen rural economies by keeping food dollars local; and build a more resilient domestic supply capable of withstanding global

shocks.

Canada and Mexico benefit when the U.S. herd stays small. With no MCOOL in place, their livestock and beef enter our market without differentiation. We respect our trading partners, but the U.S. must ensure its producers are not disadvantaged and driven from the land in their own home market.

The USMCA joint review is the correct avenue, the correct venue for this. Two of the parties at the table, Canada and Mexico, are the two countries that brought the WTO complaint that threatened the U.S., forcing Congress to repeal MCOOL for beef import in 2015.

The WTO never ruled against the principle of origin labeling, only the U.S. implementation. A negotiated, non-discriminatory MCOOL framework is fully possible.

The joint review offers the clearest path to finally resolving this issue with Canada and Mexico. Poll after poll shows 80 to 90 percent of Americans want mandatory country of origin labeling. USDA's recent voluntary product of the USA fix was an important step that only mandatory labeling guarantees universal transparency.

I appreciated the question in the previous panel on that issue.

Let me close with this:

The United States cannot afford a cattle industry at its smallest level in 70 years;

We cannot afford a food supply where foreign beef fills the gap while American ranchers go out of business;

And we cannot afford a trade policy that denies our own producers' ability to stand behind the name product of the United States.

MCOOL is not optional, it's essential. It is essential for rebuilding the herd, restoring fairness, and protecting our food security. The USMCA joint review is your moment to fix it. Farmers and consumers are counting on USTR to stand up, lead boldly, and delivery mandatory country of origin labeling once and for all.

I thank you for your -- thank you for allowing us to be here. We mostly appreciate all the work that's ahead of you all as you go into the review in July.

MR. OLIVER: Thank you for your testimony.

And we'll move to the next witness.

MS. LOVERA: Hi. My name is Patty Lovera.

I'm a Policy Advisor for a coalition called the Campaign for Family Farms and the Environment.

And the members of CFFE are state-based and national advocacy organizations that work together to change policies that are promoting consolidation in animal agriculture.

So, as you are reviewing and getting ready to negotiate on an updated USMCA, we have a couple of key priorities that we think are just essential to have a chance of improvement in the animal agriculture sector, which is already suffering from extreme consolidation.

The first is transparency labeling.

After years of demand from producers and consumers, in 2008 Congress passed a farm bill that required mandatory country of origin labeling for a list of foods, including meat, sold at grocery stores. But in 2015, Congress repealed mandatory labeling for beef and pork after the World Trade Organization ruled against the U.S. in a challenge to U.S. labeling regulations for meet that was brought by Canada and Mexico.

After failing to block mandatory COOL in Congress when the law was first passed, and failing to block the rules for labeling in the U.S. courts,

multinational meat packers had to turn to foreign trade tribunals to find a way to attack U.S. labeling rules that provided consumers with basic information about the food they buy.

This WTO decision is regarded as an example of how the WTO appellate body improperly interpreted WTO agreements, failed to follow WTO rules, and undermined U.S. sovereignty. Yet, U.S. farmers and consumers still have to live with the consequences of this bad decision which created the opportunity for the industry to pressure Congress to repeal the law.

The case against the U.S.'s mandatory COOL requirements for meat was brought by two of our closest trading partners, Canada and Mexico. And both Canada and Mexico have been on the other end of trade challenges to their policies on things like subsidies, tariff rates, or import restrictions on a long list of goods.

So, the U.S. should have negotiated with Canada and Mexico about this overall list of trade disputes rather than repealing this U.S. law. So, the review of the USMCA provides a long-overdue opportunity to finally start this negotiation.

I think it's really important to point out,

based on your previous witnesses and the question that was asked in the last panel, that U.S. livestock producers operate in a market that is dominated by a handful of very large companies. They call the shots about not just pricing but the conditions at which these animals become a retail product that consumers see.

So, while we appreciate USDA's involvement in providing a framework for a voluntary label, it is not sufficient because the decision-makers on whether that label will appear have no incentive to provide it because they are the same decision-makers who are using foreign sources of both meat and animals to manipulate the prices paid to U.S. producers.

So, voluntary has not worked for our members. This is why they are so adamant about bringing mandatory country of origin labeling back.

So, specifically, we think that the review of the USMCA should include the development of a Peace Clause on transparency in food labels that's, that is part of the Technical Barriers to Trade Chapter. We want to do this to create an opening for the countries to proceed with improvements to their domestic labeling requirements in all of the

countries so that they can have country of origin labeling and improved nutrition labeling in all of the countries that are party to this agreement.

So, once a Peace Clause is established and domestic rules for food labeling are developed, countries should negotiate a way for there to be a permanent carve-out for these rules related to labeling because transparency is that basic for a functional marketplace, and for consumers and producer in all -- producers in all three countries.

And then the other point we would like to make is just you need the renegotiation and review of the USMCA to respect all three countries' domestic policies that they have developed in their own political system to address a long-running problem in agriculture, which is overproduction.

So, the farm economy has long been plagued with overproduction that drives the price paid to farmers down, and eventually drives many producers out of business. In the U.S., Congress has failed for many decades to deal directly with this problem, and kind of accepts that farmers will have a lot of years where prices they get paid are lower than their costs of production. And then we try to fill in those gaps with various programs that are never

quite sufficient and never address the core problem.

So, we've seen agribusiness lobby against U.S. policies we used to have to try to attempt to deal with that overproduction. And now we are seeing them use trade policy to attack other countries' programs that they still have and maintain because they are satisfied with them to deal with overproduction, including dairy supply management in Canada.

So, if we expect our trade partners not to dump underpriced commodities into our market, we need to respect other countries' mechanisms they use to manage their own supply.

So, we urge the U.S. to stop the attacks on the Canadian dairy supply management program, and stop using this trade -- stop using our trade partners as a way to deal with our oversupply.

Thank you.

MR. OLIVER: Thank you for your testimony.

We'll move to the next witness, Mr. Murray.

MR. MURRAY: Thank you.

Thank you for his opportunity. I'm Bill Murray, President and CEO of the National Coffee Association in the U.S., which represents companies operating across all segments of the U.S. coffee

industry and every U.S. State and territory.

The coffee industry adds more than 343 billion to the U.S. economy every year, and provides more than 2.2 million jobs.

We have a robust cross-border trade in all forms of coffee with Canada and Mexico, which has resulted in a strong, flexible supply chain that supports the coffee sector's total value add to the U.S. economy, helps provide 73 percent of Americans with their much-demanded coffee.

The U.S. coffee industry primarily focuses on coffee manufacturing and processing, since coffee is essentially an available natural resource that can only be grown domestically in very small amounts in Hawaii and Puerto Rico.

In 2024, Mexico and Canada were the fourth and fifth largest exporters of coffee to the U.S., accounting for $743 million and $583 million respectively. Canada and Mexico were also two of the top export destinations for U.S. processed coffee, primarily due to geography and our interconnected supply chains, with nearly $864 million worth of coffee exported to Canada, and more than $67 million exported to Mexico last year.

Historically, all coffee imports have

entered the U.S. duty-free, regardless of quality conditions or origin requirements under U.S. trade agreements, including the USMCA. However, tariffs imposed on Mexico and Canada this year have included coffee unless it qualifies as being of USMCA origin. This is introducing costs and instability in the supply chain

We encourage you, respectfully, to ensure that tariffs on all U.S. coffee exports to Canada and Mexico, and U.S. imports from these countries are zero under USMCA.

We request revising in the USMCA rules of origin requirements for coffee to allow coffee roasted or processed in any USMCA country to qualify as a good originating in a territory or USMCA country.

Practically speaking, our rules of origin only allow green or unroasted coffee grown in Mexico, and instant coffee, to qualify for this duty-free eligibility. A small quantity of coffee grown in Hawaii and Puerto Rico also qualify, but it's not of significant commercial value. All other coffee, including coffee roasted or processed but not grown in any of the three USMCA countries is not eligible for duty-free treatment under USMCA.

This significantly limits U.S. competitiveness, and exports of coffee, particularly U.S. exports to Mexico, the majority of U.S. processed coffee exports are subject to a 45 percent Mexican tariff since they do not qualify for USMCA duty-free treatment.

In 2024, Mexico was the third largest market for U.S. coffee exports, with U.S. companies exporting more than $67 million worth of coffee to Mexico. In order to export more, the USMCA rules of origin must be changed to allow all coffee roasted in the U.S. to qualify as a USMCA good and receive this duty-free treatment across all three countries.

Revising the rules of origin to allow all coffee processed in any of the USMCA countries to qualify as a good of USMCA origin would also allow the free movement and critical inputs to the U.S. economy from Canada with whom the U.S. maintains a trade surplus in coffee products.

Every one dollar of coffee imported to the U.S. on a global basis is associated with $43 in U.S. economic value.

In conclusion, we urge the USMCA partner countries to ensure that tariffs on all coffee

imports from and all coffee exports to Mexico and Canada are zero, and revise the USMCA's rules of origin to allow all coffee roasted and processed in USMCA countries to qualify for USMCA origin, which would level the playing field and increase U.S. exports.

Thank you. And I'm happy to answer any questions you may have.

MR. OLIVER: Thank you for your testimony.

We'll move to the next witness.

MS. NGUYEN: Good afternoon and thank you for the opportunity to testify.

My name is Amanda Nguyen. I'm the President and CEO of the American Distilled Spirits Alliance.

The Alliance represents companies that account for more than 60 percent of spirits sold in the United States. Our members maintain manufacturing and distribution operations in more than 30 states, contributing to local economies and the strength of the national supply chain.

I'm pleased to appear today in support of the United States-Mexico-Canada Agreement as it relates to distilled spirits.

President Trump's successful negotiation

of the USMCA in 2018 was a significant achievement, which is why the distilled spirits sector supported USMCA from its inception.

Although the only representative from beverage alcohol on this panel, our interests are deeply aligned with agricultural interests. Distilled spirits production begins with grain. And our industry is a longstanding reliable customer for American farmers across the country.

In 2022 alone, U.S. distillers used 2.73 billion pounds of grain. And for some quintessentially American products nearly all of that grain is sourced from local farmers. And USMCA has delivered stability for our industry

For distilled spirits the agreement ensures nondiscriminatory market access, protective distinctive -- protects distinctive product designations, and maintains clear, enforceable origin rules. These pillars benefits farmers, manufacturers, supply chain partners, and consumers in all three countries.

One of the strengths of USMCA is the set of provisions in Annex 3(c) that apply specifically to distilled spirits, wine, beer, and other alcoholic beverages. These provisions require the

United States, Mexico, and Canada to provide equal treatment in the distribution and sale of each others products.

This matters because our members rely on predictable access to Mexican and Canadian consumers, just as producers in this countries rely on America.

The agreement also safeguards distinctive product designations. Under USMCA, American rye whiskey, bourbon, and Tennessee whiskey must be recognized by Mexico and Canada as uniquely American and produced according to U.S. law. In return, the United States recognizes tequila and mezcal from Mr. Escobar, as well as Canadian whisky from Canada.

These geographic distinctions are of the utmost importance to the distilled spirits industry and are necessary to maintain quality, character, and authenticity, particularly for our iconic American products. Because these products must be produced within specific geographic regions, many U.S. distilled spirits companies own and operate or partner with facilities in Mexico and Canada.

The profits associated with production and sales of these products thus directly contributes to growth in the U.S. and its manufacturing base.

This also spurs job creation and manufacturing expansion in the U.S.

The economic contribution is substantial. North American spirits provide about a quarter million jobs across hospitality, retail, distribution, and manufacturing. We generate billions in annual revenue for bars and restaurants. And we contribute significantly to federal, state, and local tax revenue.

ADSA supports ensuring that the USMCA continues to benefit U.S. manufacturers and workers and their Mexican and Canadian counterparts. While maintaining strong implementation and enforcement is essential, the distilled spirits are among the categories where rules of origin are clear and verifiable. And this helps to ensure that the non-originating products do not undermine benefits of the agreement.

And while I also want to acknowledge that each piece of the USMCA has areas that may require improvement or clarification, for distilled spirits the framework works well. It provides stable market access, protects North American products, and reinforces a supply chain that ties together farmers, distillers, distributors, retailers, and

hospitality workers.

So, our request today is simple:

As the Administration assesses the performance of USMCA and considers the future improvements, we urge you to reaffirm the agreement's distinctive product protections and non-discriminatory treatment of those provisions.

These commitments have served all three countries well, and continue to deliver mutually beneficial trade that supports jobs and promotes investment.

USMCA is a success story for our spirits. Continued support for these provisions will ensure that America, that the American agreement remains a platform for growth, certainty, and collaboration across North America.

Thank you for your consideration. And I'm pleased to answer any questions.

MR. OLIVER: Thank you all for sharing your testimonies. We greatly appreciate it.

We'll now turn to the panel of U.S. Government officials over here on the dais. And just as a reminder, each witness will receive one questions and your response will be limited to two minutes.

As one side note, there will be a couple of the questions that are directed to two of you at the same time. Each of the witnesses will still be granted an individual two-minute response.

And with that, we will begin with Mr. Watson.

CHAIR WATSON: Thank you. And thank you all for your testimony.

The question is for two of you, for Ms. Morris and Ms. Rasdall Vargas.

So, you both talked about your concerns with regard to access to Canada's dairy market, and also with Canada's exports. Can you tell us a little bit more about what actions you would recommend that the U.S. Government take to address those concerns?

MS. MORRIS: Sure. Thank you for that. I appreciate it.

I think in our view one of the most important areas is reforming the process that Canada uses for actually administering this.

As I think we both touched on, one of the key issues with that is the formula used for who has access to it. Many parts of the Canadian food and ag supply chain are cut out entirely or

dramatically limited in ways that have been designed to depress uptake of it.

Other elements should also be looked at, though, such as return penalties and the process for distributing TRQs throughout the year, to ensure that the incentives are properly aligned with actually trying to fill the rates.

We also think it's important as the review moves forward to be looking at the fact that there has been a shortfall here the last few years because of Canada's policies, and determine how that might be able to be addressed looking forward.

