

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE U.S. TRADE REPRESENTATIVE

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PUBLIC HEARING ON THE
FIRST JOINT REVIEW OF THE USMCA

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THURSDAY
DECEMBER 4, 2025

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

PRESENT

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SUSHAN DEMIRJIAN, USTR
MICHAEL JARAND, Department of the Treasury
ALEX KRUTZ, Department of Commerce
BRIAN LEDGERWOOD, Department of Commerce
JOHN LINDNER, Office of Management and Budget
MIREA LYNTON-GROTZ, Department of the Treasury
MARY LISA MADELL, Department of Transportation
JOHN MEAKEM, Department of Commerce
ASHLEY NELSON, Environmental Protection Agency
RANDALL OLIVER, USTR
JON SAALFIELD, Department of the Treasury
RICKY WESCH, Department of State

1 WITNESSES PRESENT

2 KEVIN BRADY, Co-Chair, Coalition for North
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3 NEIL HERRINGTON, Senior Vice President for the
Americas, U.S. Chamber of Commerce

4 BRAD WOOD, Senior Director for Trade and
Innovation Policy, National Foreign Trade
5 Council

6 CHARLES CRAIN, Managing Vice President of
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International, Business Roundtable

9 DANNY MEZA, Director, Trade Policy, Global
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10 BETH BURKE, CEO, Canadian American Business
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11 GOLDY HYDER, President and CEO, Business Council
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24 THOMAS MADRECKI, Vice President of Supply Chain,
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6 BROOKE DIDOMENICO, Chief Technical Officer of
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Chemical, Inc.
7 DAVE LALL, CEO, Ambit Polyurethane
8 VERONIKA SHIME, Senior Advisor & Vice President
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9 DAQUAWN BRUCE, Director of Government Affairs,
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10 JASON BERNSTEIN, Director, International Trade
and Supply Chain, American Chemistry Council
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9:02 a.m.

CHAIR WATSON: Good morning, and welcome to Day 2 of this public hearing on the operation of the USMCA and the first six-year joint review, which will take place on July 1, 2026. For those of you who don't know me or who weren't here yesterday, I'm Daniel Watson. I'm the Assistant USTR for Western Hemisphere.

Yesterday we had a very insightful exchange of information with testimony from about 60 witnesses in 11 different panels. It was a long day. And we had stakeholders, a wide range of stakeholders, from members of Congress to ranchers, businesses of all sizes, members of civil society and labor groups.

As a reminder, this hearing is part of a series of transparency requirements under the Implementation Act of the USMCA. A couple of months ago, we published a Federal Register notice soliciting comments on the operation of the USMCA.

We received 1,500 comments, and we have reviewed those. And now, today, the next step in that transparency exercise is the public hearing.

As a reminder, the USMCA has a 16-year term

1 that is through July 1, 2036. This public hearing
2 will help inform our assessment with respect to the
3 operation of the USMCA and guide us as we prepare
4 for that joint review. Critically, the major
5 decision of that review will be for each of the
6 parties to determine whether or not at that time
7 they wish to extend the agreement for another
8 16-year term.

9 The USMCA was a result of a huge
10 undertaking by the first Trump administration,
11 designed to rebalance our trade relationship with
12 our two neighbors, two largest trading partners,
13 Canada and Mexico, but also to modernize the
14 provisions of the NAFTA. The current U.S. Trade
15 Representative, Ambassador Jamieson Greer, has made
16 clear that this joint review is an opportunity to
17 ensure that the USMCA remains in the interest of
18 American workers, farmers, ranchers,
19 manufacturers, service suppliers, businesses of all
20 sizes, including our small and medium enterprises.

21 So we look forward to hearing your views
22 today. I'm going to go through a couple of
23 reminders on logistics. We have a lot of people
24 we'll be hearing from today. Please try to keep
25 your presentations to five minutes. After all the

1 testimony is received, you will all receive at least
2 one question. And please limit your response to
3 two minutes.

4 I will also remind you that we have --
5 please use your microphones because we have someone
6 here transcribing the entire hearing, and that will
7 be made public shortly after the hearing concludes.

8 So with that, I'm going to turn to my other
9 panelists to introduce themselves, starting with
10 Sushan.

11 MS. DEMIRJIAN: Good morning. I'm Sushan
12 Demirjian. I'm the Assistant USTR for Small
13 Business, Market Access, and Industrial
14 Competitiveness.

15 MS. CASCARANO: Good morning. My name is
16 Isabella Cascarano. I'm the Deputy Assistant
17 Secretary for the Western Hemisphere at the U.S.
18 Department of Commerce.

19 MR. WESCH: Good morning. I'm Ricky
20 Wesch, the Western Hemisphere Regional Coordinator
21 for Bilateral Trade Affairs at the State Department.

22 MS. LYNTON-GROTZ: Good morning. My name
23 is Mirea Lynton-Grotz. I'm the Director of the
24 Office of Trade and Investment Policy at the
25 Department of Treasury.

1 CHAIR WATSON: And with that, we will
2 begin the testimony. We'll take the witnesses in
3 order of the agenda. So we'll start with Chairman
4 Brady, followed by Mr. Herrington, Mr. Wood -- we
5 have someone sitting in for Mr. Crain, who's sitting
6 in for Andrea Durkin -- Ms. Clark, Ms. Fussell, and
7 Mr. Meza.

8 And with that, Chairman Brady, please kick
9 us off.

10 MR. BRADY: Thank you.

11 Good morning. Thank you to the
12 hardworking team at USTR, to Ambassador Greer for
13 the opportunity to testify today in support, strong
14 support, of extension of USMCA.

15 My name is Kevin Brady, former Chairman
16 of the House Ways and Means Committee. I love
17 trade. And in Congress during my tenure, I helped
18 secure passage of 13 of 15 of America's free trade
19 agreements and helped lead new trade laws increasing
20 trade enforcement, facilitation, and transparency
21 in trade negotiation.

22 In 2018 to 2020, it was my honor to lead
23 Congressional Republicans working with the
24 President, Ambassador Lighthizer, and now
25 Ambassador Greer to develop and secure historic

1 bipartisan support for the modern
2 U.S.-Mexico-Canada Trade Agreement, so vital to
3 America's prosperity.

4 I represent the Coalition for North
5 American Trade. It's a broad alliance of North
6 American companies and business trade associations
7 dedicated to preserving and strengthening the
8 USMCA. My Co-Chairs are Steve Verheul and Kenneth
9 Smith Ramos.

10 We respectfully and strongly urge the
11 administration to ensure the continued
12 implementation and long-term extension of the
13 USMCA, including zero tariffs and exemptions from
14 broader tariffs, to make this the most consequential
15 trade agreement in the world.

16 The USMCA, negotiated by President Trump,
17 is a gold standard for trade agreements. Due to
18 its smart design of zero tariffs and near-zero trade
19 barriers on crucial products bought and sold by
20 American businesses and consumers coupled with
21 integrated supply chains and sharing of critical
22 minerals and resources across the three nations,
23 the U.S. today is economically stronger, more
24 secure, and strategically positioned to win against
25 aggressive foreign adversaries in the future like

1 China.

2 As a result of the USMCA, Canada and Mexico
3 together are now America's top customers, top
4 investors, and top suppliers, all in one. Let me
5 highlight this. Our two neighbors together are
6 America's top customer, investor, and most
7 important suppliers. This is an unprecedented
8 commitment to America's success that no other
9 country can claim.

10 As customers together, they buy five times
11 more made-in-America products and services than any
12 other country in the world. Millions of U.S.
13 good-paying jobs, manufacturing tech, energy, and
14 ag depend on this trade.

15 Mexico and Canada together are now also
16 the largest investors in America. Since President
17 Trump's new agreement took effect in 2020, annual
18 investment by our two neighbors have surged 42
19 percent to over \$800 billion last year. Investment
20 by Mexico and Canada in U.S.-based manufacturing
21 has grown nearly 20 percent, and their investment
22 in U.S. tech production here in America has more
23 than doubled.

24 President Trump is on a mission to track
25 foreign investment and the jobs it brings to

1 America. Mexico and Canada are already delivering.

2 And because of the USMCA, our neighbors are also
3 America's most important suppliers, delivering on
4 President Trump's charge to strengthen supply
5 chains for America's national economic security.

6 Together, they lead the world in helping
7 America establish a reliable and resilient
8 industrial base that runs on nearby trusted
9 materials. Canada and Mexico are providing ready
10 access to critical minerals, energy resource,
11 manufacturing inputs, and as partners, they're
12 helping America establish a reliable and resilient
13 industrial base that works for us.

14 Looking to the future, the agreement
15 boasts the vital strategic tools to ensure America
16 and our two neighbors can compete and win globally,
17 especially in advanced sectors like AI,
18 semiconductors, and manufacturing.

19 So it really raises a question. If you're
20 a successful business and enjoy a long, profitable
21 arrangement with an organization that is your
22 largest investor, your largest consumer, and most
23 important supplier to your company all in one, would
24 you discard that contract? Would you abandon that
25 proven relationship, especially with China

1 determined to take your market? The answer is not
2 if you want to win, and America wants to win.

3 Our comment letter to you is very data
4 driven, as it should be. But I'd like to offer a
5 friendly observation from someone who has a driven
6 political support for this agreement on Capitol
7 Hill.

8 We had a historic bipartisan vote in
9 support of this. I've never seen it like this in
10 all the trade agreements I've worked on. It is a
11 proven bipartisan success in both Democrat and
12 Republican states, but especially in the red states,
13 whose USMCA sales and jobs are twice the share of
14 those in our Democratic colleagues' states. And
15 maybe that's why 15 of the 20 states sending the
16 highest share of exports to Canada and Mexico
17 awarded President Trump their electoral votes in
18 2024. These trade jobs really matter.

19 In closing, USMCA is a world-class example
20 of trade done right clearly benefitting us. I think
21 the review is an opportunity for these three
22 longtime partners to strengthen, improve, and build
23 upon this crucial relationship. The Coalition --
24 we know it's a challenge. The Coalition stands
25 ready to assist USTR throughout this process to land

1 this plane in a positive way for our country. Thank
2 you.

3 MR. OLIVER: Thank you for your testimony,
4 Chairman Brady.

5 And I'm the voice of the MC. This is
6 Randall Oliver from USTR, so you'll hear me
7 throughout the day. Just as one note before we
8 proceed, over the course of the hearing, please do
9 not record or take photos.

10 And with that, we will continue with our
11 next witness. Thank you so much.

12 MR. HERRINGTON: Thank you very much.
13 Thank you, Chairman. Thank you, esteemed panel.

14 I just want to start by echoing everything
15 that Chairman Brady just said. I am also -- echo
16 his comments about the hard work that all of you
17 are doing. We're extremely appreciative of that.

18 I'm honored to be here with Chairman Brady and a
19 group of colleagues that has committed itself for
20 decades to free trade in North America.

21 Upon signing the USMCA in January 2020,
22 President Trump called the agreement a colossal
23 victory -- quote, a colossal victory for our
24 farmers, ranchers, energy workers, factory workers,
25 and American workers in all 50 states.

1 U.S. Chamber believes the ensuing
2 five-plus years have proven the President to be
3 exactly right. And there's a reason why more than
4 500 state and local Chambers of Commerce and
5 business associations from all 50 states wrote to
6 Ambassador Greer this week urging the U.S. to
7 maintain the agreement.