Thank you.

MS. RASDALL VARGAS: So, I think there's a lot of ways you could address those. You know, if you are going to work within the current framework on TRQ administration, at least you could require Canada to, at a minimum, publish transparently who is getting how much quote.

You could change who is eligible to receive quota.

You could address their activity requirements.

I mean, these are all things we've certainly discussed that is operable. And,

frankly, these are things the United States does for its tariff quota administration.

But I also sincerely question why we should play within the current framework of the current test at all, given the fact that we've had two disputes and Canada has done very little to address U.S. concerns meaningfully. In fact, what Canada has done is to change their policies in a manner that made the problem worse, no better.

So, you know, it is our access to Canada, not Canada's access to control. And I, frankly, would love to see a more ambitious approach that wholesale examines the current administration text and considers the problem from a different perspective.

Was your question related to pricing as well?

CHAIR WATSON: Actually, it's anything that you think would be a government action that we could take to address these concerns.

MS. RASDALL VARGAS: I think, similarly, on pricing Canada has a core problem across the board with transparency.

Their actions to fundamentally rewrite their entire cost price system before USMCA could

be entered into force was precisely so that they didn't have to consult with the United States on it. There's records that indicate that was the case.

Therefore, the formula that was negotiated very carefully is completely obsolete. It also binds U.S. dry milk to a set of products that isn't actually dry milk, or skim milk powder, or however else you want to clarify it.

So, there's a lot that's happened in the past four or five years that could be used to update that text as well. And, again, approach it from a fresh perspective.

MR. OLIVER: Thank you both for your responses.

The next question will come from Dr. Callahan.

MS. CALLAHAN: Thank you. And this question also is for two panelists, for Mr. Maxwell and for Ms. Lovera.

Your remarks have both called for the reinstatement of mandatory country of origin labeling. And we would appreciate your getting into a bit more detail on how does the lack of MCOOL harm U.S. ranchers?

And, also, if you could provide a bit more context on how does the updated USDA product of USA rule not meet your expectations in terms of the ability to allow for U.S. ranchers that can meet the born, raised, and slaughtered requirement from differentiating their products in the U.S. market?

Thank you.

MR. MAXWELL: Thank you very much for the question.

I think the question goes to really the heart of the matter: first, how does it benefit, and then why doesn't what currently has been done resolve the issue?

Currently both questions go to a starting point that's the same. The current cattle market is controlled by four major companies. They control 80 percent of the U.S. cattle market.

So, it's not in their, they, their best interests very well may be to import more cattle or beef from Canada and Mexico, or Brazil, or Uruguay, or Australia, than it is to care about whether or not the domestic herd and the producer benefits.

The U.S. consumers want to know if I buy, if I buy a beef jerky stick for my pup, it has to

tell us what country it comes from. But if I buy this beef in a case as a consumer, it doesn't.

The consumer wants to know where products come from. They will be the judge as to the quality, or what that means, or whether they're supporting the U.S. So, that is a known market.

It bypasses -- having a mandatory country of origin labeling bypasses the stranglehold that four companies have because it allows the independent farmer or producer, cattle producer, to engage the market through that consolidated stranglehold.

Why doesn't -- in my last seconds -- the product of USD -- the product of U.S.A., I wrote the first complaint to USDA on. The reason it doesn't work is because four companies control the market and they'd rather import beef than mark, mark it product of the U.S.

MS. LOVERA: Just to add to that, I would make a lot of the same, a lot of the same points.

To the voluntary piece first, your second question first, we were pleased to see that the definition that will soon be the binding definition, if you choose to do the labeling, will be more accurate.

It's been a real irritant to U.S. producers for a very long time that the definition was so weak. So, it is absolutely progress. We're not giving that back.

But the key word is voluntary. And that it doesn't, it doesn't trigger the labeling automatically. It's somebody in the position of retailing, marketing, and processing that product gets to decide if the label is on there, not the producer of the animal.

So, that's why we're so hung up on mandatory is because we had this moment. It took a long time. It's been a generation of advocacy from U.S. livestock producers to get country of origin labeling. We had it for a very brief moment. They, our members, say they saw results in their bottom line during the period where we had it in effect before 2015 when Congress took it away.

So, it just has never -- just doesn't sit right with our members that they had it, they saw it. They saw it fixed some problems in a very broken marketplace, in their opinion, and then it was taken away. And you just get a shrug about, well, trade policy doesn't let us have nice things like mandatory labels. Like, that's not acceptable to

our members.

And so, economically I would say the lack of labeling most livestock producers in this country do not have the options they wish they had to market their animals. They do not have enough buyers to create a competitive marketplace where they can get the price they need. And it's getting worse, not better.

We just had stuff in the news last week about big plants shutting down. And so, without -- and those, those companies, like, there's a tremendous amount of leverage and power to a tiny number of companies who are multinational, who can use imports strategically at moments to depress the price they pay domestically.

So, if we have a market that's 80 percent not cash, it's being done in some kind of contract, they're very good at doing things that affect futures prices, that feed into a formula, that feed into a contract. And that's the one day you made money that year or didn't, based on future prices.

And that happened recently with the announcement of Argentinian beef imports.

So, the marketplace is not working. There's other things we need to fix. But just

having this one option to this information is beyond critical for our folks to see a pathway forward to rebuild this domestic herd.

MR. OLIVER: Thank you both for your responses.

And the next question will come from Ms. Anderson.

MS. ANDERSON: Thank you. This is a question for Mr. Murray.

You identify Mexico's 45 percent tariff on imports of roasted coffee as one reason for supporting USMCA rule of origin change, so that all coffee roasted and processed in USMCA countries is considered USMCA originating.

Does your organization, NCA, have estimates of the economic impact that its proposed rule of origin change would have on U.S. coffee roasters, U.S. green coffee growers, exports from the United States of roasted and processed coffee, and imports into the United States of roasted and processed coffee?

MR. MURRAY: We do not have specific estimations. I would put this in a larger cultural and socioeconomic context.

If you think about coffee shop culture,

if you think about how consumers become more sophisticated consumers of coffee, this creates additional value in a coffee chain.

If you look at what's happened in Mexico the last 20 years, we are seeing a growing middle class, we are seeing the creation of more coffee shops, we are seeing increasing sophistication among Mexican consumers about the types of coffee that they like to consume.

This is a particular strength of our industry, being able to bring different origins, different flavors, different blends. So, do not need estimates, we can just look. But we do think there is significant opportunity.

I've got a little more time. I just want to express our appreciation again as an industry for everything this Administration has done to recognize the significance of coffee, the work that all of you have done. Seventy-three percent of Americans drink coffee. And I imagine several of you do as well. But I don't want to lose my opportunity to say thank you for all your work.

MS. ANDERSON: Thank you.

MR. OLIVER: Thank you for your response.

And the final question will come from Mr.

Watson.

CHAIR WATSON: And the final question is for Ms. Nguyen.

So, in your submission you noted that U.S. distilled spirits companies own and operate or partner with facilities in Canada and Mexico to produce distilled distinctive products like tequila.

Can you please say a little bit more about those supply chains and how you see them as contributing to the U.S. economy?

MS. NGUYEN: Sure. Absolutely. And thank you for the question.

At its core it's a very integrated market. Insofar as since the agreement preceding USMCA existed under NAFTA, there is an ability for us to grow both in terms of access and in terms of competition since then. And with the new USMCA we have the ability to make sure that there are synergies between those who are producing, those who are distilling, and some of the farmers here in the U.S..

And so, it has become the practice of some of our member companies to either partner directly with those companies and facilities, or to have some

level of co-production throughout the supply chain. So, there is a fair amount of integration that is mutually beneficial to these groups.

And then at a more macro level, the way that they have been able to coordinate again makes market access predictability and the like much more common for our groups.

Thank you for the question.

MR. OLIVER: And thank you all for sharing the testimonies, for your responsiveness to the questions, and for taking the time to be here with us. We really appreciate that, and addition to the U.S. Government officials that joined us on the panel.

With that, we will conclude this panel. We really appreciate it.

If you will grab your placards and please bring them to the right over here, we would greatly appreciate it.

And then we will ask for the members of Panel No. 9 to please join us. Please also bring your placards to come be seated up here.

We ask that you be seated in the order of the schedule, beginning with Ms. Katherine White.

And, in addition, if members of Panel 10

are in the room, we ask that you come forward and please sit in the reserved areas up front.

Thank you so much.

All right. We ask that everybody please be seated.

CHAIR WATSON: Okay. Welcome to Panel 9. So, we've concluded our marathon series of panels on agriculture and we'll move on to textiles. And because of that we've shifted some of the personnel on our side, too. So, we're going to have the new panel members introduce themselves.

I'm Daniel Watson. I'm the Assistant USTR for the Western Hemisphere.

MR. CARRIGG: Hello. Rob Carrigg. I'm the acting AUSTR for the Textiles Office at USTR.

MS. WEAVER: Marin Weaver. I'm the Acting Director for the Office of Textiles and Apparel at the Department of Commerce.

MR. MANOGUE: Good afternoon. I'm Bob Manogue with the State Department in the Bilateral Trade Office.

MR. JARAND: Hello. Michael Jarand, Deputy Director of the Trade and Investment Policy Officer at Treasury.

CHAIR WATSON: And we're almost, we're

approaching the end of the day but we've had amazing discipline from our witnesses on their adherence to the rules. So, just a reminder:

Five minutes for your presentation and two minutes for your responses.

After your presentations each of you will get a question. And then if you would stay within the two minutes we'll stay on time.

So, with that, we'll go ahead and move to our, our first witness, which is Ms. White.

MS. WHITE: Thank you for the opportunity to testify today.

My name is Katherine White. I am the Vice President of Policy at the National Council of Textile Organizations.

NCTO represents the full spectrum of the U.S. textile sector, from fiber, yarn, fabric to finished products. Our industry employs 471,000 workers nationwide, and manufactured 64 billion in output last year, including textile components supplied to our armed forces and used to make lifesaving personal protective equipment.

We strongly support extension of the USMCA, given its substantial benefits for domestic textile manufacturers in the U.S. economy.

We propose that the Administration seek to strengthen the rules of the agreement and to increase cooperation with Canada and Mexico to combat harmful customs fraud and unfair trade practices that have contributed to U.S. job losses and plant closures in our sector.

The United States, Canada, and Mexico have developed a vibrant and prosperous textile and apparel production chain over the 26-year life of the North American Free Trade Agreement that continues under the USMCA. Textile and apparel trade between the United States and its USMCA partners totaled 20 billion in 2024, compared to just 7 billion in 1993, the year prior to NAFTA's entry into force.

U.S. textile and apparel exports to Canada and Mexico, our industry's two largest export markets, accounted for 12.3 billion of this trade, and over 53 percent of total textile and apparel exports.

The yarn-forward rule of origin embedded in both the NAFTA and the USMCA, and viewed as the gold standard by our industry, provides significant economic benefits to U.S. textile manufacturers by promoting the use of made in the U.S.A. fibers,

yarns, and fabrics with production of apparel and other sewn product.

The yarn-forward rule has driven regional integration of the robust trade that exists between USMCA countries today.

We would like to underscore the critical importance of preserving the gains of existing trade agreements with Western Hemisphere countries that offer valuable markets for U.S.-made textiles. We commended the Administration for exempting USMCA qualifying trade from International Emergency Economic Powers Act tariffs.

We urge the Administration to maintain this exemption and to provide similar treatment to originating products under the Dominican Republic, Central America, United States Free Trade Agreement, given the vital textile and apparel production relationship between the U.S. and these countries which sustains U.S. jobs.

We support higher tariffs on non-qualifying goods made with foreign components to incentivize textile and apparel manufacturing in the hemisphere.

We see several opportunities to improve the USMCA to grow U.S. jobs and investment, as we

laid out in detail in our written comments.

First, we would like to work with the Trump administration to make targeted reforms to exceptions to the yarn-forward rule of origin to ensure that domestic manufacturers reap the benefits of these arrangements. Limited exceptions to the yarn-forward rule that permit U.S. producers to benefit from duty-free treatment when sourcing inputs not readily available within the bloc, such as acrylic, enhance the competitiveness of U.S. manufacturers.

Tariff preference levels and legacy have been the only rules for certain garments that allow preferential treatment for products made mostly with components from outside the USMCA region, despite the availability of textile inputs within the bloc. However, it disadvantaged our industry and warrants some fine tuning.

Next we must deepen customs enforcement cooperation with Canada and Mexico to address persistent customs fraud in our sector and to prevent the siphoning off of USMCA benefits to third party countries and bad actors. We suggest requiring Canada and Mexico to share trade data publicly to help efforts to identify fraudulent

imports, and to penalize repeat customs offenders to the highest degree.

U.S. Customs and Border Protection also needs to ramp up enforcement at home and to increase transparency and accountability in its enforcement activities.

Lastly, the Administration should take action to confront the predatory trade practices of China and other Asian countries that undercut USMCA manufacturers. We recommend requesting Canada and Mexico to adopt legislation similar to the Uyghur Forced Labor Prevention Act to crack down on goods made with Xinjiang slave labor.

The United States should consider calling for both countries to exit the Comprehensive and Progressive Agreement for Trans-Pacific Partnership which has led to a flood of ultra low cost finished textile and apparel imports containing Chinese inputs into North America, among other measures, like coordinated foreign investment screening.

In closing, the USMCA has fostered deep economic and trade ties between the United States, Canada, and Mexico that bolster the domestic industry and offer a crucial counterweight to the

China-dominated Asia textile and apparel supply chain. The Administration must preserve and strengthen viable trade agreements with Western Hemisphere partners on which the U.S. textile industry depends to grow domestic jobs and investment as it implements the President's America First trade policy agenda.

Thank you for your time. I'd be pleased to answer any questions you have about our views.

MR. OLIVER: Thank you for your testimony.

And we'll move to the next witness.

MS. J. HUGHES: Hi. I'm Julia Hughes, President of the U.S. Fashion Industry Association. And we appreciate the opportunity to testify today.