8 More than 13 million American jobs depend
9 on trade with Canada and Mexico, and the USMCA has
10 fostered U.S. economic growth in a manner that
11 supports many additional high-wage positions.
12 U.S. manufacturers export more made-in-America
13 goods to Canada and Mexico, as Chairman Brady was
14 saying, than we do to the next 12 largest U.S. export
15 markets combined. And our North American neighbors
16 also purchase one-third of all U.S. agricultural
17 exports.

18 Canada and Mexico are the top export
19 destinations for more than 100,000 small and
20 medium-size American businesses which benefit from
21 USMCA's first-of-its-kind provisions catering
22 specifically to the SMEs that serve as our economy's
23 primary engine of job creation.

24 Our North American neighbors also are the
25 source of critical imports essential to the

1 competitiveness of U.S. industry and manufacturing,
2 many of which are unavailable from domestic sources
3 at reasonable prices or in sufficient quantities.

4 For these and innumerable other reasons,
5 the Chamber and its members are unabashed supporters
6 of the USMCA, and we encourage the administration
7 to focus on following three objectives to ensure
8 seamless joint review that can help make an already
9 indispensable agreement even stronger.

10 First, we ask the administration to
11 maintain and strengthen the trilateral rules of the
12 USMCA that have been so integral to supporting U.S.
13 jobs and enhancing our industry's global
14 competitiveness. In addition to the
15 aforementioned export opportunities the USMCA
16 affords American farmers, manufacturers, and
17 service providers, the agreement's trilateral
18 attributes facilitate coproduction in agriculture
19 and in areas of manufacturing such as the
20 automotive, aerospace, and medical goods sectors.

21 Second, we urge the administration to work
22 with Canada and Mexico to secure a renewed
23 commitment to full compliance with the terms of
24 USMCA, along with the commitment to enforce those
25 terms when compliance falls short. The Chamber has

1 long argued that a trade agreement isn't worth the
2 paper it's printed on without meaningful compliance
3 and enforcement, and we believe all three countries
4 are failing to adhere to key USMCA obligations.

5 Canada is falling short on compliance
6 and/or implementation in areas such as dairy market
7 access, intellectual property protection,
8 healthcare, and digital trade. Mexico is failing
9 to adhere to its obligations in areas including
10 agriculture, digital trade, energy, financial
11 services, government procurement, intellectual
12 property, spectrum competition, and trade
13 facilitation. And in imposing tariffs on Canada
14 and Mexico, the U.S. is in clear violation of the
15 USMCA's core commitment to maintain tariff-free
16 trade within North America.

17 Third, we urge the administration to
18 provide confidence and certainty to investors by
19 working with Canada and Mexico to ensure a
20 transparent, expeditious, and orderly joint review.

21 While the Chamber offers recommendations in its
22 longform submission for modest updates that could
23 be made to the USMCA, the key objective for
24 negotiators must be to complete the joint review
25 in 2026 so as to ensure stability and predictability

1 in our two most consequential trade relationships.

2 The deterioration of the investment
3 climate in any one of our three countries harms the
4 collective economic security of North America and
5 undermines the USMCA. So we appreciate USTR's
6 consideration of these challenges and the public
7 consultations.

8 Mexico's recent constitutional reforms
9 pose significant impediments to judicial
10 independence and regulatory autonomy, as well as
11 threaten to undermine judicial transparency,
12 impartiality, and protections for U.S. investors.

13 U.S. companies across sectors are also
14 increasingly subject to coercive and abusive
15 practices of Mexico's tax authority, the SAT,
16 practices that are inconsistent both with Mexican
17 law and international best practices.

18 In Canada, U.S. investors face concerns
19 around government procurement and
20 proposed-by-Canada policies which aren't covered
21 under the USMCA and may exclude American companies.

22 In the U.S., permitting challenges and
23 unpredictable policy fluctuations between
24 administrations has significantly undermined
25 investment certainty in cross-border energy

1 products with Canada and Mexico.

2 I'll conclude my remarks where I began
3 because, for the business community, it bears
4 repeating. A joint review process that proves
5 expeditious, ensures the USMCA remains trilateral,
6 and addresses investment climate and compliance
7 challenges will make an already indispensable
8 agreement even stronger. Compliance means
9 ensuring restoration of USMCA's duty-free access,
10 which would include removing all Section 232 tariffs
11 currently in place on goods from Canada and Mexico.

12 I, again, appreciate this opportunity to
13 testify and look forward to your questions.

14 MR. OLIVER: Thank you for your testimony.

15 And we'll now move to the next witness.

16 MR. WOOD: Thank you for the opportunity
17 to testify alongside this distinguished panel. I
18 am pleased to present on behalf of the National
19 Foreign Trade Council. I am Brad Wood, the Senior
20 Director for Trade and Innovation.

21 NFTC represents U.S. enterprise across
22 every segment of the U.S. economy. Our members rely
23 on and benefit from a fully integrated and
24 predictable North American market. The United
25 States exports more goods to Canada and Mexico than

1 to the next 12 markets combined. More than half
2 of U.S. imports from our neighbors are inputs that
3 support American manufacturing and enable U.S.
4 exports globally. And we maintain sizable services
5 trade surpluses with each partner.

6 These strengths are built on the
7 rules-based architecture created under NAFTA and
8 deepened in the USMCA. Unlike the NAFTA
9 renegotiation, it is critical to remember that the
10 USMCA is still in its infancy. Companies have made
11 significant long-term investments to meet USMCA's
12 high standards, including its stringent automotive
13 rules of origin.

14 These transformations come at a high cost,
15 which will take years to recover. And we must
16 provide companies with the confidence to continue
17 to invest. This necessitates a predictable
18 operating environment, which is why it's important
19 that we not create the precedent that the agreement
20 will be rewritten every five to six years.

21 This review is nevertheless critically
22 important to take stock of the agreement's
23 implementation and any area that is not working as
24 intended, to ensure each party is fully meeting its
25 commitments, and to identify targeted upgrades that

1 can strengthen the trilateral framework.

2 On implementation gaps, the United States
3 continues to encounter persistent market access
4 barriers, including Mexico's failure to meet its
5 financial services commitments that would allow
6 U.S. electronic payment service providers to
7 compete on a level playing field. U.S. companies
8 are also confronting a wave of digital taxation
9 barriers, from Canada's online streaming regime to
10 Mexico's proposed platform kill switch and video
11 game tax.

12 In the energy sector, U.S. firms continue
13 to face unfair market treatment, competing
14 alongside Mexico's state-owned operators. When
15 USMCA was negotiated, it was envisioned that U.S.
16 operators could seek relief from these barriers
17 through Mexican courts. But recent judicial
18 reforms leave U.S. investors at risk without
19 reliable and impartial recourse.

20 These are clear examples where USMCA
21 obligations are not being met and where USTR and
22 USG's sustained focus is needed to ensure American
23 firms can operate on a level playing field and invest
24 with confidence. There is also considerable room
25 to improve the agreement's functioning in areas such

1 as trade and customs facilitation, much of which
2 can be advanced in coordination with industry
3 through the USMCA's committee system.

4 On-targeted enhancements artificial
5 intelligence is a prominent example of how quickly
6 technology has evolved since USMCA was negotiated,
7 but it's a perfect example where AI is a
8 technological evolution and the existing digital
9 trade disciplines provide a strong foundation for
10 innovation forward with AI governance.

11 Built-in authorities in the USMCA allow
12 the parties to further clarify the agreement's
13 application in areas like AI without reopening the
14 agreement. This could also be used to address other
15 enhancements, such as removing the lesser-of-two
16 rule for duty deferral.

17 Most priorities, from economic and
18 national security alignment to meeting future
19 energy demands and developing critical mineral
20 supply chains, can be advanced in the review or on
21 the margins through cooperative frameworks. As the
22 governments consider upgrades, we urge you to
23 preserve existing rules of origin, especially
24 tariff shift rules that promote regional
25 manufacturing, avoid layering on domestic or value

1 content, and align on economic and national security
2 through cooperation, not hard obligations.

3 To achieve this, it's important that
4 coordination is centralized through USTR with FTC
5 counterparts and that a U.S. process is established
6 to continually seek industry counsel throughout the
7 review.

8 USTR worked expeditiously to address
9 compliance issues and agree on any targeted
10 enhancements to USMCA within the delegated
11 authorities of the FTC and, in particular, to
12 exercise caution by not pursuing any modifications
13 or amendments that could trigger a requirement for
14 congressional ratification.

15 Whether we call this a review or a
16 renegotiation, our priority is clear. We urge the
17 parties to engage in earnest to make the progress
18 necessary that will enable each government to agree
19 at the joint review to extend the agreement. In
20 advance of this, it is critically important that
21 the government reach a successful outcome to its
22 separate bilateral engagements with Canada and
23 Mexico that address the security and market access
24 barriers leading to IEEPA and Section 232 tariff
25 actions and restore duty-free USMCA trade and MFN

1 treatment and the removal of countermeasures.

2 While these engagements are bilateral, USMCA and
3 its framework must remain trilateral.

4 As the United States continues to pursue
5 a reset in trading relationships globally, the
6 bedrock of U.S. competitiveness remains a strong
7 and united North American marketplace, one that
8 supports affordable domestic manufacturing and
9 enables American firms to compete and win in global
10 markets. This success depends on an integrated
11 North American framework grounded in stability, and
12 that stability can only be ensured if all three
13 governments stand firmly behind this agreement and
14 move to renew USMCA.

15 Thank you for your time, and I welcome any
16 questions from the panel.

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

19 MR. CRAIN: Thank you, and good morning.
20 My name is Charles Crain, and I'm the Managing Vice
21 President of Policy at the National Association of
22 Manufacturers. Thank you for the opportunity to
23 speak today about the importance of the USMCA for
24 the manufacturing industry and the 13 million people
25 who make things in America.

1 The USMCA is the most pro-U.S.
2 manufacturing trade agreement in history. The
3 USMCA is foundational for manufacturing growth here
4 at home. It expands sales opportunities throughout
5 the North American market, and it strengthens our
6 industry's global competitiveness.

7 Canada and Mexico buy more than one-third
8 of all U.S. manufactured goods exports. That's
9 more than the next 12 U.S. trading partners
10 combined. In fact, most manufacturing sectors here
11 in the U.S. count Canada and Mexico as their top
12 foreign sales markets. And thanks to the USMCA,
13 16 out of 21 manufacturing subsectors have grown
14 their exports to Canada and Mexico at a faster rate
15 than to the rest of the world.

16 On the import side, half of all U.S.
17 purchases from Canada and nearly 70 percent of
18 purchases from Mexico are related-party
19 transactions. These are the inputs that allow
20 manufacturers to make things in America. This is
21 the value of the production clusters that are
22 enabled by the USMCA. They power regional
23 coproduction across the North American continent.

24 These imports fuel manufacturing here at
25 home. Seventy-two percent of imports from Canada

1 and 63 percent of imports from Mexico are industrial
2 inputs. These are materials, parts, components,
3 equipment, machinery that all go to American shop
4 floors. This is the most complementary and
5 symbiotic set of trade relationships that we have
6 in the manufacturing sector, and they were built
7 on the foundation of the USMCA.

8 The USMCA works because it enhances
9 geographically natural trade flows, because the
10 U.S. and Mexico and Canada each have different
11 strengths and resources, and because we agreed to
12 the highest standards in the world. Manufacturers
13 want to keep it that way by preserving this historic,
14 commercially vital agreement while making
15 fine-tuned improvements that support President
16 Trump's vision for a U.S. manufacturing
17 renaissance.

18 For example, we need to further cut red
19 tape at the border. We need to promote greater use
20 of USMCA preferences, including by reducing
21 compliance costs. And we need to address unfair
22 competition by Mexico state-owned enterprises while
23 also enhancing protections for longstanding and
24 significant U.S. investments in Mexico.

25 There are also many bilateral issues that

1 we need to address, from regulatory barriers to tax
2 issues to significant gaps in intellectual property
3 rights protections in both Canada and Mexico.

4 These targeted adjustments will leverage the full
5 potential of the existing agreement to drive
6 manufacturing prosperity here in North America.

7 Additionally, the USMCA is a contract, and
8 its terms should be respected. Where dispute
9 resolution is necessary, we support it. And in
10 fact, we would like to see investor-state
11 protections reintroduced.

12 Ideally, however, these issues are best
13 addressed as part of a continuous feedback loop
14 among the parties. That means making full and
15 regular use of the USMCA's standing working groups,
16 including participation by the private sector, to
17 discuss customs cooperations, regulatory issues,
18 and other key aspects of the agreement. By doing
19 so, the USMCA remains responsive to changing
20 business conditions, and annual discussions among
21 principals become check-ins or planned maintenance.

22 The Competitiveness Committee should be
23 forward-looking and ambitious. For example, for
24 critical minerals, we need regulatory alignment.

25 We need financing for investments. We need

1 coordinated procurement. We also have a real
2 opportunity to leverage regional energy assets and
3 improve regional energy distribution. And the
4 Committee should engage both Canada and Mexico on
5 the U.S. AI action plan to ensure that manufacturers
6 remain at the forefront of AI dominance.

7 Finally, we cannot hold ourselves back by
8 restricting large portions of North American trade
9 through the Section 232 tariffs. Economic security
10 is a regional matter. As such, we need to work with
11 our North American partners on coordinated
12 enforcement against unfair trade practices by
13 nonmarket economies.

14 This administration is delivering on a
15 pro-manufacturing agenda, from historic tax reform
16 to energy dominance to regulatory modernization to
17 permitting reform. This strategy reflects a basic
18 truth: manufacturers in the U.S. can outcompete
19 anyone in the world, and we can use the USMCA to
20 do it. Thank you.

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

23 MS. CLARK: Thank you very much. I'm
24 Alice Slayton Clark, the Senior Vice President for
25 Trade, Investment, and Digital Policy at the U.S.

1 Council for International Business. We're
2 grateful for the opportunity to share our views on
3 the USMCA in the advent of its six-year review.

4 I have four key points to make today.
5 First and foremost, USCIB strongly urges the Trump
6 administration to work with Canada and Mexico to
7 extend USMCA through 2042. It's a state-of-the-art
8 agreement that has delivered substantial benefits
9 to U.S. businesses by reinforcing North America as
10 one of the most integrated and competitive economic
11 regions in the world. You've heard the testimony
12 today from my colleagues.

13 Preservation of this trilateral agreement
14 is a top priority for USCIB members. Our members
15 are mostly U.S.-based multinational corporations
16 representing every sector in the economy. They're
17 highly invested in an integrated North America.
18 USMCA rules have enabled them to streamline
19 operations, reduce costs, enhance their global
20 competitiveness, especially vis- -vis China.

21 The agreement has fostered deep and
22 resilient supply chains, particularly in key
23 sectors like agriculture, energy, aerospace, and
24 automotive, where parts and goods undergoing
25 manufacturing processes often cross borders

1 multiple times during production. To maintain
2 maximum benefits, all goods qualifying for
3 preferential tariff treatment under the agreement
4 should be made fully exempt from Section 232 tariffs
5 or other trade remedies.

6 Second, USCIB members believe the USMCA
7 should serve as a model for new trade agreements,
8 especially as groundbreaking provisions on digital,
9 technical barriers to trade, and agricultural
10 standards. Our members consider USMCA digital
11 trade provisions gold standard, including on free
12 flow of data across borders, data localization, and,
13 importantly, on the prohibition on the application
14 of customs duties on electronic transmissions.

15 USMCA includes strong, comprehensive IP
16 rules designed to reduce the risk of IP theft,
17 enhance legal certainty, and encourage innovation
18 across sectors. It has some of the most effective
19 rules governing technical barriers through trade,
20 especially those covering conformity assessments.

21 We also value its strong science-based sanitary
22 and phytosanitary standards and robust rules for
23 regulatory transparency.

24 Finally, our members support the
25 remanufactured goods provisions and efforts under

1 the labor chapter to elevate standards across the
2 region.

3 I must underscore the importance of the
4 USMCA's rules of origin that foster North American
5 manufacturing and tightly integrate production of
6 autos, auto parts, chemicals, steel-intensive
7 products, and textiles. The existing rules should
8 be maintained, as they have facilitated long-term
9 planning and investment in the United States. If
10 rules of origin modernization is considered, we urge
11 strong consultation with U.S. business and a
12 targeted approach.

13 Third, despite these high standards, USCIB
14 supports updating and strengthening the trilateral
15 trade framework through side letters,
16 interpretations, and other perfecting amendments.

17 We would not support, however, bogging down the
18 agreement in a drawn-out negotiation that would put
19 its future in jeopardy or destabilize supply chains.

20 Some areas for improvement include a more
21 effective dispute resolution process,
22 nondiscriminatory government procurement
23 procedures, even tighter IP protections, and more
24 transparency and due process as part of the rapid
25 response mechanism.

1 A top concern for USCIB members is the
2 weakening of USMCA investor safeguards. The
3 elimination of investor-state dispute settlement
4 remedies with Canada and the strict limitation of
5 access to the safeguard in disputes with Mexico have
6 proven shortsighted and detrimental to U.S.
7 business. Recent examples include Mexico's
8 seizure of Vulcan Materials' deep-water port and
9 limestone quarry in the Yucatan, as well as Mexico's
10 abrupt change in interpretation of its value-added
11 tax law, forcing insurers to retroactively pay taxes
12 on claims.

13 Mexico's recent judicial reforms further
14 increase uncertainty for American investors, making
15 robust protections even more critical. Companies
16 in the energy, natural resources, and critical
17 minerals sectors logically must extract on
18 location, often outside the United States. Highly
19 regulated service providers, like insurance,
20 banking, telecommunications, are often required by
21 foreign governments to establish a local presence
22 in order to operate.

23 Fourth and fundamental to the
24 effectiveness of the agreement is compliance with
25 its terms. We support the administration's efforts

1 to use this time frame to reduce bilateral trade
2 barriers. The USMCA can only succeed in growing
3 export markets for U.S.-made goods and services if
4 USMCA commitments are fully implemented.

5 USCIB has been the leading voice on USMCA
6 compliance, regularly flagging concerns in the
7 areas of biotechnology, medical devices, food
8 labeling, energy, customs and trade facilitation,
9 technical barriers to trade, fair competition in
10 electronic payment services, and
11 telecommunications, including high annual spectrum
12 fees. I direct the administration to our 2026 NTE
13 submission for the latest on bilateral concerns.

14 Thank you.

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

17 MS. FUSSELL: Good morning. My name is
18 Nasim Fussell. Thank you so much for having us here
19 this morning and for all the hard work that you are
20 doing.

21 I serve as the Vice President for Trade
22 and International at the Business Roundtable, an
23 association of more than 200 CEOs of leading U.S.
24 companies across every sector. Our member
25 companies support one in four American jobs and

1 almost a quarter of U.S. GDP.

2 Business Roundtable strongly supports
3 USMCA. In 2019, President Trump secured important
4 new commitments from Canada and Mexico that protect
5 American jobs, strengthen domestic manufacturing,
6 and grow the U.S. economy. These commitments are
7 delivering significant benefits. Since USMCA
8 entered into force, Canada and Mexico have invested
9 \$775 billion in the United States, and North
10 American trade has increased by 50 percent.

11 Extending USMCA in a timely manner is
12 critical to the vitality of U.S. businesses. As
13 the first joint review approaches, BRT calls for
14 stronger North American integration, enhanced
15 cooperation on economic security, and restoration
16 of preferential treatment for all USMCA-compliant
17 goods.

18 USMCA is integral to North America's
19 competitiveness, and BRT urges the administration
20 to strengthen the trilateral relationship. For
21 more than 30 years, integrated production networks
22 across the United States, Mexico, and Canada have
23 supported jobs, expanded market access, and enabled
24 firms to develop efficient supply chains that
25 reflect the comparative advantage of each economy.

1 Companies utilize resources and inputs from all
2 three countries, and manufacturing processes take
3 goods over borders multiple times before
4 completion.

5 Regionalization keeps production close to
6 home, under shared USMCA labor and environmental
7 standards, and strengthens supply chain resilience
8 by reducing our dependence on other regions and
9 nonmarket economies. Every dollar of
10 manufacturing imports from North America supports
11 more domestic economic activity and U.S. jobs than
12 trade with more distant partners.

13 OECD data show that about 15 percent of
14 the value in U.S. manufacturing imports from Canada
15 and Mexico reflect U.S. work coming back home. By
16 contrast, imports from China contain less than two
17 percent in U.S. value.

18 These linkages illustrate why the common
19 trilateral framework with harmonized rules of
20 origin, customs procedures, and digital trade
21 disciplines is far more efficient than what could
22 be achieved with separate bilateral deals.

23 The joint review is also an opportunity
24 to enhance North American cooperation on economic
25 security. This can be done through policy

1 alignment on export controls, investment screening,
2 trusted technologies, critical minerals, and excess
3 capacity from nonmarket economies.

4 Greater alignment would strengthen the
5 integrity of and trust in integrated markets within
6 North America. Any such cooperation should ensure
7 the benefits of USMCA accrue to the parties and
8 provide mutual defenses against economic coercion.

9 BRT encourages USTR to work closely with
10 the private sector to ensure that any new policy
11 alignments reflect industry and supply-chain
12 realities. In exchange for such coordination, the
13 parties should reaffirm their commitment to
14 preferential trade among each other.

15 All goods complying with USMCA rules
16 should be exempt from tariffs. Restoring
17 preferential treatment for all USMCA-compliant
18 goods, including goods subject to Section 232
19 measures, will increase sourcing and trade with
20 trusted partners that have committed to the highest
21 standard trade rules. It will ensure that even if
22 we experience reduced trade with other regions, we
23 do not restrict North American trade and investment
24 flows.

25 While important compliance and

1 implementations indeed need to be addressed, the
2 United States is best served by working with Canada
3 and Mexico to improve the operation of USMCA. The
4 first Trump administration skillfully negotiated
5 a mechanism in the joint review that ensures USMCA
6 is always underpinned by our domestic interests.

7 Upon signing USMCA into law, President
8 Trump said that it is the largest, most significant
9 modern and balanced agreement in history. The
10 Business Roundtable was proud to support USMCA then
11 and encourages a timely extension of the agreement
12 in 2026 that strengthens North American economic
13 integration and competitiveness.