As USFIA and our colleagues in other North American apparel and footwear associations conveyed in a recent letter to USTR, the textile, apparel, footwear, and retail industries in the U.S., Mexico, and Canada are deeply integrated.

This integration drives economic growth and creates millions of jobs. USMCA has provided certainty for our industries to invest and provide consumers with affordable, quality products.

The agreement permits American companies to offer American consumers affordable fashion,

fashion made possible by global trade.

During the last 12 months our industry imported $81 billion of apparel to the U.S.. We do so because apparel cutting and sewing operations are the first rung on the ladder of economic development, a rung our nation fortunately climbed long ago.

That being said, iconic American brands, our member companies, do still manufacture in the U.S., particularly high-end and innovative products. We encourage that commitment.

To strengthen our regional supply chains we recommend USMCA is preserved as a trilateral agreement, and also extend it for another 16 years.

While USFIA has long argued that easier-to-utilize apparel rules of origin in the USMCA would foster more apparel production in the region, as we prepare for the review we recommend to the Administration that there are no changes in USMCA's clear and predictable rules of origin for textiles and apparel.

In addition to maintaining duty-free access for USMCA qualifying goods and avoiding additional tariffs, including under Section 232, for such goods is essential to enhancing supply

chain integration and ensuring the region remains globally competitive.

Should the Administration contemplate any changes to the USMCA apparel provisions, we would urge the Administration to provide sufficient advanced notice and work with the industry for clear compliance guidance prior to the institution of any changes.

The tremendous flow of yarns, fabrics, apparel, and home textiles within North America represents employment in the U.S., Canada, and in Mexico. Any efforts to make it more difficult to source apparel from our USMCA partners will encourage sourcing from other parts of the world and there will be disemployment in the North American apparel supply chain.

We look forward to working with USTR to ensure that USMCA further contributes to jobs in North America and contributes to lower prices for American families. Our association's member companies provide millions of high-paying professional jobs to hard-working Americans, represent many of the world's most iconic brands.

We look forward to answering your questions today and to participating in the USMCA

review consultation process.

Thank you.

MR. OLIVER: Thank you for your testimony.

We'll move over to the next witness.

MS. B. HUGHES: Thank you so much for this opportunity.

I'm Beth Hughes, Vice President of Trade and Customs Policy of the American Apparel and Footwear Association.

From cotton to consumer there is a tightly woven supply chain that binds together a network of workers, farmers, and employers throughout Mexico, the United States, and Canada. The USMCA enables this supply chain, setting clear and predictable ground rules and articulating a long-term incentive structure and powers jobs, investments, and regional trade.

Keeping the USMCA strong and stable is vital to the health and growth of this industry supply chain and to the many communities in all three countries whose livelihoods are dependent upon this robust North American trade partnership.

And that's why I am here declaring our industry's support for the USMCA.

While I encourage you to consult our full

written comments, let me briefly take you through three key points:

First, we believe USMCA duty-free access should be preserved to provide U.S. brands and retailers with the certainty they need to operate efficiently throughout the supply chain. Maintaining duty-free access for USMCA qualifying goods and avoiding additional IEEPA tariffs is critical to ensuring the region remains competitive in the global market, particularly relative to Asia.

Such duty-free access sends a strong demand signal to the U.S. textile industry, which relies upon Mexico as a key export market. In 2024, 53 percent of U.S. textile exports were sent to our USMCA partners, with Mexico ranking as the sixth largest destination for U.S. cotton.

Many of these U.S. inputs are incorporated into garments that are then imported back into the United States, highlighting the critical role USMCA plays in sustaining North American manufacturing and trade.

Second, we believe USMCA rules of origin are working extremely well. And we would caution against any changes intended to make them more restrictive. USMCA's utilization rate remains

high.

In 2024, 85 percent of U.S. apparel imports from Mexico, and 92 percent from Canada qualified for the agreement's duty-free benefits. This demonstrates that most goods can meet the rules of origin, providing businesses with clear, predictable, and certain trade conditions that are essential for planning, investment, and long-term competitiveness in the global market.

Third, notwithstanding our strong support for the current USMCA, we believe there are always opportunities to make it better. In our written comments we detailed a number of ideas, including corrections to mistakes that were made when the NAFTA was updated to become USMCA.

Let me highlight two:

First, USMCA needs a modernized short supply feature to assess if yarns and fabrics are not available in commercial quantities in the region. The USMCA version of this mechanism, which is identical to what existed in NAFTA, is unworkable. Statistics bear this out.

During the combined three decades that NAFTA and the USMCA were in effect, only 22 petitions have been filed. Of those, 10 were approved.

In the 19 years that the CAFTA--DR has been in effect, more than 120 petitions have been filed. Ninety-two have been approved.

We propose to model USMCA mechanisms off of the CAFTA-DR short supply mechanism, which has defined timetables and clearer requirements to provide confidence for a fair and speedier process.

I'd be remiss if I didn't mention that even the CAFTA-DR mechanism could use improvements.

Second, let's cumulate USMCA with other FTA partners. Cumulation is a flexibility that already exists in CAFTA-DR, as well as in U.S. trade preference programs like the Haiti HOPE and HELP. In fact, CAFTA-DR allows a cumulation with Mexico required materials used in garments classified under Chapter 62.

Expanding this cumulation concept to include Chapter 61 and include other FTA partners, perhaps starting with those in the Americas, would create a virtual web among key U.S. trading partners without allowing textile, apparel, and footwear products using inputs from third countries to receive the benefits of the USMCA agreement.

Of course, our written comments go into more details on these things and other issues, such

as duty drawback, enforcement, intellectual property, and labor. Aside from our collective professional interest in USMCA, all of us have a person one, since about 4 percent of all the fashion we wear comes from the USMCA region.

A stable, predictable, and zero tariff USMCA not only support investments in workers in our industry, but it also gives all of us an affordable option as we outfit ourselves and our families.

Thank you for this opportunity. And I look forward to your questions.

MR. OLIVER: Thank you for your testimony, and we'll move to the next witness.

MR. CROCKETT: Good afternoon. I'm Thomas Crockett, Senior Vice-President of Government Relations for the Footwear Distributors and Retailers of America. Thank you for the opportunity to testify today.

FDRA is the footwear industry's trade and business association, representing more than five hundred footwear companies and brands across the U.S. This includes the majority of U.S. footwear manufacturers, and over ninety-seven percent of the industry.

International trade supports hundreds of thousands of footwear jobs in communities across the U.S., good-paying jobs in design, innovation, materials, sourcing, compliance, logistics, warehousing, marketing, and retail.

We believe U.S. free trade agreements like the USMCA should strengthen opportunities for these footwear workers.

Reducing footwear tariffs through trade agreements and other initiatives, can also deliver greater value to U.S. consumers, and help address the affordability challenges facing so many Americans.

Footwear tariffs remain among the highest of any consumer product category. While the average tariff rate on consumer goods is just over two percent, footwear tariffs average more than twelve percent.

For some categories, including many children's shoes, rates often exceed forty-eight percent, and that's not counting the added reciprocal tariffs.

As you review the USMCA, we encourage you to work to extend the agreement and prevent new tariffs from being placed on our USMCA partners.

Mexico continues to serve as an important source and location for footwear. Looking at the overall picture of global sourcing, Mexico accounts for a smaller volume of footwear imports compared to the leading footwear-producing countries in Asia.

To meet U.S. consumer demand, footwear companies import more than 2.2 billion pairs of shoes to the U.S. market each year. That's more than 6.2 pairs of shoes for every man, woman, and child, in America. Mexico accounts for about twenty-two million pairs annually.

This number's not insignificant. Mexico consistently ranks as the number six supplier of footwear to the U.S. every year. Mexico ranks sixth in both import volume and value.

The volume of footwear from Mexico to the U.S. now surpasses other key footwear sourcing countries like Italy, Germany, and Brazil, and is close to approaching India. By value, Mexico is actually ranked higher than India.

Mexico also has a comparative advantage when it comes to producing boots. It is growing to become the world's third largest supplier of bootwear to the U.S. It is the Western Hemisphere's

largest supplier of bootwear to the U.S. by far.

In addition, sourcing footwear from Mexico brings production close to the U.S. consumers, and significantly reduces product cycles and lead times, which generates savings for U.S. companies, that they can reinvest back into U.S. jobs and U.S. innovation.

Despite these advantages, the USMCA is not fully realized when it comes to footwear. One key reason is because USMCA and its predecessor NAFTA, adopted the most stringent rules of origin for footwear of any U.S. free-trade agreement.

A typical bill of materials for footwear may contain upwards of fifty or sixty components. If a company wants to utilize the USMCA, it must ensure that the complete footwear meets a strict fifty-five percent regional value content requirement.

Similarly, if a U.S. footwear manufacturer wants to source an upper from Mexico duty-free to use in U.S. production, the upper from Mexico would need to meet these strict and complex rules.

Lowering this threshold would help shift some footwear sourcing to the Western Hemisphere, and increase trade between the U.S. and Mexico.

We recognize the administration's efforts to strengthen sourcing options in the Western Hemisphere, and promote greater supply chain diversification. We encourage you to work to adjust the rules of origin for footwear to help achieve these important goals.

We'd like to raise one additional issue that needs to be addressed in USMCA review.

Intellectual property enforcement challenges persist in Mexico-U.S. trade relations, particularly due to counterfeit foods in physical and online markets.

This includes systemic issues with Customs authority, lengthy legal proceedings, and limited resources that hamper effective IP protection and prosecution.

Updating laws in Mexico to provide the National Customs Agency with ex-officio powers to detail, seize, and destroy counterfeit goods, without needing prior approval from the Mexican Institute of Industrial Property, or the Attorney General's Office, would greatly improve border enforcement, especially amid the rise of eCommerce.

Under the current law in Mexico, the agency's ex-officio power is limited to detaining

goods, and merely notifying intellectual property rights holders about suspicious products.

We appreciate the opportunity to provide input to the administration on the USMCA and its impact on U.S. footwear companies. We stand ready to work with you to renew the agreement and strengthen opportunities for footwear companies within this important U.S. trade agreement.

I look forward to answering any of your questions.

MR. OLIVER: Thank you for your testimony. We'll move now to the final witness.

MR. CHANG: Thank you. And it's good to see many of you.

On behalf of the Retail Industry Leaders Association, or RILA, thank you for the opportunity to provide the retail industry's perspective on how USTR can leverage the upcoming joint review of the USMCA to strengthen our economy.

My name is Sung Chang and I'm the Vice-President for International Trade at RILA. RILA is the U.S. trade association for leading retailers. We convene decision-makers, advocate for the industry, and promote operational excellence and innovation.

Our aim is to elevate a dynamic industry by transforming the environment in which retailers operate.

We support the administration's goal of using trade policy to promote investment in productivity, enhance U.S. industrial capacity, and defend our economic and national security. We also support the administration's efforts to benefit hardworking Americans through trade.

The retail sector contribute substantially to the U.S. economy. Our members include more than two hundred retailers, product manufacturers, and service suppliers.

They account for more than $2.7 trillion in annual sales, millions of American jobs, and hundreds of thousands of stores, manufacturing facilities, and distribution centers.

Our members touch every aspect of people's lives. Whether it's school, work, recreation, we are in rhythm with everyday Americans. And the USMCA has been a cornerstone of our collective growth and success since its entry into force five years ago.

Retailers need certainty and predictability to plan, invest, and create jobs.

The USMCA has provided that. It's how retailers expand their North American supply chains to provide consumers with affordable, quality products right here at home.

We know the global landscape has changed since 2020, but we also know we can achieve our economic and national security goals by working with Mexico and Canada through the USMCA.

Mexico and Canada are the United States' first and second largest trading partners. Last year, our two-way trade with our neighbors was worth over $900 billion each. That's significantly greater than our two-way trade with the People's Republic of China, which was around $580 billion last year.

As the administration looks to strengthen North American competitiveness, we believe a successful joint review and the subsequent sixteen-year extension of the agreement is critical. This means keeping USMCA-compliant goods exempt from reciprocal tariffs.

This means considering our interconnected relationships with Mexico and Canada, as the administration considers additional Section 232 actions. This also means maintaining the clear,

predictable rules of origin of the USMCA.

We recognize the administration's goal to address the incorporation of intermediate goods and investment from China, into North American supply chains and production.

We know additional cooperation is warranted here, but we believe that revising the rules of origin in the USMCA could create unintended friction and undermine supply chain integration.

Another feature of the USMCA that we urge you to preserve is the exception for semi-finished goods and raw materials that are not feasibly produced in North America.

Retailers continue to diversify their supply chains, but some products and input still cannot be sourced within our continent. And there are many other factors that go into sourcing and supply chain decisions.

This is why we value provisions that allow for the use of non-USMCA originating inputs when necessary. This adaptability has been critical for our members.

We also support flexibilities that would allow for the cumulation of inputs among U.S. free-trade agreement partner countries, including

those party to CAFTA-DR.

We believe this could help near-shoring and friend-shoring efforts and speed up supply-chain integration.

There is, of course, room for improvement. There are longstanding Customs issues in Mexico, including the lack of transparency and inconsistent enforcement.

Canada's CBSA Assessment and Revenue Management, or CARM, that system can be improved as well. We would support more tri-lateral cooperation on customs, including the creation of Customs modernization programs.

We continue to support robust labor and environment enforcement as well. This includes greater cooperation to prevent imports of goods produced with forced labor. This also includes more alignment on regulations that reduce emissions, protect natural resources, and encourage circular practices across our borders.

More can also be done on regulatory cooperation and compatibility, and the same goes for collaboration on digitally-enabled trade and intellectual property enforcement, especially in Mexico.

I'll conclude by reiterating the need for a clear, stable, and predictable path forward. We believe the USMCA can be improved without causing unintended harm in American workers, businesses, and families.

Thank you, and I'm happy to answer any questions.

MR. OLIVER: Thank you. And thank you all for your testimonies. We'll now be turning over to our U.S. Government officials over to my left to ask a few questions. And just as a reminder, each witness will be getting one question, and your responses will be limited to two minutes of response. And with that, I will turn it over to Mr. Watson for the first question.