14 I am happy to answer any questions you may
15 have about my testimony or any points in BRT's
16 written comments. Thank you.

17 MR. OLIVER: Thank you for your testimony.
18 We'll now move to the final witness in this panel.

19 MR. MEZA: Good morning. Thank you for
20 the opportunity to testify today, and thank you for
21 the day-to-day work you all do on behalf of the
22 American people. My name is Danny Meza, and I serve
23 as the Director of Trade Policy for the Global
24 Business Alliance.

25 I want to focus on two things. One is

1 global investment from longtime friends and allies
2 underpins our economic competitiveness. And two,
3 the Global Business Alliance recognizes that USMCA
4 creates an integrated and resilient North American
5 supply chain to benefit the U.S. economy and
6 national security.

7 The Global Business Alliance is comprised
8 of more than 200 of the most well-known companies
9 in the world. While each globally headquartered
10 outside the United States, they are major U.S.
11 employers, each employing an average of 12,000 U.S.
12 workers. It is also worth noting, like most
13 international companies in America, all of our
14 member companies are globally headquartered in
15 countries that are longtime friends and allies of
16 the United States.

17 International companies directly employ
18 8.4 million U.S. workers and offer compensation that
19 is seven percent higher than the U.S. private sector
20 average and account for 22 percent of U.S. exports.

21 In addition, nearly one in four American
22 manufacturing workers earn their paycheck from an
23 international company.

24 Not only do international companies bring
25 the capital necessary to create these

1 opportunities, but they also import world-class
2 know-how, which helps drive American innovation and
3 a more competitive U.S. workforce. International
4 companies spend more than \$80 billion on U.S.
5 research and development activities annually,
6 estimated to account for 12 percent of all R&D
7 performed by U.S. companies.

8 Manufacturing is the largest sector of
9 foreign investment in the United States and has seen
10 a 29 percent increase in investment in the five years
11 since USMCA was passed. In total, international
12 firms have injected an additional half-trillion
13 dollars into their U.S. operations during that time.

14 President Trump issued the America First
15 Investment Policy one month after being sworn into
16 his second term. The President's America First
17 Investment Policy emphasizes the importance of
18 welcoming foreign investment as essential to
19 economic leadership. This sentiment is also echoed
20 in Congress.

21 Earlier this year, the House unanimously
22 passed the Global Investment in American Jobs Act,
23 which states the ability of the United States to
24 attract foreign direct investment from responsible
25 private-sector entities based in trusted countries

1 is directly linked to the long-term economic
2 prosperity and global competitiveness and security
3 of the United States.

4 Today, 75 percent of all foreign direct
5 investments in the U.S. comes from eight allied
6 countries: Japan, Canada, Germany, the United
7 Kingdom, France, Ireland, Switzerland, and the
8 Netherlands. More than 100 other countries
9 comprise the last quarter of investments. And
10 importantly, China makes up less than one percent
11 of U.S. investment.

12 The USMCA enhances U.S. national security
13 by bolstering the stability and self-reliance of
14 the North American economy. By anchoring trade
15 investment within an allied region, the agreement
16 reduces exposure to geopolitical risk and economic
17 coercion. Reliable regional sourcing makes it more
18 difficult for adversaries to exploit global supply
19 disruptions and could undermine U.S. strategic
20 interest.

21 It is important annual foreign direct
22 investment flows in recent years have lifted total
23 FDI in the United States to 5.7 trillion as of the
24 end of 2024. International companies have invested
25 more than 200 billion in the U.S. last year, which

1 was below a decade-long average and two percent
2 lower than in 2023. Reinvested earnings accounted
3 for more than 200 billion in 2024, making up 70
4 percent of total inbound direct investment.

5 It's important to note the U.S. continues
6 to face strong global competition for investment.

7 Developing economies are attracting a growing
8 share of international investment, rising more than
9 ten percentage points since 2024 to reach 31 percent
10 in 2024. Developing markets such as China, Hong
11 Kong, Indonesia, and Singapore were among the key
12 recipients.

13 USMCA was championed by President Trump
14 and enacted with bipartisan support. The agreement
15 serves as a catalyst of the United States' economic
16 growth by maintaining a competitive advantage for
17 the American goods and services. Given its central
18 role as a standing North American trade investment,
19 we support a timely renewal of USMCA and also
20 recognize opportunities to improve agreement.

21 USTR and the administration can
22 proactively address key issues with Canada and
23 Mexico as they have over the past several years.

24 As these discussions evolve, we urge strategic,
25 pragmatic approach to resolving challenges within

1 the agreement's existing framework.

2 We also strongly encourage ongoing
3 engagement with industry before proposing policies
4 or changes to USMCA. Businesses' on-the-ground
5 expertise provide valuable insight into compliance
6 challenges and practical reforms such as digital
7 standardization of supplier certifications,
8 reassessment of regional labor value content rules,
9 harmonized audit standards, and extension of tax
10 protections - tax treaty protections.

11 We also urge the administration to
12 consider phase-in periods and assess the resources
13 companies will need to meet the new reporting
14 compliance obligations. Without such
15 considerations, U.S. workers and consumers could
16 face consequences from disrupted supply chains and
17 reduced access to essential goods.

18 And with that, I look forward to your
19 questions.

20 MR. OLIVER: Thank you. And thank you all
21 for your testimonies. We greatly appreciate it.

22 With that, we'll be turning to our U.S.
23 Government officials on the dais to ask some
24 questions, beginning with Mr. Watson.

25 CHAIR WATSON: Thank you. Thank you all

1 again for your testimony.

2 The first question is for Chairman Brady.

3 In your testimony, you talked about the deep trade
4 and investment ties between U.S., Canada, and
5 Mexico. Can you say more about how the USMCA and
6 that trilateral relationship supports U.S.
7 manufacturing?

8 MR. BRADY: Yeah. So we have seen a
9 dramatic -- sir, thank you for the question. Thank
10 you for being here today. So we have seen a dramatic
11 increase of investment from Canada and Mexico in
12 U.S. manufacturing, both in basic manufacturing and
13 in advanced manufacturing and technology.

14 This has driven not only a great deal of
15 manufacturing jobs locally, it has, when you put
16 these together, has allowed us to compete and win
17 globally as well -- so creating jobs in the U.S.
18 both for the Canada and Mexico market, and you see
19 this in the sales and the products we're selling
20 to each other. But it's also made us stronger,
21 frankly, as a country and as a North American trading
22 partnership against the challenges we see around
23 the world.

24 Those challenges won't grow smaller.
25 They'll grow more intense. And I think that the

1 secret sauce in this agreement for the U.S. is zero
2 trade tariffs, zero trade or near-zero trade
3 barriers, and the ability to integrate and be more
4 competitive.

5 There are room for improvements.
6 Obviously, no trade agreement is perfect. This is
7 a complex relationship with major complex
8 economies. There are going to be trade tensions,
9 some long term, some directly related to enforcement
10 of USMCA. But honestly, I'm only surprised there's
11 not more, given the size of this trading
12 relationship.

13 The review is an opportunity to make
14 progress there, and we would urge all three
15 countries to come to the table to find those
16 solutions. But at the end of the day, this trading
17 relationship is incredibly vital to the U.S., and
18 what we're hoping for is a long-term extension to
19 make the long-term investments in manufacturing,
20 in tech, and innovation that will allow us to compete
21 and win.

22 CHAIR WATSON: Thank you.

23 MR. OLIVER: Thank you for your response.

24 The next question will come from Ms. Demirjian.

25 MS. DEMIRJIAN: Thank you. Thank you.

1 And to Mr. Herrington, your testimony
2 included a recommendation to strengthen the USMCA
3 Competitiveness Committee to include efforts to
4 enhance regulatory alignment in the region. Could
5 you elaborate on what the Chamber envisions the
6 Committee could do to address regulatory alignment?

7 Thank you.

8 MR. HERRINGTON: Sure. Thank you very
9 much for the question. It's a very important
10 question, and I want to make sure that I submit a
11 written response to this because it's -- there are
12 extensive sort of, I think, recommendations we'd
13 have beyond what even our longform submission
14 presents.

15 But I think, clearly, what we've seen --
16 the USMCA has helped, certainly, with regulatory
17 alignment. But I think we've seen in recent years
18 -- in part because of some of the challenges between
19 the three economies, we've seen mechanisms previous
20 that were strongly -- certainly that the North
21 American Competitiveness Committee and other
22 elements I think were designed to support, I would
23 say, fade in their competitiveness or in their
24 relevance.

25 So one that comes to mind is the RCC, the

1 Regulatory Cooperation Committee between the U.S.
2 and Canada -- really some very important
3 developments that came out of that in the trade
4 facilitation space and the broader regulatory
5 alignment space.

6 So I think -- and the same goes for Mexico,
7 and I think we have some challenging regulatory
8 situations in Mexico with COFEPRIS, for example,
9 in the pharmaceutical industry, where certainly we
10 need to ensure that North America and all three North
11 American economies are embracing international best
12 practices. And obviously, as I said, COFEPRIS is
13 the critical example of where that's not happening
14 in the space of health sciences,
15 biopharmaceuticals, and biotech approvals.

16 But again, we'll get back to you with a
17 comprehensive written response.

18 MR. OLIVER: Thank you for your response.

19 The next question will come from Ms. Lynton-Grotz.

20 MS. LYNTON-GROTZ: Many thanks to the
21 panel for their testimony.

22 And my question is to Mr. Wood. Mr. Wood,
23 you noted that Mexico has failed to adhere to its
24 financial services commitments in USMCA by
25 maintaining significant barriers to U.S. electronic

1 payment services. My question is, what should the
2 United States do during the review to address this
3 concern and more generally address compliance with
4 Mexico's financial services commitments under the
5 USMCA?

6 MR. WOOD: That's a great question.
7 Thank you, again, to the panel. And as Neil said,
8 I would be happy to follow up in writing on that.

9 But Mexico has introduced a proposal
10 recently, new rulemaking for EPS networks. But we
11 need assurances that they will be implemented in
12 a manner that is fully compliant with USMCA and allow
13 payment operators to be fully interoperable and to
14 coexist on a level playing field with the sole local
15 network.

16 Right now, the proposal has significant
17 ambiguities that is coming forward that risks
18 continuing the discrimination U.S. and global firms
19 are facing today. And so we would look to
20 yourselves and engagement with industry to ensure
21 that the proposals that they're advancing are going
22 to live up to their existing USMCA commitments
23 because this is something that was negotiated in
24 the USMCA, and we really need to see them follow
25 through.

1 But I would be happy to follow up in
2 writing. Thank you.

3 MR. OLIVER: Thank you for that response.
4 The next question will come from Ms. Cascarano.

5 MS. CASCARANO: This is a question for Mr.
6 Crain. You mentioned in your testimony concern
7 about continued unfair and discriminatory
8 advantages conferred to state-owned enterprises
9 that disadvantage U.S. manufacturers operating in
10 Mexico and Canada, despite the USMCA chapter on
11 SOEs. Can you expand on these concerns? And how,
12 in your judgment, can the United States address
13 unfair advantages afforded to state-owned
14 enterprises?

15 MR. CRAIN: Absolutely. Thank you for
16 that question, and as has been said, would be happy
17 to provide a more detailed response in writing.

18 This is a real issue when it comes to,
19 especially in the energy space, Mexican state-owned
20 enterprises crowding out private sector
21 competition. And so we need more fulsome
22 cooperation among the three trading partners to
23 ensure that the agreement supports the private
24 sector's ability to invest in Mexico, whether that
25 is with respect to state-owned enterprises crowding

1 out U.S. energy investments.

2 We also have talked at length about the
3 judicial reforms that Mexico instituted that make
4 Mexican investments less certain and more difficult
5 for U.S. businesses. So there's a lot that needs
6 to be done as we approach the renegotiation or
7 reconsideration next year to protect the private
8 sector's ability to invest in energy, especially
9 across the sector in Mexico.

10 MR. OLIVER: Thank you for that response.

11 The next question will come from Mr. Wesch.

12 MR. WESCH: I want to thank the panel for
13 your testimonies.

14 Ms. Slayton Clark, in your submission, you
15 argued that the lack of a review process that ensures
16 that a dispute resolution solution conforms with
17 the agreement reduces dispute resolution
18 functionality. What should a review process look
19 like in practice?

20 MS. CLARK: Thank you for the question.

21 And again, we would love to be able to have an
22 opportunity to follow up with a more formal response
23 to you, more detailed.

24 Yeah, I think the biggest frustration for
25 our companies has been having the review process

1 proceed and come to some determination but then
2 lacking in implementation. I mean, we've seen it
3 especially in the biotechnology corn issue. And
4 we have a great amount of trade that's being
5 inhibited because of Mexico's policies with respect
6 to biotechnology, especially in the food sector.

7 And it's been very frustrating to be able
8 to prove yourself right on the merits of the argument
9 and yet not have a successful implementation of the
10 outcome. In terms of details with respect to how
11 to change it, we'd like to submit those in formal
12 writing to you at a later time. Thank you.

13 MR. OLIVER: Thank you for that response.

14 The next question will come from Ms. Lynton-Grotz.

15 MS. LYNTON-GROTZ: Thank you.

16 Ms. Fussell, in BRT's written comments,
17 it's noted that BRT supports the modernization of
18 USMCA's financial services chapter, including by
19 establishing a fintech working group to coordinate
20 on digital financial services. My question is,
21 what priorities do you envisage for this working
22 group?

23 MS. FUSSELL: Thank you so much. Yes,
24 indeed, we recommend a new working on this to reflect
25 the fact, as does the existence of this review, that

1 this is a rapidly developing sector, that we move
2 forward as the agreement grows, and we want to ensure
3 that the agreement reflects realities of modern-day
4 business. I think USMCA was established to ensure
5 that, and it is already doing a good job in that
6 respect as we all sit here today and discuss these
7 issues.

8 On Fintech, we need to ensure that, moving
9 forward, that we are able to develop upon USMCA's
10 requirements that data is enabled to flow freely,
11 that we do not have any inhibitions there and
12 barriers to the free flow of data. At the same time,
13 we need to ensure that as this data is moving, that
14 there is a significant and critical reflection of
15 cybersecurity, importance in security there growing
16 as we speak.

17 The private sector coming to this working
18 group in conjunction with the parties to reflect
19 what the day-to-day realities and needs are in order
20 for business to thrive and to be secure and to remain
21 modern and to be able to flow would be the core of
22 our recommendation. But again, I think the
23 partnership between business and the parties is
24 critically important across all areas, but
25 particularly in these areas where we are living

1 through rapidly modernizing technology and
2 industries. Thank you.

3 MR. OLIVER: Thank you for that response.

4 The final question will come from Mr. Watson.

5 CHAIR WATSON: And this question is for
6 Mr. Meza. So in your submission, you raised the
7 importance of encouraging the use of standardized
8 digital processes, where possible, to better help
9 companies comply with USMCA documentation and other
10 requirements. What specific digital processes
11 would you recommend standardizing, and what
12 challenges would they address?

13 MR. MEZA: Thank you for the question, and
14 I'd like the opportunity to respond more fulsome
15 in a written response.

16 But I think, generally, where we're seeing
17 the challenge with not only changing USMCA
18 requirements is that most of our companies are
19 global in nature. And so, as the administration
20 is negotiating different trade agreements with
21 either the EU or Japan or Korea, different
22 requirements are sort of coming in to comply with
23 the terms of those agreements.

24 So really, as a general comment to ensure
25 that as you look at other updates to USMCA, that

1 you all consult with businesses to make sure that
2 you have just basic, simple compliance requirements
3 so that companies can comply with the terms of the
4 agreements.

5 MR. OLIVER: Thank you for that response.

6 And thank you all for sharing your testimonies,
7 for your responsiveness to the questions, and for
8 your time here today. We really appreciate it.

9 With that, this panel will conclude. I
10 will ask that as we release you, if you will please
11 grab your placards and just set them at the end of
12 this table right here, that would be greatly
13 appreciated.

14 I would then ask if Panel 2 could please
15 come forward, and please also bring your placards
16 and be seated in the order you are currently seated.

17 Finally, I will ask the attendees for Panel
18 3, if you could please just come forward and sit
19 in your reserved seats up here, that would be great.

20 And the same goes for the members of Panels 4 and
21 5 if you are here. Thank you so much.

22 And as our second panel is seated and for
23 those that are interested around the room, you'll
24 see some fun lights both at the table and around
25 the room. It will turn green as your time is

1 starting. It will turn yellow when you have one
2 minute left, and it will start to blink red once
3 your time has elapsed. We appreciate it.

4 CHAIR WATSON: Good morning, and thank you
5 to our panelists for joining us today. I think you
6 all remember the rules on how many minutes you have
7 for the presentations and the responses. So let's
8 go ahead and get started.

9 And I'll ask Ms. Burke to start things off.

10 MS. BURKE: Good morning, and thank you
11 so much for having us. My name is Beth Burke, and
12 I'm the CEO of the Canadian American Business
13 Council.

14 The CABC is the only bilateral, nonprofit,
15 nonpartisan, issues-oriented organization
16 dedicated to fostering and strengthening the
17 relationship between the United States and Canada.

18 We are a U.S.-headquartered organization that
19 represents close to 100 bilateral businesses from
20 small and medium-size enterprises to some of the
21 largest Fortune 500 and 100 companies from across
22 all sectors.

23 I am pleased to join you today and share
24 the importance of the USMCA to the business
25 community. The USMCA is not your average trade

1 agreement. It is the art of the international deal.

2 It is a story about North America and our strength
3 and economic advantage, economies that realized
4 long ago that our strengths multiply when we work
5 together.

6 When you look at the North American supply
7 chain, you don't just see goods crossing borders.

8 You see workers, innovators, and communities
9 moving forward together. A miner in British
10 Columbia supplying critical minerals for America's
11 defense materials, auto engineers in Michigan and
12 parts suppliers in Ontario who are innovating side
13 by side, farmers in Canada's prairies growing the
14 crops and raising American-born cattle that go back
15 to the U.S. to help feed Midwestern families,
16 Midwesterners refining oil from Alberta and
17 Saskatchewan for our energy security -- these are
18 just a few examples of the daily living story the
19 USMCA enables.

20 At a time of escalating global competition
21 and geopolitical uncertainty, the USMCA is also a
22 story about trust and security. The global economy
23 has become increasingly unpredictable. As rival
24 nations attempt to undermine our institutions and
25 competitive advantage, the USMCA is a strategic tool

1 to counter those adversaries seeking economic
2 dominance. We know we can depend on each other and
3 be successful because of this shared agreement.

4 Finally, the USMCA is a story about
5 leadership, our nations coming together and
6 creating a unique, rules-based economic partnership
7 that is both resilient in crisis and ambitious in
8 openness -- or in opportunity, a region that
9 understands that predictability, openness, and
10 cooperation are the building blocks of growth and
11 the reason North America continues to outperform
12 global competitors.

13 Through the USMCA, we've increased total
14 nominal North American trade by 50 percent since
15 July 2020. In 2023 alone, the United States,
16 Canada, and Mexico exchanged \$1.88 trillion in goods
17 and services. North America's strength comes from
18 the fact that we operate as a region. When we move
19 together, we're more competitive, more secure, and
20 more resilient. We are leaders.

21 So my primary message today is this.
22 Preserving and fully operationalizing the USMCA is
23 essential to ensuring our story continues to be one
24 of strength. The tools within the agreement give
25 us a clear path to do so. The task ahead is to use

1 them.

2 The USMCA has proven its value. Now is
3 the moment to protect it, strengthen it, and ensure
4 its full potential is realized. Now is the time
5 to sign off on our story, one that says North America
6 works together, competes together, and wins
7 together today, tomorrow, and for generations to
8 come. Thank you.

9 MR. OLIVER: Thank you for your testimony.
10 We'll now turn to Mr. Hyder.

11 MR. HYDER: Good morning. Thank you for
12 the opportunity, and thank you for what you do.

13 My name is Goldy Hyder, President and CEO
14 of the Business Council of Canada. We represent
15 the leaders of Canada's largest companies, many of
16 whom invest billions and operate and manufacture
17 and employ millions of workers both directly and
18 indirectly across the United States.

19 Last year alone, the U.S. trade with Canada
20 and Mexico hit a record of \$1.93 trillion. That's
21 more than the U.S. trades with China, Japan, South
22 Korea, and the United Kingdom combined. According
23 to the U.S. Business Roundtable, trade with Canada
24 and Mexico supports nearly 13 million American jobs.

25 The lives and livelihoods of Americans,

1 Mexican, and Canadian workers, farmers,
2 entrepreneurs, and their families depend on the
3 USMCA, an agreement which has benefited all three
4 countries. And that is why I asked to appear here
5 today.

6 Extending the USMCA is of course important
7 to Canada, but it is also crucial to American
8 prosperity, American competitiveness, and American
9 security. The agreement has delivered. Despite
10 a global pandemic, supply-chain shocks, and a more
11 volatile global economy, U.S. exports to Canada and
12 Mexico have risen steadily. Investment has
13 expanded. North American manufacturing has become
14 more resilient.

15 The evidence is clear. USMCA works. The
16 question is how to make it work even better. The
17 leaders who negotiated this agreement wisely built
18 in a review. That is this moment, and we must seize
19 it.

20 A stronger USMCA should follow two guiding
21 principles. First, it should deepen commercial
22 ties and cross-border investment between all three
23 countries. Second, it must recognize that while
24 governments negotiate trade agreements, it is
25 business that brings them to life. Businesses

1 invest where there is certainty. USMCA gives us
2 certainty.

3 The review of USMCA must preserve and
4 prolong that certainty. To do so, a renewed USMCA
5 should ensure greater public-private consultation,
6 not only every six years, but frankly, continuously.

7 A simple, common-sense improvement would be to add
8 private sector representatives to key USMCA
9 committees, including the Committee on Good
10 Regulatory Practices and the Competitiveness
11 Committee.

12 Moreover, the mandates of those committees
13 should be simplified. Too often, they have been
14 overlapping responsibilities that stray into issues
15 unrelated to competitiveness or eliminating
16 regulatory burden. Let the committees focus on
17 what matters: harmonizing rules, speeding up
18 regulatory alignment, and reducing friction for
19 North American businesses.