CHAIR WATSON: Thank you. And the first question's going to go to Ms. White. So, in your submission, you talked about the critical importance of both the USMCA and the CAFTA-DR for the U.S. apparel industry, textiles industry. Can you say more about why those two elements are important and how they relate to each other?

MS. WHITE: Absolutely. Thank you for the question. Just to give you a sense of what we're talking about here, seventy percent of U.S. textile

and apparel exports -- textile exports, specifically -- go to the Western Hemisphere.

And these trade agreements are really critical to not only U.S. jobs, but they're really fundamental to the livelihood of our industry.

If these agreements did not exist, our domestic industry would be decimated. Just so it's very clear what we're talking about here and the ramifications of these agreements for our industry in particular.

Those textile exports go to Canada, Mexico, CAFTA-DR countries, and are turned into apparel and other finished products that are then exported back to the United States or to other countries within the region.

And so, these supply chains have become quite critically integrated over the course of the NAFTA, and under the USMCA as well.

So, for us, it's really imperative that the administration preserve both of these agreements, seek opportunities to strengthen them as well where possible, so that the benefits of these agreements are really going to domestic manufacturers and regional manufacturers. Thank you.

MR. OLIVER: Thank you for your response. The next question will be coming from Mr. Carrigg.

MR. CARRIGG: Thank you. This question is for Julie Hughes. In your submission, you state that onerous rules have discard some companies from moving apparel production to North America. Could you elaborate on the challenges your members have faced in moving apparel production to the USMCA region, and what actions would you recommend that the U.S. Government take to encourage companies to increase their U.S. and North American sourcing?

MS. J. HUGHES: Opposite to Katie, I mean, the on-forward rule of origin is a difficult rule of origin to comply with.

With that being said, we really wanted to highlight in our testimony, the commitment of U.S. friends and retailers to use American textile yarn and fabric inputs for manufacturing apparel in the Western Hemisphere.

We didn't talk about CAFTA, but obviously, that's also a similar supply chain to the USMCA supply chain.

So, the rules of origin are very tough, and that's part of why I highlighted in today's testimony, that normally we would be coming here

and we would be telling you how difficult the yarn-forward rule of origin is for our members, and how we want to change that rule. That's a consistent policy for our association.

But in the case of the USMCA renewal, we recognize that time will be short and we really need predictability, particularly in these uncertain times, for sourcing decisions.

When strategies are being made, we want to make them, and we'd like to encourage to manufacture here in Western Hemisphere.

But the onerous rules that I'm talking about are definitely the yarn-forward rule of origin. As Beth mentioned, the difficulty in using short supply or other mechanisms that during the original NAFTA negotiations, and then again the USMCA negotiations, were exactly the things that we advocated for as an industry, to give more flexibility to sourcing executives.

MR. OLIVER: Thank you for your response. And the next question will come from Ms. Weaver.

MS. WEAVER: This question is for Beth Hughes. In your request to appear, you note that the clear rules of origin and strong enforcement ensure that companies could plan production,

sourcing, and distribution, with confidence. How does the USMCA currently facilitate that, and what improvements would you suggest to enhance those processes?

MS. B. HUGHES: Well, the USMCA has -- we've been working under it before under NAFTA for decades. The supply chain is there. U.S. cotton goes into U.S. textiles, goes into U.S. apparel, back and forth, sometimes several times, and I think that's the good thing about the agreement, but there are some things that could be changed if there was the opportunity.

However, we're not interested in reopening or renegotiating the agreement. So, some of the things that could be done under the current statute would be strengthening some of the enforcement pieces.

There's some issues with duty drawback that we would like to see, some restrictions on duty drawback that we'd like to see changed, stronger intellectual property, as Thomas mentioned.

Counterfeits is a big deal also in apparel and infowear. And then making sure that the labor requirements are continued and maintained, because we agree with a labor provision under the USMCA and

how strong that was.

MR. OLIVER: Thank you for your response. The next question will be coming from Mr. Manogue.

MR. MANOGUE: Thank you very much. Mr. Crockett, you argue that USMCA should be adjusted to allow for flexibility in footwear rules of origin. What change do you recommend, and what impacts, both positive and negative, might result?

MR. CROCKETT: That's a great question. So, I'm obviously different than what else has been said on rules of origin.

But I think for footwear, it's worth exploring that, and worth looking at that. Because if you look at Mexico, there's been a shift.

Let's look at China for a second. If you look at -- we've seen a consistent shift over the past decade, of companies looking to move out of China. That number was almost ninety percent of footwear coming to the U.S. from China back in 2009.

That's down to about fifty-eight percent now in 2024. By value, it's even a bigger cut, seventy-six to thirty-five.

But you're not seeing this rushed to the Western Hemisphere, and, particularly, Mexico. And bootwear is an exception. I mentioned that.

They have a comparative advantage there.

But there are a number of issues. One of them is production cost. There are very high production costs in Mexico, significantly higher for footwear than any other of the major footwear-producing countries.

Sometimes, brands have difficulty finding factory partners in Mexico, experience delays, quality issues, they just don't have the specialization and expertise for certain types of footwear that have developed in Asian countries.

And the raw materials exist in Asia. So, it's important to look to adjust that threshold -- it's currently at fifty-five percent -- we're not saying eliminate it, but bringing it down some would provide flexibility for brands, and would help drive some of that production back to the Western Hemisphere, back to Mexico. I even mentioned U.S. producers could import uppers for Mexico, without that very strict rules of origin.

So, while maybe for peril understand, the consensus is not something to look at, but I think for footwear, it definitely is worth exploring. I think there are many positive benefits to both U.S. producers, who are also importers.

MR. OLIVER: Thank you for your response. The final question will be coming from Mr. Jarand.

MR. JARAND: Thank you for your testimony. My question's for Mr. Chang. So, in your testimony, you noted that retailers need flexibility to procure non-USMCA originating inputs.

In your view, how can that adaptability best be achieved? What are the pros and cons hat might be associated with those actions? Thank you.

MR. CHANG: Thank you for your question. And I think if I want to take a step back, COVID really underscored for us the significance of diversifying and strengthening our supply chains, and I think that cuts across our membership.

And since COVID, we've really prioritized and accelerated that plan to diversify supply chains to both near-shore and friend-shore, sourcing and manufacturing, where it's possible.

That is not possible for all products across all sectors that we represent, right? And the flexibility in the USMCA, for example, single transformation rules, short supply provision site, my colleagues mentioned tariff preference levels.

Those tools are there so that for the

products that we have not yet been able to re-shore or to near-shore into the Western Hemisphere, are still available to provide the quality and affordable goods for U.S. customers.

I also want to mention a lot of our members have made it a priority to move a lot of our sourcing and manufacturing out of East Asia, particularly China. Right?

And we've seen the value of doing more here in our hemisphere. And a lot of the other comments that were mentioned by my colleagues, including our CAFTA-DR, we agree with.

There's a lot of synergy that's very surgical, and it must be maintained. And that also goes with the predictability of all of that.

And the last thing I want to mention is on trilateralism.

So, a lot of RILA members have stores that operate across all three countries, and therefore have overlapping supply chains. And some members have joint ventures in these countries, right?

Many members source from both countries, Canada and Mexico. Grocers are a good example. Lots of produce, like avocados, come from Mexico, and I recently learned over the holidays, that

turkeys are often Canadian, and all that to say what we have under the USMCA has worked for the last five years.

All of the rules of origin, flexibilities, the CAFTA-DR rules that were mentioned, we want those preserved to best serve the American supply. Thank you.

MR. OLIVER: Thank you. And thank you all again for sharing your testimonies, for your responsiveness to the questions, and for joining us today. We appreciate your time, in addition to the time of the U.S. Government panelists over there.

So, we really appreciate it. With that, this panel's been concluded. And if you will just grab your placards and please put them at the end of this table over here, we would greatly appreciate it.

For those that are in Panel 10, we would ask for you to please come forward, to please bring your placards, and put them in the order in which you are listed in the schedule, and we welcome you to come and be seated now.

We also welcome Mr. Ortiz to join Ms. Barberena as her interpreter. And in addition, we

welcome the members of Panel 11 to come forward and sit in the reserved seats towards the front of the room.

CHAIR WATSON: So, good afternoon, and I want to welcome everyone to Panel 10. This is our penultimate panel for Day 1, and we've had a wonderful run of very disciplined, smooth proceedings.

So, just a reminder on the process, each of you will have five minutes for your testimony. There will be a question for each of you, and the response should be limited to two minutes.

Because we have a new subject matter, we do have some new panelists. So, I'm going to ask everyone to introduce themselves.

My name is Daniel Watson, I'm the Assistant USTR for the Western Hemisphere.

MS. DOUGAN: Good afternoon. My name is Brenna Dougan, I'm a deputy assistant USTR for Labor Affairs.

MR. QUINTANA: Good afternoon, everyone. My name is Carlos Quintana, I'm a senior labor advisor at the USMCA, Monitoring Enforcement Division, at Department of Labor.

MR. MANOGUE: Good afternoon. I'm Bob

Manogue, I'm the Director for Bilateral Trade at the Department of State.

CHAIR WATSON: And we're going to go ahead and take the testimony in the order of the agenda. So, we'll start with Ms. Oakes, followed by Ms. Del Moral, Ms. Micah-Jones, Ms. Ambrosio Agraz, and Ms. Barberena and your interpreter, Mr. Ortiz, and then Mr. Perez-Rocha.

So, with that, Ms. Oakes, please start us off. Please turn on your mic. Thank you.

MS. OAKES: Can you hear me? (Native language spoken.) My name is Iakowi:he'ne' Melissa Oakes. I'm the Founder and Executive Director of the North American Indigenous Center of New York.

I appreciate the opportunity to speak on this urgent need for the USMCA to finally recognize the sovereignty, treaty rights, and economic self-determination of Indigenous nations, whose territories long predate the United States and Canada.

For Indigenous nations, trade and mobility rights are not new requests, they are inherent rights affirmed in treaties that still hold legal force today.

The Two-Row Wampum Belt Treaty,

established in the 1600s, set out a relationship of peace, friendship, and non-interference. The Jay Treaty of 1794 explicitly protects our rights to freely cross the U.S.-Canada border, to trade and to maintain relations among our own people.

The Treaty of Ghent reaffirmed these rights, and both nations' endorsement of the UNDRIP further obligates centers at Indigenous line governance and international relationships. Yet, these obligations continue to be violated.

Trade frameworks and tariffs restrict Indigenous mobility and commerce. Land claim settlements are being imposed without community consent, and federal and state systems too often sidestep traditional governments to push agreements that extinguish rights and diminish Indigenous economic capacity.

Akwesasne, where I'm from, is a clear example. Our territory straddles U.S. and Canada border and our people have maintained cross-border trade since long before either nation existed, but New York State's line claim processes, including ongoing negotiations and HR-296, have been advanced without meaningful community participation.

Betterly-recognized tribal councils,

operating under the authority of the U.S. Government, have signed agreements with New York State and the power authority, that transfer or limit our rights without referendum, and against the will of many community members.

This is not self-determination, it's coercion. It violates the principles of free, prior, and informed consent, and undermines our economic future.

When Indigenous land is taken or restricted, our nations lose not just territory, but sovereignty, resources, and ability to participate fully and equitably in trade systems like the USMCA.

If the USMCA is to be a fair agreement, several things must change.

First, the agreement must explicitly acknowledge the treaty rights of Indigenous nations, including the Two-Row Wampum Treaty, the Jay Treaty, and the Treaty of Ghent, and establish a true nation-to-nation consultation for any action affecting our lands, economies, or mobility.

Second, the USMCA must prohibit trade or development projects based on coerced, unilateral land claim settlements. Indigenous land rights

cannot be traded away by federal structures that do not represent the people.

Third, the U.S. must restore full Jay Treaty mobility and trade rights. Tariffs and Customs restrictions placed on Indigenous producers violate binding agreements. Our nation should be able to trade, travel, and maintain kinship without obstruction.

Fourth, the USMCA should include Indigenous economic protections, ensuring that our farmers, producers, and entrepreneurs can participate in cross-border markets without discrimination or double-taxation.

Finally, Indigenous nations must have formal representation with USMCA monitoring and implementation bodies, from the environment chapter, to labor and trade committees.

Trade cannot be considered free when it is built upon dispossession and the suppression of Indigenous rights.

The Two-Row teaches us that each nation travels its own path side-by-side, in peace and mutual respect.

Today, the USMCA must be brought into alignment with that original treaty vision. It is

time to honor the commitments already made to uphold Indigenous sovereignty, protect our lines, and restore our ability to engage freely in the economies we have sustained for centuries.

I also want to add that the line in the USMCA that was mentioned around Indigenous people and it being very vague, in short I think it says to respect Indigenous people is very simple.

It doesn't categorize us correctly, first and foremost. In the United States, we're considered American Indian. In Canada, we're considered First Nations people. In South of the Border, they're considered Indigenous.

So, why is that term used to categorize any reference to us in the USMCA? And I feel like that's something that needs to be straightened out, made clear, and should also include preference to the treaties that I mentioned. Thank you.

MR. OLIVER: Thank you for your testimony, and we'll move to the next witness.

MS. DEL MORAL: Thank you for the opportunity to present this testimony. My name is Tania Del Moral, Washington Advocacy Coordinator at Global Exchange, and I speak on behalf of Grisel Bello Cuecuecha, a Mexican Indigenous leader

working in cross-border solutions with the People's Movement for Peace and Justice.

Grisel Bello Cuecuecha belongs to a community in Las Caletas, Mexico, where systematic human rights, environmental and labor violations, are perpetually committed by large textile manufacturers. These have been documented in reports from the Mexican Commission on Human Rights.

Grisel is part of the People's Movement for Peace and Justice, a binational assembly of Black and Indigenous communities, including the one where Iakowi:he'ne' is from as well, migrants, survivors of gun violence, and human rights defenders.

We are directly impacted by the violence, the criminalization, and the structural inequality, and also environmental harm, that shape life on both sides of the U.S.-Mexico border.

We engage collectively, because our communities understand that these crises are interconnected, and that they demand coordinated, participatory, and transparent solutions.