20 To supplement and complement that work,
21 we recommend creating two new joint public-private
22 committees. First, we should create a North
23 American Energy Committee. It would develop a
24 shared vision so our abundant energy resources,
25 critical minerals, technologies, and

1 trade-enabling infrastructure become a continental
2 advantage, not a mismatched patchwork.

3 Second, we should create a North American
4 Economic Security Committee. It would assess
5 risks, coercive trade practices, supply chain
6 disruptions, and cyber threats and then develop
7 strategies to coordinate our responses. Today, the
8 concept of security in the USMCA text is about
9 exempting us from obligations. It should instead
10 be a basis for collective action.

11 Finally, an important point for
12 productivity -- U.S. companies operate across
13 borders as highly integrated networks. But under
14 current rules, workers can be temporarily
15 transferred only if they're executives, managers,
16 or specialized staff.

17 We recommend creating a trusted employer
18 program allowing qualified companies to temporarily
19 transfer any employee between the United States,
20 Canada, or Mexico, with the employer being
21 responsible for that employee returning home after
22 a defined period or a defined task.

23 Let me end where I began. The USMCA works.

24 It works for the United States, it works for Canada,
25 and it works for Mexico. This review is about

1 strengthening the world's most successful trading
2 partnership and ensuring that North America
3 competes and wins in the global economy. Our job
4 now is simple. Extend it, improve it, and protect
5 the prosperity it creates for workers, farmers, and
6 families in all three countries.

7 Thank you, and I'm pleased to answer any
8 questions you may have.

9 MR. OLIVER: Thank you for your testimony.

10 We'll now move to the next witness, Mr. Gomez Lora.

11 MR. GOMEZ: Good morning. The Business
12 Coordinating Council is an umbrella trade
13 association in Mexico. CC members are the chambers
14 of every productive sector, including agriculture,
15 manufacturing, mining, and services in Mexico.

16 I will start my comments with two key
17 messages that the Mexican private sector wants to
18 convey to you this morning. Number one, of all
19 trading partners of the U.S., Mexico is the most
20 critical to your goals of boosting domestic
21 manufacturing, shortening supply chains, and
22 reducing dependency on nonmarket economies. And
23 number two, an expeditious review of the USMCA in
24 2026 which extends the duration of the agreement
25 would send an unequivocal signal to the rest of the

1 world that North America is united, strengthened,
2 and ready to outcompete other regions.

3 Allow me to share three facts that
4 illustrate Mexico's critical significance to the
5 U.S. First fact -- this year, Mexico became the
6 single most important market for U.S. exports.
7 From January to August, Mexico bought 226 billion
8 of U.S. goods, 16 percent of total U.S. sales abroad.

9 Mexico is number-one market for 24 industries in
10 the U.S., including meat, livestock, dairy, grains,
11 sugar, oil and gas, chemicals, plastics, textiles,
12 and auto parts. Mexico is the number-one buyer of
13 U.S. steel and aluminum products.

14 Mexican demand strengthened U.S.
15 industrial base in these critical sectors. Mexico
16 is also the first or the second destination to 26
17 U.S. states' exports. Therefore, as my very good
18 friend Goldy just mentioned, it is not surprising
19 that U.S. trade within USMCA generates over 13
20 million jobs in America.

21 Second fact -- Mexican exports also create
22 jobs in the U.S. No U.S. trading partner
23 incorporates more U.S. inputs and materials into
24 their exports than Mexico. This occurs across
25 several sectors in manufacturing, including the

1 automotive industry.

2 When a car is manufactured in Mexico, it's
3 exported to the U.S. It will most probably
4 substitute a car assembled in Europe and Asia. This
5 generates jobs in the U.S., since assembled vehicles
6 in Mexico have an average 38 percent of U.S. auto
7 parts, while cars assembled in Europe or Asia
8 contain mainly European and Asian parts.

9 This year, U.S. auto part exports to Mexico
10 were eight times higher than U.S. exports to Japan
11 or Germany. Furthermore, 40 percent of all Mexican
12 exports are intermediate goods, which are used by
13 American manufacturers in their industrial
14 production. They all have important U.S. content,
15 from natural gas to iron ore, coal, petrochemicals,
16 and many others. Not long ago, several of these
17 inputs came from Asia.

18 Indeed, trading with Mexico is a crucial
19 tool for U.S. to successfully compete with North
20 American economies while creating jobs in America.

21 Every dollar Mexican manufacturers export to the
22 U.S. sustains U.S. export jobs. This key fact must
23 be accounted for when comparing U.S. trade deficit
24 with Mexico to U.S. trade imbalances with other
25 countries.

1 Third fact -- Mexico-U.S. trade is
2 complementary, contributing decisively to
3 affordability of goods on both sides of the border.

4 A great example is North American agriculture.
5 U.S. consumers benefit from affordable,
6 high-quality, fresh fruits and vegetables
7 year-round, while Mexican cattle and livestock
8 producers depend heavily on U.S. grains for their
9 competitiveness.

10 Distinguished U.S. officials, to promote
11 an expedited and successful renewal of the
12 agreement, we respectfully propose four guiding
13 principles: principle number one, grant duty-free
14 access to all goods that comply with the USMCA Rules
15 of Origin, including those subject to 232 tariffs;
16 principle number two, ensure that USMCA Rules of
17 Origin promote regional integration, maximize North
18 America's complementarities, and do not
19 discriminate among the three members; principle
20 number three, leverage USMCA committees to promote
21 ambitious regulatory convergence, particularly in
22 industrial sectors critical for the competitiveness
23 of the region; and principle number four, strengthen
24 dispute settlement mechanisms to ensure timely
25 enforcement of obligations of the agreement.

1 Thank you so much.

2 MR. OLIVER: Thank you for your testimony.

3 We'll now turn to the final witness, Ms. Dawson.

4 MS. DAWSON: Good morning, thank you for
5 the opportunity to testify. My name is Laura
6 Dawson. I am the Executive Director of the
7 U.S.-Canada Future Borders Coalition.

8 We're a binational nonprofit representing
9 the Canadian and American North American Traders,
10 supply chain operators, service providers, bridges,
11 tunnels, infrastructure, and everyone who depends
12 on the secure and efficient movement of goods,
13 people, and data across our shared borders.

14 The USMCA remains the backbone of the North
15 American trading system and is an essential driver
16 of our region's competitiveness. It supports
17 nearly \$2 trillion in annual trade, and enables the
18 advanced manufacturing and energy integration that
19 underpins millions of jobs.

20 My co-panelists have done a great job
21 establishing the economic framework. I'm going to
22 encourage us to be bold. I've heard do no harm as
23 a watchword for a lot of these proceedings, but I
24 think we could take this agreement from good to
25 great. And we can do that through bold initiatives.

1 And so my message today is we need to preserve what
2 works, modernize what must evolve, and strengthen
3 the systems that enable secure and seamless
4 continental trade.

5 While commercial technologies and supply
6 chain practices have transformed rapidly, border
7 systems and processes have not kept pace. This gap
8 creates unnecessary frictions, delays, and
9 uncertainty. Border security must go hand in hand
10 with modernization. Modernization is not at odds
11 with security. More efficient, digitally enabled
12 and collaborative border systems are essential to
13 achieving stronger security in an increasingly
14 insecure world. Automation, data sharing,
15 risk-based processing, and real-time analytics
16 allow agencies to focus on high-risk movements while
17 facilitating legitimate travel and trade.

18 We have three priority areas for
19 modernization. Number one, modern and integrated
20 border systems. Our members experience
21 inconsistent enforcement, outdated paper-based
22 processes, and siloed systems that slow operations
23 and raise costs. We urge the three governments to
24 advance interoperable digital systems, expand
25 preclearance, not just for passengers but also for

1 cargo, and in both directions. We want to eliminate
2 wet ink requirements and modernize customs
3 technology, especially Canada's CARM platform. A
4 digital-first, risk-based, trilaterally
5 coordinated border environment will not only enable
6 efficiency, it will strengthen border integrity by
7 improving targeting and enforcement.

8 Secondly, reducing trade irritants and
9 aligning regulations, predictability is essential
10 for industry, yet regulatory misalignment
11 continues to create friction and increase costs.

12 We recommend strengthening the Regulatory
13 Cooperation Council, improving transparency and
14 regulatory changes, and ensuring businesses have
15 adequate time to adapt.

16 Going off the sheet for a minute here,
17 there are some really good working groups and
18 commissions within the USMCA framework dedicated
19 to TBT, regulatory good practice, SBS, if we get
20 executive-level leadership plus those USMCA
21 frameworks. That's a force multiplier to really
22 do good things. And we've seen that with the
23 previous Regulatory Cooperation Council between the
24 U.S. and Canada.

25 Number three, protect critical

1 continental sectors, specifically energy and Great
2 Lakes shipping. The North American energy market
3 is vital to our economic and national security.
4 Maintaining clarity in rules of origin, such as
5 preserving the 40 percent diluent rule, is
6 essential. Also second is the notion of an energy
7 committee within the USMCA. We also highlight
8 Great Lakes shipping which is essential to U.S.
9 manufacturing and bulk cargo supply chains.
10 Proposed port fee changes risk raising shipping
11 costs up to 150 percent and destabilizing essential
12 trade routes.

13 The road ahead, North America faces
14 geopolitical tensions, evolving security threats,
15 and global competition. This review is an
16 opportunity to deliver precisely that, a
17 continental trade framework that is stable, modern,
18 secure, and responsive. This is a
19 once-in-a-generation opportunity to amplify North
20 American competitiveness, building wealth and
21 employment for all three countries. Or we can chose
22 to cling to aggressive trade barriers and fight
23 amongst ourselves, even as other countries win the
24 race through new technologies and new efficiencies.

25 My organization stands ready to work with

1 all three governments on pilot projects, regulatory
2 modernization, and technology deployment to ensure
3 that our border systems support both economic
4 prosperity and national security. Thank you.

5 MR. OLIVER: Thank you for your testimony,
6 and thank you all for your testimonies. We'll now
7 turn to our U.S. government officials for some
8 questions. Once again, each of you will receive
9 one question with a maximum of two minutes of
10 response time. And with that, we'll turn to Mr.
11 Watson.

12 CHAIR WATSON: And the first question is
13 for Ms. Burke. In your testimony, you referenced
14 the importance of USMCA in supporting innovation
15 in strategic industries, such as critical minerals,
16 artificial intelligence, and pharmaceuticals.

17 Can you say more on what policies have been
18 or will be most useful to continue to bolster
19 innovation in order for U.S. and North American
20 competitiveness.

21 MS. BURKE: Absolutely, thank you so much
22 for the question and the opportunity to be here
23 again.

24 We really think that streamlining and
25 removing barriers through the process, you know,

1 fast-tracking regulations, and moving barriers for
2 businesses to modernize their response time, to
3 streamline the regulations between the countries,
4 will help us accelerate our investments in these
5 strategic areas. Each one obviously presents a
6 different bucket of limitations which I'd be happy
7 to dive deeper in on specific industries. But these
8 strategic areas and innovations seem to be the
9 future. And we are, as a business community, are
10 standing ready to move forward as quickly as
11 possible.