So, today, I focus on the urgent need for the USMCA to recognize and uphold the inherent sovereignty, treaty rights, and economic

self-determination of Indigenous peoples in all three countries.

These principles are not symbolic. They are binding legal and moral obligations. Yet, they continue to be undermined by trade frameworks, tariffs, land-claim settlements, and development tools that disregard the sovereignty of the peoples most affected.

It must be clear that land and trade are inseparable. And so, when Indigenous land rights are extinguished or transferred without consent, Indigenous nations lose territory, economic agency, and resource control, and they also lose their ability to participate equitably in cross-border trade, which is essential for self-determined development and long-term stability.

These harms are not abstract. Right now in Mexico, communal lands are being bought out or absorbed by large corporations, under the combined legacy of NAFTA and the USMCA. When this happens, entire communities lose their livelihoods and autonomy.

This displacement forces Indigenous to migrate north in search of survival, often under dangerous conditions.

It winds in cycles of violence, fuels exploitation along migration routes, and also fractures regional stability.

So, instead of strengthening North America, these dynamics hit Indigenous peoples across the region against one another, in competition for land, resources, and safety.

So, as we enter the joint review, it is essential to recognize that this process is not a technical exercise, but a critical opportunity to address systemic failures.

Without meaningful reforms, environmental protections in high-risk regions remain unenforceable, communities remain vulnerable to violence and ecological destruction, and the agreement continues to benefit from supply chains stabilized through coercion, dispossession, and impunity. To address these issues, we offer the following priorities.

First, the USMCA must integrate the principles of treaty law, including those reflected in the Vienna Convention, and formally acknowledge the legal standing of Indigenous nations as sovereign entities.

All trade, infrastructure, and land-use

decisions affecting Indigenous territories, must follow, like Iakowi:he'ne said, nation-to-nation consultation protocols.

Second, the agreement must prohibit trade or development projects that rely on coerced land-claim settlements.

For example, those undertaken without a referendum, public consent, or traditional governance approval.

Indigenous nations maintain inherent title and jurisdiction over their lands, and the USMCA must not serve as a tool to commodify or extinguish those rights.

Additionally, we urge the complete elimination of the investor state dispute settlement mechanism. Although the United States and Canada has already removed ISDS between themselves within the USMCA, Mexico remains bound to a system that grants foreign investors privileges that override human rights, environmental protections, and the sovereignty of Indigenous nations.

So, as long as IDS remains in effect, Indigenous communities face heightened risks of land dispossession and retaliatory claims when

defending their territories from harmful corporate projects.

Third, the USMCA should establish fair trade mechanisms that support Indigenous producers, farmers, and entrepreneurs. Indigenous economies must not face double-taxation or discriminatory regulation within the free-trade zone.

I'll end with, because I'm running out of time, saying that the rapid response mechanism should be expanded to include cases involving human rights violations, within USMCA-related industries and supply chains, as well as to the additional countries of the U.S. and Canada.

And I thank you for your consideration. I really present this testimony in the spirit of treaty recognition and sovereignty, and with the principles of peace and justice as well. So, we committed to working with you on this. And respectfully submitted on behalf of Grisel Bello Cuecuecha.

MR. OLIVER: Thank you for your testimony. We'll now move to the next witness.

MS. MICAH-JONES: Good afternoon. My name is Rachel Micah-Jones, and I am testifying today as Chair of Migration Networks.

Migration Networks is a coalition of labor unions, migrant rights organizations, any trafficking groups and researchers who are advancing an alternative model for labor migration, a model that respects the human rights of workers, and works for our families and our communities.

Founded in 2011 as the International Labor Recruitment Working Group, Migration Networks addresses workers' rights abuses for internationally recruited workers across industries and visa categories.

The U.S.'s work-visa programs are rife with abuses. Our members have documented illegal fees, fraud, discrimination, retaliation, and forced labor, in the programs, which tie workers to a single employer.

Each year, between one and 1.5 million temporary visa workers arrive in the U.S. They work in agriculture, landscaping, seafood, as well as the automotive tech and healthcare and other industries.

They arrive on a variety of visas, from H-2A to TN, and our research has documented abuses across the visa categories.

The inclusion of the Labor Chapter,

Chapter 23 in the USMCA, was a positive step toward advancing worker protections in our country's pursuit of free trade.

However, the U.S. has not updated its relevant laws to come into compliance with its obligations under the Labor Chapter, nor has it done enough to enforce and improve U.S. labor laws to uphold our commitment in Chapter 23, to ensure that all migrant workers are protected by them.

To give just one example, the principle U.S. worker protective law covering farm workers, is the Migrant and Seasonal Agriculture Worker Protection Act. That law specifically excludes farm workers admitted to the U.S. on H-2A visas, from its protections.

Three hundred and fifteen thousand H-2A visas were issued in 2024, and the program is rapidly expanding. The vast majority of those workers are from Mexico. And to this day, they remain unprotected by this critical law.

The U.S. has also failed to ensure that migrant workers have access to justice when faced with workplace violations. Most migrant workers are ineligible for legal support through legal service corporation-funded programs, the largest,

and often the only, local legal aid organization.

Without access to legal services, we leave migrant workers, particularly those that work in the wage industries, without much recourse, as the majority cannot afford private counsel.

The U.S. has also failed to adequately implement policies to protect workers against employment discrimination on the basis of sex, pregnancy, sexual orientation, gender identity, and caregiving responsibilities, as it promised to do under the Anti-Discrimination Commitment in Article 23-9 of the Labor Chapter.

The U.S. needs to direct the U.S. departments and agencies across the whole of government to increase transparency, by sharing aggregate demographic data for the various temporary visa programs, as well as complete participating employer and recruiter data, to allow migrant workers to hold abusive employers accountable.

Finally, the U.S. Government needs to enforce its anti-discrimination laws to address discrimination recruitment, so that low-road employers and their agents no longer feel free to brazenly discriminate and refuse to hire women.

Migration Networks joins workers in supporting an alternative labor migration model, including specific reforms and future treaty negotiations.

Our alternative model for labor migration shifts control over the labor migration process from employers to workers, elevates labor standards for all workers, responds to established labor market needs, respects family unity, ensures equity and access to justice, and affords migrant workers an accessible pathway to permanence.

The alternative model would robustly protect workers, while also ensuring that employers who uphold their legal obligations are not undercut by low-road employers.

In this alternative model, internationally recruited workers would self-petition for their visas, and all workers would connect directly with certified employers, through a multilingual government-hosted database of available jobs.

The simple and accessible self-petition process would eliminate the need for recruiters, and root out the abuses recruiters perpetuate, from charging fees and discriminating, to retaliate

against workers who speak out against abuses.

Through the government's database, workers could more easily change employers and leave abusive situations. This model would replace the patchwork of inadequate regulations that currently harm workers across visa categories and industries. Thank you.

MR. OLIVER: Thank you for your testimony, and we'll move to the next witness.

MS. AMBROSIO AGRAZ: Distinguished members of the Panel, thank you for the opportunity to testify.

I speak on behalf of Global Rights Advocacy, Tsikini, and the Environmental Defense Law Center, organizations dedicated to protect environmental defenders, and ensuring a state and corporate accountability.

We have identified a profound gap at this core of the USMCA. The agreement lacks mechanisms to impose enhanced due diligence and share responsibility on steel and mining supply chains, operating in conflict-affected, or criminally dominated regions.

This is not a minor omission. It is a structural failure that allows organized crime,

weak or captured state institutions, and transnational corporate actors, to interact in ways that create severe and entirely unforeseeable risk for environmental and human rights defenders.

In many of these regions, violence is not a side-effect of trade. It is what enables infraction and commerce. Corruption, impunity, and the lack of oversight, in Mexico, generate an undue competitive advantage for the Mexican-instilled sector, while silencing communities, workers, and even honest public officials.

This violence also distorts fair competition, and affects U.S. steel jobs and industry.

The corridor of Michoac n, Colima, and Jalisco, is the clearest example. It has the highest number of killings and these appearances of environmental defenders. And it is a strategic infraction zone, where major companies, such as Ternium and ArcelorMittal, operate.

Their presence as part of Mexico's trade delegation, illustrates the influence of corporate actors embedded in high-risk regions.

The disappearance of Ricardo Lagunes Gasca

and Antonio Dias Valencia, is emblematic of the urgent need for robust corporate accountability, and coordinate a state action.

To find the truth, the parties must provide dedicated international corporation and technical assistance.

The USMCA's commitment to sustainable development, environmental protection, and labor rights, cannot be fulfilled while defenders face threats, attacks, or disappearances, for exposing violations.

This is why our submission centers on two legal and policy doctrines, that must guide the future evolution of the agreement, share responsibility, and enhance due diligence.

Shared responsibility recognizes that extraction occurs in one country but supply chains, financial beneficiaries, and corporate control, is shared.

Host states alone cannot carry the burden when mining a course in regions dominated by criminal groups.

Home states, consumer states, and corporations, must share obligations to prevent, mitigate, and remedy harm. This is consistent with

the UN guiding principles, OECD standards, and inter-American jurisprudence.

Enhanced due diligence is the operational counterpart. In high-risk, or conflict-affected zones, ordinary due diligence is not sufficient. Enhanced due diligence requires conflict and territorial assessment, identification of criminal influence, regarding its betting of contractors, clear particles to prevent reprisals against defenders and corporations with investigations, including suspending operations when necessary.

Based on these doctrines, we would propose three structural reforms. The first one, a binding USMCA annex on enhanced due diligence for steel mining and other high-risk sectors. With foreseeable duties, consequences for non-compliance and access to remedies.

Second, a formal integration of shared responsibility into the agreements convergence, establishing obligations, not optional tools, when supply chains intersect with organized crime or violence.

And third, strengthening the Commission for Environmental Cooperation, with explicit authority to treat violence against defenders, as

an obstruction to environmental enforcement, and evaluate basis for SEM submissions and factual records.

The upcoming term review is a critical opportunity to correct this systematic failure. Without these reports, environmental law in high-risk will remain unforeseeable, communities unprotected, and supply chains will continue to rely on coercion and impunity.

Integrating shared responsibility, mandating enhanced due diligence, and empowering the CIC, are not minor revisions. They are essential to ensuring that North American trade does not depend on the silence of those who defend land and environment. Thank you.

MR. OLIVER: Thank you for sharing your testimony. And before we begin with our next testimony from Ms. Barberena, I would flag that Ms. Barberena will be providing her testimony two and a half minutes in Spanish, and then her interpreter, Mr. Ortiz, will be interpreting it for the final two and a half minutes. Por favor.

MS. BARBERENA (Through her Interpreter): Good afternoon. Thank you for the opportunity to share my testimony today.

My name is Adriana Barberena, I am a migrant worker and a member of the Worker Defense Committee, a group made up of migrant workers and their families, dedicated to defending our labor rights in the United States.

Because I lack stable income, I applied for a TN visa, so I could use my education and professional experience to support my daughters, and continue developing my career.

Like the hundreds of thousands of temporary migrant workers recruited each year by U.S. employers, I was also seeking fair employment in the U.S.

Unfortunately, the job opportunity promised to me in my TN visa support letter, was not the one I found when I arrived.

Instead of performing work that required my knowledge and skills as a veterinarian, I was assigned heavy manual labor, often in extreme heat, with no opportunity to use the restroom, or drink water.

My fellow TN visa workers and I were paid less than what we had been promised. And we also faced additional wage issues. When we spoke up, we were silenced and threatened with being fired.

We knew that we were dismissed. We will have no choice but to leave the country.

It is essential that temporary visa programs, such as the TN visa program, ensure that labor protections and employment contracts are respected.

What I experienced, and what so many other temporary migrant workers continue to experience, happens because of a lack of oversight and transparency on the part of the authorities.

To ensure protections are not words on paper, government must fully enforce federal laws that protect us from wage theft, discrimination, and retaliations, when we raise our voices. And they must guarantee access to legal services.

Above all, I want it to be understood that trade depends on workers, and that workers are at the heart of economy prosperity. Borders shall not stand in the way of fighting fraud and labor violations. Thank you very much.

MR. OLIVER: Thank you for your testimony, and we'll move to the next witness.

MR. PEREZ-ROCHA: Thank you very much for this opportunity. I'm an Associate Fellow at the Institute for Policy Studies here in Washington,

DC, and I'm actual Mexican-American citizen, as I have worked many years supporting approaches to trade that are compatible with the peoples well being and the planet's health.

Unfortunately, three decades of NAFTA and the ensuring USMCA have proven the contrary, to millions of people who live in poverty and have seen their livelihoods taken away and their environment destroyed, both in Mexico and the U.S.

The mechanisms in free-trade investment agreements provide corporations with excessive rights over human rights, and Mexico's a great example of how ISDS, that its investment state dispute settlement affects the capacity of the country to regulate, being the third most sued country in the world under this investment regime.

I am honored to read the succinct testimony of Quetzal Tzab, a Mayan Indigenous leader from the Yucatan Peninsula, who has been at the forefront of the struggle to close a destructive mining operation in an area close to the tourist paradise of Playa del Carmen.

Normally, he have to found a vegetation and water resources have been depleted, but the health of the inhabitants, including children, has

deteriorated.

After the Mexican government intervened to protect the fragile ecosystem, the company launched an ISDS claim against Mexico for the purchase amount of $1.9 billion under NAFTA's ISDS rules.

Mr. Tzab planned to be here in person to testify, but was unable to change his travel when this hearing was postponed.

So, I'm going to read the succinct text that he sent for this hearing.

It says, "Quetzal Tzab. I would like to acknowledge the importance of this treaty, taking into account its social, labor, and environmental lean text.

"I am from Playa del Carmen, an area where nature is at its most splendid, surrounded by the Caribbean Sea, a paradise where just a few kilometers from the beach.

"There are multi-cultural Indigenous communities, and a mine called Calica -- no cult, Vulcan. Vulcan is a company that owns the Calica mine. Legacy Vulcan LLC, a U.S. company.

"Vulcan was granted the permission to operate in the 1980s, and has not stopped since,

causing irreversible damage to nature and surrounding communities.

"The mine has specifically impacted health, the traditional way of life of the community, access of water and the right to breathe clean, unpolluted air.

"I resort to the question of the stone material exported by the company, to build freeways and highways here.

"During the human settlements around Vulcan, have turned to human settlements around Vulcan, the Vulcan mind into two enclaves, since most of the inhabitants work around Vulcan. But that does not imply concrete benefits for the population.

"It is for reason that there's an urgent need for ISDS to be exempted in this review, for reasons that damage for national relationship. So it is, in the case of Calica Vulcan.

"It's an open wound that we experience in a stock manner, as the minors have excavated excessively, as if it were an infinite quarry causing irreparable damage." End of quote.

Would just like to ask that the people that have to migrate to the tourist resorts of the

Caribbean from all over Mexico, all over the country, in search of work, would do much better with the $1.9 billion U.S. dollars that the Vulcan company is demanding at the World Bank's International Center for the Settlement of Investment Disputes.

With this money, a lot of local economic firms could be fostered, and that would also help to stem forced migration to the north.

ISDS is a one-way tool in a world where corporations are enriching themselves as never before, while people are doomed to look for work anywhere and leave behind destroyed livelihoods.

"It was a positive step forward during the previous USMCA negotiation, when ISDS was removed between the U.S. and Canada," my colleague said, "and reduced in scope with Mexico."

But the ongoing Vulcan case highlights the injustice of this system, and serves as an example of why ISDS should be fully removed.

We ask the parties to the USMCA to please address people's needs, and not only the right granted by a free-trade agreement to a corporation -- in this case, Vulcan -- to continue exploiting Mexico. Thank you very much.

MR. OLIVER: Thank you. And thank you all for your testimonies. We'll now turn to our panel of U.S. Government officials to ask some questions.

And as a reminder, each witness will receive one question, and will have a maximum of two minutes to respond. And with that, I will turn it over to Mr. Watson for the first question.

CHAIR WATSON: Thank you. And again, thank you all for your very thoughtful testimony.

We will start, the first question will be for Ms. Oakes. So, I think there are two parts to this question, and some of it I think you began to address in your testimony.

But the first question is, what do you feel has been the impact of the USMCA on Indigenous workers? And the second question is just, what is the key message you want us to take away from today's hearing?

MS. OAKES: So, I live on my reservation in Akwesasne, which is located on the border of Canada and the U.S. It's three borders: Ontario, Quebec, and New York State.

And economically, economics aren't good there. We basically have a casino and some cigarette trade happening, and cannabis trade

happening, and everybody wants to operate in a self-determined way within our nation.

So, there's not much crossover when it comes to developing any businesses beyond our reservation territories.

And that could be mainly due to us being non-taxable, which is something that would prefer to be, like, maintained through our Jay Treaty agreements, with our rights to trade across the border, and trade amongst each other from nation to nation, not just from, like, the U.S. and our nation of Akwesasne Mohawk people, but from our other brothers and sisters on other reservations across the border and along the border.

I'm Haudenosaunee, so we're six nations, and our first reservation starts in Kahnawake, the western portion, all the way out towards Buffalo, which is the Senecas.

And there's a lot of trading that could happen there -- at minimum, amongst ourselves -- that's being prohibited, where the Jay Treaty is not being honored.

And so, for me, within the USMCA, there's language in there that is very vague. And I think that reaffirming the Jay Treaty laws and the Treaty

of Ghent that reaffirms the Jay Treaty law, and also the Two-Row, which all state are treaty rights in self-determination, cross-border --

I live on an island that's between the U.S. and Canada, on an island that's in kind of like no-man's land. The customs are across each bridge.

So, it gets pretty sticky when it comes to our economy and trade. And I think with language included in the USMCA, that would be really helpful and help us grow in a way.

We also have issues with land claims that are also sort of taking our futures away, as far as economic development goes. And just would prefer the language to be inclusive of our treaties.

MR. OLIVER: Thank you for your response.

And the next question will be from Ms. Dougan.

MS. DOUGAN: This question is for Ms. Del Moral.

What role can USMCA partners play in addressing violence against workers and their communities in Mexico and are there specific changes to the Agreement you would recommend to ensure we are able to achieve your suggested goals?

MS. DEL MORAL: Thank you for the

question.

So, what we're seeing in Mexico is that the trade drive consolidation in agriculture, in mining, and energy has really intensified disputes over land and natural resources.

So, these sectors disproportionally affect indigenous and rural communities, which are already targeted by organized crime and local power holders.

So, when the communities resist land grabs or refuse displacement, they face threats, disappearances, and lethal violence.

According to Mexican government data, more than 110,000 people are currently disappeared and indigenous land offenders are among the most at risk.

So, although the USMCA does not directly cause this violence, it -- the rules create incentives for mega projects and foreign investment without adequate safeguards.

And so, when the economic model encourages extraction and dispossession without strong protections, the result is a rise in attacks on communities defending their territories.

The other thing I would add on to the rapid

response mechanism, we think that the governments that are resolving too many of the cases without securing long-term gains for workers, you know, out of the 32 cases concluded by mid-2025, half were resolved during review.

And so, it really raises the legal consequences of not being able to access the rapid response mechanism, either because they don't know the USMCA exists, the workers, or they don't know that the U.S. government is monitoring and enforcing their labor rights.

So, and also, you know, most workers assume the U.S. government has mixed motives. So, it's really about the information and transparency and accountability when it comes to the rapid response mechanism.

Thank you.

MR. OLIVER: Thank you for your response.

The next question will be coming from Mr. Quintana.

MR. QUINTANA: Thank you, everybody, for your comments and testimony.

My question is for Ms. Rachel Micah-Jones.

You spoke about improving protections for migrant workers.

How might enhancing and enforcing protections under the USMCA for migrant workers enhance labor rights and wages for workers across the USMCA parties? That's the first part.

And what specific recommendations do you have on this matter?

MS. MICAH-JONES: Excuse me, sorry to talk in Spanish, I don't know what that was about, but good to see you, Carlos.

So, you know, I think for -- with regards to enforcing labor protections for workers who are recruited internationally to work in the United States, it's really important because it does have an impact, not just on the migrant workers who are recruited internationally, but all workers in the United States and in similar industries in Mexico and Canada as well.

And so, I think it's, you know, certainly, really important to ensure that those labor standards are upheld.

As far as like specific recommendations, we have a whole host of specific recommendations for changes that the U.S. government needs to make to bring itself into compliance with the obligations that were stated under the USMCA.

But there are also changes to the USMCA which we would recommend.

Our experience has been that, for internationally recruited workers to the United States, for example, the rapid response mechanism is inaccessible, particularly because of Footnote 2 and the fact that most of the workers that are involved in our organizations are not covered by the protection of the NLRA.

And also, to get -- I mean, I can share some additional analysis of this writing after, but certainly, removal of Footnote 2 would be important.

The other thing is is for the claims that are brought under the general labor chapter, what we've noticed is we've seen very little progress.

You know, I'm speaking today as chair of Migration Networks, but I also direct an organization that brought a complaint under the Labor Chapter.

And we brought that complaint in March of 2021. And to this day, we've seen very little progress on the issues that were raised in that complaint.

And so, you know, having clear timelines and concrete mechanisms to sort of advance the

Chapter 23 process would be helpful.

Thank you.

MR. OLIVER: Thank you for your response.

The next question will come from Mr. Manogue.

MR. MANOGUE: Thank you.

So, this is for Ms. Ambrosio Agraz.

And so, in your submission, you suggest the USMCA be used to address violence by criminal elements in the steel and mining sectors.

What specific mechanisms are you proposing?

MS. AMBROSIO AGRAZ: Thank you for your question.

I think that it's something that is very important to put into the discussion and we will be also glad to provide a more detailed answer by email later.

But in our proposal, we established three different points.

I think that the most important one there is the -- it's the threatening of the commission for environmental incorporation.

Currently, also, as my colleague here established, there is a high level of violence for

environmental defenders and human rights defenders in Mexico in the mining sector.

Companies there, they also collaborate in certain levels for -- in this violence.

Home states are -- alone, they cannot take the bother of these wrongful actual acts. It should also go beyond to third states, but also to corporations.

We believe right now that, at the timing, in areas where violence silences communities and defenders, it becomes impossible to activate environmental enforcement provisions under Article -- under Chapter 24 of the treaty.

Currently, the CEC cannot act when violence prevents the application of environmental law.

Our proposal to the CEC is to, first, consider attacks and violence to environmental and human rights defenders as an obstruction of environmental law.

Second, to establish the acceptance of SEM submissions involving these acts of violence.

And third, to use CEC factual records for state to state consultations and compliance.

We believe that it is very important to

put this in the next term review and we would like to provide a more detailed answer later.

MR. OLIVER: Thank you for your response.

The next question will be coming, again, from Ms. Dougan.

MS. DOUGAN: This question is for Ms. Barberena.

What motivated you to come to the United States on a TN Visa? And what do you hope to get out of the program?

(Foreign language spoken.)

MS. BARBERENA: So, basically, I was -- it was because lack of a stable income and I want to support my family and specifically, my daughters, and also, to use my education and professional experience to support my family and have more experience.

MS. OLIVER: Thank you for your response.

The final question will be coming again from Mr. Watson.

CHAIR WATSON: Thank you.

And so, the final question is for Mr. Perez Rocha.

I think you -- I know that you've talked about ISDS in your presentation.

But I think the question that I would like to ask is, are there other things that you can talk about that you would like to see in the USMCA joint review or you would like to see us consider in the USMCA joint review related to the issues that you've raised?

MR. PEREZ-ROCHA: Yes, thank you very much.

I think that many of the issues that have been raised here are related to the question of ISDS.

ISDS is just sort of the, you know, like the cap of many problems that are part of the relation between the U.S. and Mexico and with Canada.

For example, the lack of enforceability for indigenous rights, the lack of really responsibility for labor standards, for the lack of, you know, capacity to move on into the qualification or in part of the balance of labor salaries, wages, and so on.

And many of these things are preventive by precisely the rights of corporations in intervening when human rights, even labor rights, indigenous rights are trying to be defended.

The rights of investors are the ones who

prevail.

So, ISDS is just, as I said, just the cap of a system that, in general, tends to benefit the business partners over the rights of the population of indigenous peoples.

So, it's part of the, I mean, the question is very good and for, I think that the overall aim of balance in human rights with investor rights within the USMCA is -- the ISDS is part of it. The ISDS is at the crown of something that really gives corporations immense rights over peoples' rights.

Thank you.

MR. OLIVER: Thank you, and thank you, all, for your responses and your testimony, your responsiveness to the questions and your time with us today. We really appreciate it.

We also appreciate the U.S. government panelists who joined us today as well.

And with that, this panel is concluded. We just ask, if you will please grab your placards and put them right over here, it would be greatly appreciated.

And then, we also ask that the members of Panel 11 please step forward. We ask that you also please bring your placards with you and please

remain in the order that you're seated, the order that's included in the schedule.

Thank you so much.

CHAIR WATSON: Okay, let's go ahead and get started.

Welcome to the final panel of the first day of the public hearing for the USMCA joint review.

Thank you all for being here. We've had a really pretty fantastic day of very efficient and very well organized presentations. I'm sure we'll get that here today, too.

We do have new panelists on our side because of the new subject matter. And so, I'm going to ask them to introduce themselves, starting on, I'm Daniel Watson, Assistant U.S. Chair for the Western Hemisphere.

MR. LEE: Daniel Lee, Assistant USTR for Innovation and Intellectual Property.

MS. CASCARANO: Isabelle Cascarano, I'm the Deputy Assistant Secretary for the Western Hemisphere at the U.S. Department of Commerce.

CHAIR WATSON: We're also expecting a colleague from the FDA, he should be arriving at any time. But anyway, he's Joe Rieras. I don't know if we'll have time for him for introduce himself

when he arrives.

But once he's here, he will also be serving on the panel.

So, I think you know the rules. I saw you waiting patiently, so five minutes for your presentations.

You'll each get at least one question. And then, two minutes for your response.

And with that, we'll go ahead and get started and the first speaker will be Mr. Aziz.

MR. AZIZ: Great, thank you.

My name is Anjam Aziz and I'm a Senior Director for International Advocacy at the Pharmaceutical Research and Manufacturers of America., PhRMA.

On behalf of the U.S. Pharmaceutical Innovators and PhRMA appreciates the opportunity to testify regarding the operation of the USMCA to inform its joint review.

The U.S. pharmaceutical industry produced one-half of the world's molecules, supports nearly five million jobs in the United States, and contributes over 1.65 trillion in economic output.

This global leadership is not guaranteed. It is sustained by strong and enforceable

intellectual property protections, healthcare systems that reward the value of innovation, and fair and transparent access to global markets.

The USMCA joint review is a critical opportunity for the United States to reinforce these pillars of American PhRMA pharmaceutical innovation by prioritizing the following three issues.

First, the joint review must ensure that Canada and Mexico fully meet their outstanding USMCA obligations.

Mexico has not implemented key intellectual property, regulatory, and procurement commitments, including to establish effective patent enforcement mechanisms to prevent marketing of patent infringing follow on products, provide patent term extension to compensate for the time lost due to regulatory approval processes, implement regulatory data protection to safeguard confidential test data submitted to regulatory authorities to demonstrate the safety and efficacy of medicines, address the backlog of marketing authorization approvals for medicines, and ensure government procurement is open, fair, and transparent without sacrificing participation or expedited approvals based on local manufacturing,

investment, or IP considerations.

Canada also remains out of compliance, including deficient patent term adjustment and patent term extension systems which runs simultaneously instead of separately, and negate intended protections, market access delays due to onerous government reimbursement processes, resulting in an average 25-month delay, twice as long as most OECD countries, and pricing and reimbursement policies that undervalue U.S. medicines.

Now, I'll give an example here, by excluding the United States and Switzerland from its reference price basket and relying on countries with onerous price controls, Canada deeply undervalues U.S. innovation, reducing launch prices by up to 90 percent for certain innovative medicines.