12 This agreement helps us work as a team to
13 amplify and accelerate our production in these
14 areas. But in order to do so, we need to remove
15 barriers, most notably the tariffs that exist,
16 which I didn't mention in my opening comments but
17 would be remiss if I don't bring up now. Really
18 adhering to the fundamentals of the agreement and
19 allowing free access of materials, inputs, and goods
20 moving between the three countries is essential.

21 MR. OLIVER: Thank you for your response.

22 The next question will come from Ms. Demirjian.

23 MS. DEMIRJIAN: Good morning, this
24 question is for Mr. Hyder. Could you elaborate a
25 bit more on your ideas for an economic security

1 committee and an energy security committee?

2 And specifically for the energy security,
3 how could it strengthen the resilience of the North
4 American energy and critical minerals supply
5 chains?

6 MR. HYDER: Well, thank you for the
7 question. Let me say, today is historic for me
8 personally, not because it's my first time coming
9 here, but frankly it's probably the first time in
10 my life I've recommended the creation of two
11 government-led committees. So that can only
12 underscore how important we feel it is to ensure
13 that the public and private sectors work together
14 to strengthen and seize this opportunity to become
15 more resilient.

16 And it is coming from the comments of my
17 colleagues to both modernize and harmonize. We
18 feel that, through collective action, resilience
19 can be built. This notion of a Fortress North
20 America, as some of the secretaries have referred
21 to it, is an opportunity for us, but particularly
22 in energy, because it is an area in which there's
23 already been significant integration, supply chain
24 integrity has been built here.

25 We have the opportunities to support each

1 other's growth in our energy sectors. Ten years
2 ago, United States wasn't exporting or had any
3 natural gas at all. Today you're number the one
4 in the world. And you look at what's taking place
5 in Mexico with the development of investments in
6 their energy sector. We all know how energy-rich
7 Canada is. But it's better that we work together.

8 It also creates the opportunities for
9 scale to happen. The world wants what we have.
10 It is not only just an issue of having energy, which
11 is going to be even more in demand given the
12 technological changes that are coming, but it's the
13 economic output of that that is going to be
14 beneficial to not just here, but when we help other
15 countries by giving them energy, and their economies
16 do better, it creates less reliance and requirements
17 for North America to intervene in propping up their
18 economies.

19 So there's so much more value that comes
20 from us being able to harness and leverage our
21 abundant resources. Our main message is that we're
22 just simply better together, that when we're working
23 together on these issues, we can get a lot further
24 and realize the full potential of an agreement
25 that's been working for all of our countries. Thank

1 you.

2 MR. OLIVER: Thank you for your response.

3 Third question will come from Ms. Cascarano.

4 MS. CASCARANO: Yes, this is a question
5 for Mr. Gomez.

6 Your testimony calls for protocols that
7 encourage full compliance with dispute resolution
8 mechanisms. How would CCE suggest these be
9 addressed in the USMCA joint review?

10 MR. GOMEZ: Yeah, thank you very much for
11 your question, Ms. Cascarano, it's very good to see
12 you this morning here.

13 This settlement is definitely one of the
14 most consequential components of the USMCA. And
15 the reality is that, after 30 years of free trade,
16 we continue to see challenges across the various
17 dispute settlements under the agreement.

18 Let me start with investment, ISDS. And
19 I don't pretend to underestimate the political
20 sensitivity around ISDS discussion in Washington.

21 But the technical adjustment necessary to
22 strengthen the investment protection on the USMCA
23 for me are very clear. And I will summarize them
24 in four.

25 Number one, we need to restore full

1 protection to all sectors of the economy,
2 particularly manufacturing.

3 Number two, we need to expand the scope
4 of the protection to the provisions of minimal
5 standard of treatment and indirect expropriation.

6 Number three, we should eliminate the
7 requirement that investors first exhaust local
8 remedies before initiating arbitration.

9 And number four, we should eliminate also
10 the requirement to subscribe a contract with the
11 government to be able to use the ISDS.

12 Let me move now to state-to-state,
13 state-to-state dispute settlement. I mean, we have
14 observed several recurring challenges in bringing
15 compliance disputes to a close. In some cases, the
16 mechanism is not triggered. In others, proceedings
17 stall. And in some instances, panel rulings are
18 simply not implemented. So addressing these
19 challenges is complex, and we need creativity.

20 One avenue we suggest to explore is
21 borrowing from ISDS model by allowing exporters of
22 goods and services to seek resource before having
23 a national impact. This could happen under two
24 conditions. Number one, when the rights under the
25 USMCA for an exporter of services and goods have

1 been breached. And number two, when governments
2 have not launched or brought to a closure a
3 state-to-state dispute settlement after a
4 reasonable amount of time.

5 Under this approach, exporters could claim
6 compensation for pecuniary damages resulting from
7 violation. And exporters would initially bear the
8 cost of the panel, as it is under the ISDS, with
9 a reimbursement if the ruling is favorable.

10 I see I'm running out of time. But I just
11 put a note that we should also look at the dispute
12 settlement process of the rapid response labor
13 mechanism. There are serious challenges there on
14 due process and transparency.

15 But certainty, Ms. Cascarano, is perhaps
16 the single greatest asset of the USMCA. So we
17 believe that it is worth taking a fresh and
18 innovative look at the bottlenecks in our dispute
19 settlement architecture. Thank you so much.

20 MR. OLIVER: Thank you for your response,
21 and the final question will come from Mr. Wesch.

22 MR. WESCH: Ms. Dawson, in your
23 submission, you cited the importance of
24 public-private partnerships in financing and
25 sustaining critical infrastructure staffing and

1 innovation efforts. Please provide some specific
2 examples of such partnerships and how they could
3 be implemented under the USMCA.

4 MS. DAWSON: Sure, thank you. The
5 obvious example that comes from my membership is
6 public-private partnerships on preclearance
7 issues, preclearance at airports. There was a
8 preexisting system on airport preclearance which
9 the cost of that fell entirely on the governments.

10 Under new public-private systems, the users, the
11 airport's facilities providers provide funding for
12 the preclearance system. They are more active
13 participants in how things move ahead, and it has
14 proven to be a very efficient and effective system.

15 We would love to see this utilized more
16 effectively at land border crossings and the various
17 areas where we have cargo and people moving by land,
18 sea, or air.

19 MR. OLIVER: Thank you for that response,
20 and thank you for all of your testimonies. We
21 greatly appreciate it. And also for all of our U.S.
22 government officials who joined on the panel, we
23 appreciate it as well.

24 With that, this panel is concluded. We
25 ask that you please take your placards and sit them

1 at the end of this table here. And we will ask that
2 Panel 3 please come forward. Please bring your
3 placards with you, and please be seated in the order
4 in which you are seated currently.

5 For those that are in Panel 4, we also ask
6 that you sit in your reserved seats up at the front
7 of the room.

8 MR. OLIVER: We also welcome Eric
9 Astrachan to the front of the room, please, for Panel
10 3.

11 With that we'll get started with Panel
12 3. And once Mr. Astrachan is here, we'll have his
13 testimony as well.

14 CHAIR WATSON: Good morning, and thank you
15 for being here. Just a quick reminder, I think most
16 of you have been here for a while, but five minutes
17 for your presentations, each of you will get a
18 question, and please confine your response to two
19 minutes.

20 We do have one new member of our panel here,
21 so I'm going to ask him to introduce himself.

22 MR. JARAND: Good morning, I'm Michael
23 Jarand, Deputy Director of the Office of Trade and
24 Investment Policy at the Department of the Treasury.

25 CHAIR WATSON: We'll go ahead and get

1 started, beginning with Mr. Viola.

2 MR. VIOLA: Thank you very much, a
3 pleasure to be here today. Good morning, my name
4 is James Viola, and I serve as the president and
5 CEO of the General Aviation Manufacturers
6 Association, GAMA. On behalf of GAMA, I would like
7 to thank you for the opportunity to testify on behalf
8 of the membership regarding the operation of USMCA.

9 GAMA is an international trade association
10 representing more than 140 companies which
11 comprise the world's leading manufacturers of
12 general aviation airplanes, helicopters, advanced
13 air mobility aircraft, engines, avionics, aviation
14 components, and related technologies. GAMA
15 members are also providers of maintenance and repair
16 services, fixed-base operations, maintenance and
17 pilot training, and aircraft management companies.

18 The United States maintains a robust
19 domestic aerospace manufacturing industry which is
20 the second largest U.S. manufacturing sector in the
21 country and the largest manufacturing exporter.
22 In 2024, the U.S. aerospace industry had a net
23 positive export trade balance of \$104 billion with
24 exports of \$124 billion and imports of just \$20
25 billion. This positive trade balance is also

1 reflected in the bilateral trading relationships
2 with Canada and Mexico. The United States has run
3 bilateral surpluses with both countries for years.

4 In 2024, the United States ran a \$6.2 billion trade
5 surplus with Mexico and a \$1.2 billion trade surplus
6 with Canada.

7 Under the agreement on trade in civil
8 aircraft, signatories agreed to U.S.-led norms,
9 harmonized regulations, and eliminated tariff and
10 non-tariff barriers on civil aviation aircraft.
11 In the first 40 years of this agreement, U.S. civil
12 aviation exports grew by over 2,000 percent, and
13 the industry's American workforce has more than
14 doubled.

15 In addition to the profile and economic
16 benefit, the agreement solidified American-led
17 safety standards. To qualify for duty-free
18 treatment under the agreement, parts must meet
19 airworthiness approvals recognized by the FAA.
20 This allowed for stringent, American-led safety
21 requirements to be the global benchmark benefitting
22 both U.S. passengers and U.S. companies.

23 The USMCA has also been an important
24 instrument for the U.S. aerospace industry by
25 providing tariff relief and supporting U.S.

1 manufacturing by maintaining a supply chain that
2 allows the United States to expand its exports and
3 compete effectively with foreign trading partners.

4 Tariff-free access for aircraft through USMCA has
5 contributed to sustaining export opportunities for
6 the U.S. aerospace industry, especially given that
7 the products often cross borders prior to final
8 assembly and export.

9 GAMA greatly appreciates the Trump
10 administration has already established
11 zero-for-zero airspace tariff regimes with the
12 United Kingdom, Japan, the European Union, and has
13 signaled the intent to implement similar regimes
14 with other key trading partners. These agreements
15 have provided certainty regarding the continued
16 ability of the United States to export without
17 facing tariffs as well as ensuring U.S. aerospace
18 imports do not pay reciprocal tariffs or the Section
19 232 tariffs on steel, aluminum, and copper. GAMA
20 respectfully requests that the Trump administration
21 adapt a similar zero-for-zero tariff regime with
22 Canada and Mexico.

23 Further, given that some agreements have
24 already implemented zero tariffs for aerospace,
25 GAMA urges the administration to act now even before

1 the official USMCA joint review scheduled to take
2 place in July, 2026. This would guarantee that
3 essential changes occur quickly, preventing market
4 distortions from uneven implementation of trade
5 deals.

6 In conclusion, the U.S. aerospace industry
7 and the Trump administration share the same
8 objectives: advance aviation safety, grow U.S.
9 jobs, expand U.S. manufacturing, and ensure
10 American companies are engaged in reciprocal trade
11 with fair access to foreign markets. There is no
12 better example for the Trump administration's
13 vision for the American production economy than the
14 U.S. aerospace industry. The zero-tariff regime
15 that has been in place since 1980, has provided
16 robust economic growth as well as ensured a safe
17 and secure supply chain for the aviation industry.