Second, the joint review should strengthen the USMCA's intellectual property provisions so that the agreement reaches its full potential to protect American intellectual property and promote North American innovation, supply chains, and reciprocal trade.

In 2018, USMCA text negotiated by the Trump

Administration and accepted by Canada and Mexico included high standard intellectual property provisions.

Unfortunately, these provisions were removed or significantly weakened in 2019 to satisfy the demands of the vocal minority in Congress.

The joint review should achieve the highest intellectual property standards and provide protections consistent with those afforded in the United States, including 12 years of regulatory protection for biologics.

At a minimum, restoring the provisions removed in 2019 would bring Canada and Mexico closer to U.S. standards, including for biologics, require two of the United States closest trading partners to honor their previous commitments to protect American intellectual property, and strengthen North American innovation and supply chains.

Third, as part of the joint review process, Canada must be held accountable for paying its fair share for American innovation.

President Trump's Executive Order signed on May 12th, 2025 regarding prescription drug pricing underscores that foreign pricing policies unjustifiably shift research and development costs

on to American patients and taxpayers.

Canada is a prime example, spending just 0.34 percent of GDP per capita on new innovative medicines, less than half of the 0.78 percent spent in the United States.

So, full implementation of existing obligations, securing high standard intellectual property protections, and ensuring other wealthy nations pay their fair share or promote reciprocal trade, strengthening North American competitiveness, and sustained innovation American and global patients depend on.

The biopharmaceutical industry strongly supports the joint review and believes the process can produce a gold standard for free trade agreement.

Thank you for your attention and the Administration's commitment to defend American innovation.

MR. OLIVER: Thank you for your testimony.

We'll now move to the next witness.

MS. PARSHALL: Hi, my name is Cassidy Parshall. I'm the Program Manager for Universities Allied for Essential Medicines.

UAEM is a researcher and driven

organization that works to ensure that health products developed in university labs with public funding are accessible to the people who need them.

Today, nearly 30 public health, faith, and civil society organizations join UAEM in urging for a revised USMCA that serves the public interest and does not limit access to medicines.

These organizations include Treatment Action Group, Doctors Without Borders USA, Interfaith Center and Corporate Responsibility, National Nurses United, Social Security Works, Communications Workers of America, and Public Citizen, among others.

Our message today is that trade agreements must not stand in the way of health and access to medicines.

Across North America, people are struggling with drug prices that are far too high and, in its current form, the USMCA locks in rules that keep medicines unaffordable, discourage competition, and ultimately, impede the availability and accessibility of medicine.

As such, there's an urgent need for the U.S., Mexico, and Canada to revise the USMCA to remove these harmful provisions.

We believe that it -- the most effective solution is to remove the intellectual property chapter from the agreement entirely.

The balance between the rights of patent holders and the right to public health is a matter for democratic policymaking, not decisions that should be rushed through international trade agreements, negotiated in secret.

But if the intellectual property chapter remains in the agreement, several pharmaceutical related provisions must be removed.

First, patent term extensions that grant corporations additional years of monopoly beyond the internationally agreed 20-year term.

Term extensions significantly delay access to generics, restricting access to affordable medicines, and increasing health system costs.

Second, regulatory exclusivity that grants additional monopoly protections beyond those provided by patents.

These exclusivities are independent of patent protection, blocking generic market entry, even when a medicine is not protected by a patent, or when public interest exceptions are needed to

facilitate access and respond to health emergencies.

Third, patent linkage that links medicine marketing approval status to patent status.

Under patent linkage, even weak or questionable patents can be used to delay the introduction of generics.

Patent linkage systems can facilitate abuse since the financial benefits of blocking generic competition often outweigh the risks of penalties.

And last, enforcement provisions beyond internationally agreed standards.

The USMCA's enforcement provisions give companies expanded remedies beyond the generous infringement remedies they already have, further upsetting the balance between the representation of industry interests and the public interest.

These mechanisms risk chilling legitimate policy actions aimed at expanding access to medicines.

Ultimately, the USMCA in its current form puts private interest of pharmaceutical corporations above public health.

We urge the U.S., Mexico, and Canada to

pursue a revised agreement that helps address the shared problem of excessive drug prices and allows all parties to protect health and provide timely access to affordable medicines.

Thank you for the opportunity to testify and for considering the necessary reforms to ensure that the revised agreement serves the public's interest.

MR. OLIVER: Thank you for your testimony.

We'll now move to the next witness.

MR. SANDERS: Good afternoon and thank you to the U.S. government for the opportunity to contribute to this important analysis of the USMCA.

My name is Alejandro Sanders, Executive Director of the Mexican Pharmaceutical Council.

Our organization represents the leading Mexican pharmaceutical laboratories engaged in production, innovation, research, and development.

And our members contribute over 10 percent of the pharmaceutical industry's employment in Mexico.

And having invested more than $2 million over the last 5 years while maintaining a commercial and operational presence in over 40 countries, while our members work together to advance the development

and growth of the pharmaceutical industry in North America.

Let me begin with a simple but important reality.

North America remains a structurally dependent on known market, external suppliers for a very large share of its essential medicines, active pharmaceutical ingredients, APIs, and key starting materials, KSMs.

As you know, this is not just a commercial issue. It is a strategic vulnerability for our region's health security and industrial competitiveness.

But we also have enormous strengths. Mexico brings a world-class base of finished dosage manufacturing.

We bring efficiency, compliance, geographic proximity, and shared values that enables secure, fast, and efficient delivery into the U.S. market.

And together, the United States, Mexico, and Canada, we already have the foundations of the most competitive pharmaceutical region in the world.

This review is our chance to make the USMCA

the platform to build on those strengths.

First, maintaining zero tariffs on regionally manufactured products which is foundational.

It protects affordability, supports reinvestment, and helps us compete against heavily subsidized production outside our hemisphere.

Second, we encourage discussion of modernized Rules of Origin, especially for essential medicines, APIs, and KSMs.

These reforms should reward genuine North American content, prevent transshipment, and be based in responsibility through strategic joint investments.

Third, we believe a strong, more predictable, and fully harmonized intellectual property framework.

This will help balance innovation and timely access to generics through goals that, at the end, reinforce each other where rules are clear and transparent.

Fourth, we see enormous potential in deeper cooperation among FDA, COFEPRI and Health Canada.

Mutual reliance on inspections, joint

pathways, and a permanent FDA presence in Mexico.

These are practical steps that will strengthen oversight and accelerate approvals.

Finally, government procurement can be a decisive catalyst. A North American procurement approach for essential medicines, APIs, and KSMs would give the industry the long-term certainty needed for major investments.

In summary, supporting the security roles in the region would positively impact the economic and public health security of the North American region as well as positioning the regions as a game changer in the development of cooperative strategies among regional blocks.

The USMCA parties can significantly benefit from more resilient and integrated supply chains, increased availability of medication across countries, and escalating of intellectual processes within the region.

Finally, we consider that the pharmaceutical industry can replicate integration of successes seen in other key sectors by applying common rules of a region, targeted incentives, and joint innovation and investment strategies.

North America has the talent, the science,

and the manufacturing base. The USMCA is not perfect, but it is indispensable and improvable.

And the review and this review is a historic opportunity to build the safest, healthiest, and most competitive pharmaceutical region in the world.

We truly believe this is a win-win scenario for North America. A region can only achieve sustained productivity, prosperity, and justice when its neighboring populations are health, secure, and thriving.

We believe this is moment -- this is the moment to move from dependence to resilience, from fragmentation to integration, from vulnerability to leadership.

Mexico pharmaceutical industry stands ready to work with our partners in the United States to make this vision real.

MR. OLIVER: Thank you for your testimony.

And we'll now move to the next witness.

MR. DEL OLMO HIDALGO: Thank you distinguished members of the panel.

My name is Ricardo del Olmo Hidalgo, the Mexican representative of the Pharmaceutical Manufacturers Association.

And I'm very pleased to be part of this review of the United State, Mexico, and Canada agreement.

On behalf of ANAFAM, that's the acronym of my association, I want to express our firm support for preserving and strengthening the USMCA as a construct of North American economic and health security.

The pharmaceutical industry has benefitted from the agreements, contributions to regulatory integration, and more resilient supply chains.

And we are convinced that the upcoming review is a unique opportunity to deepen these gains by positioning pharmaceuticals of the center of North America's strategy for access to medicines, innovation, and strategic autonomy.

We come here today to briefly outline the importance of our sector from a regional perspective to present concrete, constructive proposals so that the USMCA can get better serve patients, workers, and communities across all different countries while reiterating our gratitude for being included in this important dialogue.

ANAFAM represents leading national and

international laboratories engaged in the production, development of generic medicines, and also innovation and research in Mexico, serving patients in our country and in more than 60 others worldwide.

ANAFAM is convinced that USMCA has been a catalyst for our sector by sending a clear signal that North American seeks a more self-reliant and competitive manufacturing base.

The pandemic clearly demonstrated the dependence on Asian countries without free trade agreements for active pharmaceutical ingredients and essential medicine as a strategic vulnerability.

And that health security is now inseparable from economic and national security.

From this perspective, preserving and strengthening the USMCA is essential, not only for trade, but for building a robust regional health architecture to the current in timely affordable access to medicines for our populations.

I would like to underline that the pharmaceutical industry shares the same characteristics that have made the automotive sector a success, a successful example of regional

integration.

A technological intensity, complex cross border value chains and a large operating integrated consumer market.

And I firmly believe that the upcoming review is a unique opportunity to evolve USMCA from the current instrument into a platform for strategic operation in public health, innovation, and economic security.

For this reason, we respectfully propose that taking advantage of the USMCA review process and the government's commitment to building a North American pharmaceutical policy that combines industrial incentives, regulatory harmonized and coordinated for public procurement.

Such a policy will lever us to network a complimentary of our three economies and together, we can establish a resilient, principle, and a USMCA compliance supply chain for APIs, KSM materials and finished medicines.

Generic medicines are the backbone of our health systems. We, as a region, have strong generic manufacturing sites with high quality, skilled labor forces, and capacity.

This is a strong breaking point to foster

both the production of APIs and generic medicines into the region.

Seventy-seven percent of all the Mexican medicines market is generic.

Here in the United States, 90 percent of the market share is generic, but only 37 percent is manufactured in this country, and only 12 percent of the APIs are made here, and only 8 percent of the APIs used in the generic production sector in Mexico is not imported.

Creating a regional framework for production and trade where updated Rules of Origin to stimulate local production of KSMs and APIs and discourage simple transshipment affects to regions inputs.

This should include realistic transaction periods so companies can adjust their production chains and undertake the necessary investments.

In order to implement the framework, deeper regulatory cooperation between FDA and COFEPRIS should involve the current relationship into comprehensive pharmaceutical alliance with mutual recognition of inspections, joint review pathways, and a permanent FDA presence in Mexico, modeled on the existing FDA's office in India and

building on U.S. in pharmaceutical annex.

This will accelerate access to safe, effective medicines and improve regulatory cooperation across the region.

And we should coordinate production incentives aligned with Mexican Plan Mexico with committed significant resources to industrial incentives with U.S. and Canada programs, including the possible use of U.S. developing banking instruments to support API and KSM plants.

Thank you.

MR. OLIVER: Thank you for your testimony.

We'll now be moving to the next witness.

MR. BIPES: Good afternoon, my name is Stephen Bipes, Vice President of Advanced Medical Technology Association, AdvaMed.

I'm testifying today to express AdvaMed's strong support for the USMCA as beneficial to the continued U.S. leadership of the global medical technology industry, also known as medtech, and to urge the administration to reaffirm the agreement for another term during the 2026 joint review.

I also provide a brief summary of AdvaMed recommendations for continued strengthening of the USMCA commitments, ensuring tariff and barrier-free

medtech trade and support of unparalleled U.S. medtech manufacturing competitiveness.

AdvaMed is the world's leading medtech association whose over 600 members, 75 percent of which are small and medium sized enterprises are the medtech companies that invent, develop, manufacture, and distribute products that fill every hospital, health clinic, nursing home, ambulance, and doctors offices in American and increasingly provide more products in home settings.

U.S. medtech industry is an American manufacturing powerhouse, the global leader in medical innovation, and the backbone of the U.S. and global healthcare industries.

As a significant contributor the U.S. industrial base, the medtech industry supports three million American jobs and nearly 17,000 manufacturing facilities across all 50 states.

Medtech is a powerful engine for the U.S. economy, generating approximately $200 billion in production output.

Globally, the U.S. medtech manufacturing footprint is a strategic asset that drives approximately $75 billion in exports annually,

supporting an estimated 160,000 directly.

American companies represent about 40 percent of the roughly $600 billion global market for medical devices, and provide patients access to the highest quality medtech and diagnostics in a 195 countries.

Yet, to realistically manufacture and supply the full range of complex and cost-effective products to healthcare systems from sutures to pacemakers, neonatal incubators to MRI machines and strep tests to cancer diagnostics, some imports and components are required.

As proven during and since the global pandemic, our robust trade allows U.S. manufacturers to focus on high-valued production and research and development, 90 percent of which occurs in the United States.

The USMCA trade commitment is critical to the medtech industry, including maintaining open, fair, and reciprocal tariff-free trade with the U.S.'s North American neighbors, Mexico and Canada, advancing greater regulatory convergence, and continued procurement incentives to enhance U.S. competitiveness at home and abroad.

A renewed USMCA can ensure that this

critical American industry continues to thrive, innovate, protect, and strengthen the economic and healthcare systems of the United States, leveraging the unparalleled assets of a U.S.-drive North America and the USMCA as the most successful trade agreement in the history of the world.

AdvaMed assess that implementation of and a compliance with the USMCA by the three governments for the chapters of most relevance an impact to the medtech industry and supply chain has created a solid foundation for effective operation of the agreement.

We also note opportunities for improvement with specific trade commitment disciplines.

In particular, we recommend, one, maintaining zero-for-zero tariffs on medical technology.

Two, preserving Rules of Origin to avoid disruptions in the highly regulated and complex medtech supply chains.

Three, re-integrating Canada into the USMCA government procurement chapter to ensure fair access and prevent third-country circumvention.

Four, strengthening the regulatory convergence and alignment with the United States,

including implementation of regulatory reliance and recognition pathways, digital and paperless systems, elimination of market authorization backlogs, enforcing good regulatory practices, aligning on supply chain and tax rules and enforcement, and zeroing non-tariff barriers, many of which are technical barriers to trade.

Five, modernizing customs procedures to achieve world-class efficiencies for medtech exports and supply chains.

And finally, six, leveraging competitiveness provisions to secure critical mineral supply chains essential to AdvaMed to advance medical manufacturing.

In closing, AdvaMed and its members welcome the continued opportunity to work with the U.S. administration and Mexican and Canadian governments to advance the U.S. and North American medtech industry's global leadership and competitiveness.

And we look forward to close collaboration in the review and strengthening of the USMCA.

We urge the administration to prioritize medtech in the upcoming USMCA review and to renew the agreement, ensuring that it continues to deliver

on its promise of tariff and barrier free trade in support of continued U.S. medtech manufacturing and innovation leadership.

We stand ready to support the administration in this effort.

We appreciate the opportunity to testify today. I look forward to answering questions you might have, either today during the hearing or in a follow up submission.

Thank you.

MR. OLIVER: Thank you for your testimony.

And we'll now move to the final witness.

MR. LIETZKE: Final, I think that might be everyone's favorite word in my presentation. Right?

Well, listen, on -- let's finish with a word of unity because what we're accomplishing here across the three nations I think is remarkable.

I'd like to say a word to compliment Mr. Sanders and his comments and what he's doing in Mexico and his colleagues as well.

And AdvaMed, and what you mentioned, Steven Bipes, is critical to the U.S. medical device industry. It's done a lot to transform ethical behavior. I've seen it firsthand quite a bit.

So, let's all pull together on some of these ideas.

I'm here as President or CEO of a company called VACERE Medical. And we have technology which is the first defibrillator for stroke.

We come out of Cleveland, Ohio.

But we're a collaboration of strong leadership in Mexico as well as strong leadership in the United States.

Let's talk about that. Okay? Because it is a good news.

And then, I want to talk about an opportunities type action here plant the seed that will be an opportunity to improve health security and economic security for people across our countries.

So, we have a defibrillator for stroke. The first life was saved by the cardiac defibrillator in Cleveland, Ohio. And we're excited to have members of that hospital system on board with us as clinical advisors.

We'll continue our clinical work in Cleveland to prove the safety and the efficacy of our device so we can get it to patients.

We are addressing a large, a massive,

critical problem globally. Okay? It's one of the top five causes of death globally, stroke, one of the top five causes of disability globally.

It consumes 34 percent of the world's healthcare budgets, massive problem. Okay?

To get this approved in the U.S., Mexico, and Canada, that is a three-step process right now.

And there's collaboration and I commend that.

I think we can move together even more closely to unify an approval process.

Why is that an opportunity here?

It's an opportunity because companies at the stage of VACERE, and there are thousands of these technology companies across Canada and the U.S. and Mexico.

They're seeking to get approval for the first time for their technologies, to get this technology to patients in need, to save lives, to prevent disability, to do those sorts of things.

The challenge is something called the Valley of Death. And that sounds ominous and it's a bit ironic in this context.

But the Valley of Death is a well-known term, companies fail in the Valley of Death because

they don't get the investment they need to carry them through years of safety and efficacy, testing and validation, which is essential to continuing to develop the world's leading medical devices and pharmaceuticals. Okay?

And that's part of what we've all done here collaboratively and it's a remarkable accomplishment, really. And I commend the U.S. FDA for what it's done to put us in that position globally.

We can do better.

The Valley of Death is investors not investing in these companies. And that Valley of Death has been critically increased. It has become more cavernous over the last five years.

Investment has dropped in the U.S. in these early-stage medical device companies by 50 percent since 2020.

Why is that?

Well, we have five minutes, I'll tell you two themes from investors, though.

One is, they want larger markets.

And two is, they want to reduce regulatory risk. Okay?

So, the proposition here today, that we

come together on a pilot program to make this low risk, to try it out, to prove it, to work out the bugs.

And as we work out those bugs, then we can scale it to a larger effort.

And that pilot program might look like a dozen companies from Canada, the U.S., and Mexico, going through a single unified regulatory approval process.

It would be custom. It would take leadership. It would take folks around this room to get it done well.

But I think if we start that, we have the opportunity to go back to the investment community, collectively, across thousands of companies and say, hey, we are in a single, unified regulatory approval process.

When we get through this, when we get through this, we'll have access to 500 million patients in need, or at least people -- large markets, larger markets.

That's 50 percent larger than the U.S. alone. That's about four times the Mexican market. That's about -- somebody else can do the math here, but 10, 12, maybe 15 times the Canadian market.

So, it's to the benefit of all. It'll bring more investment in, get more of our technology forward, grow jobs, grow the economy, and get these technologies to patients in need.

Now, I thank everyone here in this room. I've been here all day just to participate on the process.

And it's great to see the government at work. It's great to say, good evening to a bunch of key leaders in the U.S. government. It's really terrific to be here.

Thank you.

MR. OLIVER: Thank you.

And thank you all for sharing your testimonies. It's greatly appreciated.

We'll now be turning over to our U.S. government officials that are on the panel to ask some questions.

As a reminder, each of you will receive a question. Your response time is limited to two minutes.

As one caveat, there will be one question that is directed to three of you, but each of those witnesses will still get your two minutes of time to respond.

But before we turn to questions, I'll quickly turn it over to our FDA colleague just so that he can introduce himself.

And then, we'll turn to the questions.

MR. RIERAS: Hi, yes, my name is Joseph Rieras. I'm the Director of the Office of Trade and Global Partnerships at FDA within the Office of the Commissioner of FDA.

MR. OLIVER: Thank you so much.

And with that, we'll turn to Mr. Watson for the first question.

CHAIR WATSON: Okay, and the first question is going to be for Mr. Aziz.

So, in your submission, you raise concerns about Canada's system for patent term extensions for patent office delays and its system for patent term extensions for marketing approval delays.

Could you elaborate on your concerns, including how the two systems interact?

MR. AZIZ: Thank you very much for the question.

So, first, the two systems protect two distinct things.

PTA protects against delays at the patent office.

PTE is in place to provide some protection for the long approval regulatory processes.

So, I think at the offset, I think it's important just to recognize that these are two different mechanisms that protect two different things.

In Canada, what they have done is, essentially, run the PTA and PTE systems concurrently, effectively negating the effects of the protections that these two different, distinct things are supposed to provide.

So, that is something that we do underscore in our submission.

Again, I'll just reiterate, they are two different things, they protect -- intend to protect two different scenarios, and running it concurrently essentially is negating the impact of what these protections are supposed to provide.

Thank you for the question.

MR. OLIVER: Thank you for that response.

The next question will come from Mr. Lee.

MR. LEE: Thank you.

We're kind of going in order, so this question is for Ms. Parshall.

In your submission, you raised concerns

about Article 20.71 of the USMCA, which relates to criminal enforcement against trade secret theft.

Could you please elaborate on how this provision, quote, risks chilling legitimate policy actions aimed at expanding access to medicines, end quote?

And how do you balance those views with trade secret theft being a serious global and economic security concern?

MS. PARSHALL: Thank you for your question.

Our primary concern is that these enforcement provisions that go beyond the TRIPS agreement and our TRIPS-plus provisions risk chilling policy solutions for Mexico, Canada, and the U.S. to lower the prices of drugs.

Your question relates specifically to the criminal enforcement of trade secret provisions.

We hold the strong stance that those TRIPS enforcement provisions are sufficient in that every enforcement provision within the USMCA must be narrowly tailored to the agreement.

And we do support the criminal -- or the enforcement of the criminal provisions as it relates to trademark infringement and counterfeit policy

as well.

But we believe that, going beyond those provisions have the risk of undermining legitimate policy positions due to obscuring regulators or other policies that could increase the access to medicines via affordable generic competition.

Thank you.

MR. OLIVER: Thank you for your response.

The next question will come from Ms. Cascarano.

MS. CASCARANO: So, good evening.

So, some of the submissions track with submissions from others on the panel.

So, I have a question for three of the witnesses. And this will be for Mr. Sanders, Mr. Del Olmo, and Mr. Lietzke.

So, the question is, you list a number of specific proposals to upgrade the USMCA, including tariffs, Rules of Origin, intellectual property, government procurement, and regulatory cooperation.

Are all of these equal priorities for your member companies?

Or would you like to elaborate further on any of these proposals as being more important?

I'll start with Mr. Sanders?

MR. SANDERS: Thank you, I appreciate the question.

And I took 15 seconds longer than I should, so I will be really brief.

I would say that, zero tariffs in a different way would be like the concerns. But dealers, at the end, also are important.

But we foresee is an inconsistent that requires alignment of our regulatory system, including the intellectual property, and of course, the agencies and institutions -- institutional framework that allows for innovation, but also for accessibility.

So, besides and with the committee approval to send a more data-based response and follow up with that.

I would also like to highlight what we see here, that's the opportunity to shape the future of the most competitive and secure region in the world.

We don't see any other way to improve in a better manner the freedom and the growth of our countries if it's not with this.

So, if I had to choose one, I would say

the zero tariffs in a different way in favor of these countries, the neighbor countries, it would be an important one.

But without forgetting that we need an institutional framework to allow for that commerce to grow even bigger and most prosperous than what we have right now.

Thanks, again, for the opportunity.

MS. CASCARANO: Thank you.

Mr. Del Olmo?

MR. DEL OLMO HIDALGO: Thank you for the question.

ANAFAM is very clear that we have to have a regional framework for production and trade, meaning that, as example, on the linkage system, we have an exception for Mexico to --

MR. OLIVER: Could you bring your mic a little bit closer?

MR. DEL OLMO HIDALGO: Yes, sorry.

Yes, as I was saying, for ANAFAM it's very important to have a regional framework for production and trade.

As an example, Mexico has to have an exemption on linkage included in the annex 28.

And we think that we can have a common

linkage system that the U.S. and Canada are having according to the Article 20.50.

Saying that, we think that the -- also the exemption that Mr. Bipes was saying that Canada is not included in the procurement annex, we can say that the Mexican enterprises cannot participate in the procurement from public institutions from the United States.

So, we think that it should be -- that this should include all of the articles regarding to the pharmaceutical sectors into a special framework creating and North American framework and other practical standards.

Thank you.

MS. CASCARANO: And Mr. Lietzke?

MR. LIETZKE: Healthcare knows no borders. Okay?

So, the maladies that we address as pharmaceutical companies or as medical device companies don't recognize passports in this room. Right?

So, I think we want to come together in a way that is to the benefit of all citizens and to grow businesses and to grow healthcare solutions so that these patients in need get served.

You know, my primary message today is, let's try a unified method to approve medical device and pharmaceutical companies across all three companies.

It makes the largest market in the world. We're larger than Western Europe if we do that.

But I think also, I should mention, you know, the real-world story VACERE, the reason I mentioned VACERE really is, you know, we have leadership in Mexico. We have leadership in Cleveland. We have research and development that comes out of Mexico that's critical to what we're doing.

We have a grant, a million dollar grant from Mexico to develop this technology.

We have a $3 million grant from U.S. NIH to develop this technology.

This is a collaborative effort and I think that's the final second I'm given as I look at the clock.

But this is a really important message that we come together and get these devices approved.

Beyond that, let's think of patients first.

MS. CASCARANO: Thank you.

MR. OLIVER: Thank you for all three of your responses.

The final question will come from Mr. Rieras.

MR. RIERAS: Yes, thank you.

This question is for Mr. Steven Bipes.

Your comments recommend preserving existing Rules of Origin.

Are there particular product categories within medical devices where changes to Rules of Origin would create the most significant risk of supply chain disruption?

MR. BIPES: Thank you for the question.

Of the comments and inputs we've received from our members, there's two categories.

One is simplifying the administrative procedures regarding Rules of Origin, origin procedures.

And the other's on the rules themselves.

We, again, encourage that the agreement be renewed in its current form and we think that there's tools within the current agreement that could be supplemented through side agreements to help shore up some of this.

I think on -- I don't believe there's

currently a definition of transshipment, but certainly, a trilateral definition of that would be helpful.

One of the great novelties of the USMCA is Chapter 28 on the regulatory practices. And one of the foundation -- founding principles of the regulatory practices is defining the problem before we craft solutions.

We would like to -- we don't have evidence, hard evidence, of transshipment for our sector. We know it's happening across several other sectors.

But it would be helpful to have a common definition and then, to look at the data. And then, make a determination to the extent it's happening.

Is it happening in compliance with the current rules? Which would mean, there's a change to the rules that's needed.

Or is it happening in violation of the rules? Then it's an enforcement issue.

But we'd be happy to follow up with you in further details.

Thank you.

MR. OLIVER: Thank you.

And thank you all for sharing your testimonies, for your responsiveness to the

questions, and for being here, even in the evening. We greatly appreciate it.

With that, this panel is concluded. But before I release you all, I'll turn it back over to Assistant USTR Dana Watson for closing remarks.

CHAIR WATSON: Yes, so, we'll keep this brief because everybody wants to go home.

But again, thank you all for coming. We've had a really fantastic day of testimony. And I know you probably weren't here for all of it, but it's been really enlightening for everyone here.

So, really appreciate it.

Again, special thanks to ITC for all of your support. This is a great place for the hearing and you're giving us a lot of helpful services, including this wonderful transcript we're going to have at the end.

So, thanks again to everybody, and maybe we'll see some of you tomorrow.

(Whereupon, the above-entitled matter went off the record at 6:27 p.m.)

C E R T I F I C A T E

This is to certify that the foregoing transcript was duly recorded and accurately transcribed under my direction; further, that said transcript is a true and accurate record of the proceedings; and that I am neither counsel for, related to, nor employed by any of the parties to this action in which this matter was taken; and further that I am not a relative nor an employee of any of the parties nor counsel employed by the parties, and I am not financially or otherwise interested in the outcome of the action.

James Cordes