18 We believe that adapting the zero-tariff
19 regime with Canada and Mexico offers the best way
20 to strengthen U.S. aerospace manufacturing and
21 overall U.S. national and economic security. And
22 we thank the Trump administration for their
23 leadership in this area. Thank you.

24 MR. OLIVER: Thank you for testimony.
25 We'll now turn to the next witness.

1 MR. ASTRACHAN: Good morning, members of
2 the USMCA Joint Review Committee, and thank you very
3 much for the opportunity to testify today. My name
4 is Eric Astrachan, and I serve as the Executive
5 Director of the Tile Council of North America.

6 The Tile Council is the trade association
7 for the North American tile industry. Our member
8 companies account for more than 99 percent of U.S.
9 tile production and over 99 percent of U.S. mortar,
10 grout, and related installation products
11 manufacturing.

12 As with many trade associations, the Tile
13 Council serves both as a policy resource for member
14 companies and as a technical resource conducting
15 cutting-edge research and working with counterparts
16 in other countries to establish international
17 performance standards for tile. We undertake these
18 efforts on behalf of what is a sizeable American
19 tile industry. In 2024, our member companies
20 shipped 810.9 million square feet of
21 domestically-made tile, and our tile-producing
22 member companies employ an excess of 5,750 American
23 workers.

24 It is the strong view of the U.S. tile
25 manufacturers that USTR should maintain the

1 existing USMCA rules for ceramic tile. USMCA has
2 worked well for the tile industry.

3 In the wake of NAFTA, the U.S. ceramic tile
4 industry underwent an important shift.

5 Manufacturers in the ceramic tile industry on both
6 sides of the U.S.-Mexico border invested in each
7 country, benefitting from the larger combined
8 market and duty-free shipment across the border.

9 Further, our member companies came to
10 realize that they shared common interests in global
11 fora on standards matters, regulatory coherence,
12 and enforcement. U.S. and Mexico producers
13 recognized there are mutual benefits we can achieve
14 through cooperation, and thus continue to work
15 collaboratively on these and other issues.

16 This collaboration has only served to
17 amplify the domestic industry's influence globally.

18 U.S. producers have major production facilities
19 throughout the U.S., particularly in Tennessee,
20 Ohio, Kentucky, Texas, and now Florida. Our
21 industry's common North American platform enables
22 us to better compete against foreign manufacturers
23 in countries which benefit from unfair trade
24 practices such as China and India.

25 For U.S. tile producers, the benefits of

1 the united North American market are undeniable.

2 It provides for reliable supply chains and expanded
3 opportunities for innovation and growth. The
4 global tile industry is highly price-competitive
5 and is therefore susceptible to competition from
6 imports. If the administration were to update
7 USMCA in a way that increased the price of North
8 American produced tile, either directly through
9 tariff increases or indirectly through changes to
10 the rule of origin, U.S.-produced tile would become
11 even more vulnerable to unfair import competition
12 from countries such as China or India.

13 Let's not mess with what has worked. The
14 U.S. tile industry under USMCA is a manufacturing
15 success story. Indeed, companies in our industry
16 have been operating factories and employing workers
17 throughout the United States. For example,
18 Landmark Ceramics, Del Conca, Wonder Porcelain, and
19 Portobello America all operate major manufacturing
20 facilities in Tennessee. Daltile operates
21 facilities in Oklahoma, Tennessee, and other
22 locations. And most recently, Cosentino was
23 opening a facility in
24 Jacksonville, Florida. The U.S. tile industry has
25 only grown under USMCA.

1 Finally, we'd like to offer one
2 recommendation for improving North American
3 economic security and competitiveness, in
4 particular the Tile Council supports efforts to
5 fight the illegal transshipment of tile into the
6 United States through Mexico, particularly in light
7 of the United States anti-dumping and
8 countervailing duties in Chinese origin tile,
9 duties that have been in place since 2020 and that
10 exceed 600 percent.

11 It is important, of course, to ensure that
12 North American manufacturers are not undercut by
13 bad actors benefitting from unfair and non-market
14 trade practices who then falsely claim duty
15 preferences under USMCA. As it is done with imports
16 in other sectors, such as steel and aluminum, we
17 urge the administration to request that Mexico
18 similarly require its importers to provide more
19 information about the country of origin of tile
20 products. Such actions will improve transparency
21 of the origin of its imports and jointly prevent
22 tariff evasion, thereby strengthening North
23 American supply chains.

24 Thank you for the opportunity to testify
25 today.

1 MR. OLIVER: Thank you for your testimony.
2 We'll now turn to the next witness.

3 MR. NEUMANN: Good morning, Daniel
4 Neumann, and I am the Vice President Government
5 Relations of the American Composites Manufacturers
6 Association.

7 ACMA's members represent the complete
8 North American fiber-reinforced polymer, or FRP
9 composites industry, manufacturing the fibers and
10 resins used to make composites as well as the
11 companies that use those inputs to make everything
12 from bath tubs to civilian and military aircraft,
13 as well as auto parts, construction materials, home
14 building materials, boats and water-based
15 infrastructure, equipment for the electrical grid,
16 and increasingly materials for data centers here
17 in the United States.

18 This industry relies on the USMCA
19 agreement for export market access and for stable
20 supply of inputs necessary to grow the U.S.
21 advanced materials market and compete with other
22 major manufacturing regions. ACMA members have
23 reported support for the continuation of the USMCA
24 agreement and would like to note several important
25 improvements created under the USMCA as well as

1 areas for improvement.

2 In my testimony today, I'd like to
3 highlight two specific examples of ACMA members that
4 are using the agreement to expand manufacturing in
5 the United States. These members rely on the terms
6 of trade negotiated in the agreement as well as the
7 certainty and predictability the USMCA provides.

8 One of our members, Best Bath, in Caldwell,
9 Idaho, is a major supplier of U.S.-made bathtubs,
10 shower pans, accessible showers, and related
11 products in residential, commercial, and senior
12 living facilities throughout the United States and
13 Canada. The company's story began in 1969 when the
14 founder, worried his elderly mother would have
15 difficulty getting in and out of a traditional
16 bathtub, created the company. Over 50 years later,
17 the company now remains family-owned and is still
18 manufacturing in Idaho and now in Tennessee, and
19 exporting to Canada. Using Canadian dealers, and
20 the predictability of trade under USMCA, the company
21 plans for continued growth in Canada that has
22 occurred since the agreement entered into force.

23 Similarly, the manufacturer of Core
24 Molding Technologies of Columbus, Ohio supplies
25 sheet molding compound, SMC, to manufacturers in

1 Mexico which then bring completed vehicles and
2 parts back into the United States. Core Molding's
3 business model focuses on using
4 technology-intensive, energy-intensive automated
5 processes in the United States to supply
6 labor-intensive manufacturing in Mexico.

7 ACMA members exporting to Mexico and
8 Canada have uniformly praised the predictability
9 and ease of doing business under the USMCA,
10 particularly compared to the prior agreement.

11 Our U.S. suppliers have also benefitted.

12 In particular, composite suppliers and resin
13 manufacturers note that expanded rules of origin
14 available for Chapters 39 and 40 have allowed growth
15 in exports to Mexico. The expanded options to
16 qualify resin under those chapters has allowed
17 exports of U.S.-made resin to Mexico.

18 In particular, under USMCA, resin
19 exporters have seven different tests available now
20 under this agreement to qualify resin as meeting
21 the rule of origin. Our U.S. manufacturers have
22 specifically highlighted Test 1, the chemical
23 reaction rule, and Test 3, the mixtures and blend
24 rule, as especially helpful in expanding U.S.
25 exports to customers in Mexico. Reversion to the

1 pre-USMCA rules would decrease U.S. exports.

2 From these success stories and others,
3 we've consistently heard from members at Annex 5-A,
4 which stipulates the minimum data requirements
5 necessary to certify a claim for preferential
6 treatment, provides significant benefit by removing
7 an administrative burden to importers and
8 exporters.

9 As one ACMA member noted, unlike the old
10 NAFTA, which required a specific certificate
11 format, USMCA does not require a specified form.

12 Instead, it allows the certification of origin to
13 be made on any document such as a commercial invoice,
14 as long as it includes the nine key data elements
15 provided or stipulated for in that annex. ACMA
16 would ask that the administration consider
17 underscoring with U.S. customs officials that no
18 specific format is required and work to ensure other
19 parties take similar steps.

20 Lastly, in numerous framework agreements
21 and other trade initiatives, this administration
22 has rightly focused on ensuring the parties to the
23 agreement are the principal beneficiaries. ACMA
24 would urge the administration to continue this focus
25 as it looks towards the strategic review of the

1 USMCA. Thank you.

2 MR. OLIVER: Thank you for your testimony.

3 We'll now turn to the final witness of this panel,
4 Ms. Boerstling.

5 MS. BOERSTLING: Thank you. Good
6 morning, I'm Robyn Boerstling from the National
7 Marine Manufacturers Association. Thank you for
8 the opportunity to testify and expand upon comments
9 that were submitted on November 3rd by NMMA
10 President and CEO Frank Hugelmeyer.

11 I am here on behalf of the U.S.
12 recreational marine industry which reaches 85
13 million Americans in participation, contributes
14 \$230 billion to the economy annually, and employs
15 more than 812,000 people across 36,000 American
16 businesses, of which 93 percent are small
17 businesses. Many of our member companies represent
18 the backbone of the American economy, workers who
19 wake up every day to put in their work, who are proud
20 to supply and manufacture their products right here
21 in the U.S.

22 The USMCA, negotiated by the first Trump
23 administration, helped improve the competitive
24 environment for marine manufacturers. The
25 transition from NAFTA to USMCA marked a major

1 policy victory for President Trump and for the
2 Marine industry in particular. President Trump,
3 during his first term, secured stronger labor
4 protections, modernized trade rules, put in place
5 tougher enforcement mechanisms that better reflect
6 the realities of 21st century commerce and
7 manufacturing in the U.S.

8 Accordingly, ahead of the joint review,
9 we encourage the administration to focus on
10 enforcement of this successful trade regime that
11 was established during the first administration.

12 Turning to broader economic landscape, our
13 nation's marine industry is a core contributor to
14 the U.S. outdoor recreation economy that accounts
15 for \$1.2 trillion of economic impact, 2.3 percent
16 of GDP, and 5 million American jobs. I am proud
17 to be here today on behalf of boatbuilders, engine
18 manufacturers, component makers, and the many
19 businesses that we represent.

20 Boatbuilding is uniquely an American
21 industry with 95 percent of what is sold in the U.S.
22 is made in the U.S. And our businesses are economic
23 contributors to state and local economies. This
24 is precisely the kind of economic impact that
25 President Trump has championed: fulfilling a duty

1 to create jobs right here in America, bring back
2 supply chains, and create economic opportunities
3 for hardworking families across the country.

4 The best way forward for the marine
5 industry is to continue nurturing that investment
6 into the workforce and workplaces in the U.S. so
7 that a competitive manufacturing environment,
8 innovation, access to waterways, and modern
9 recreational infrastructure can serve recreational
10 boaters and anglers affordably, effectively, and
11 without needless regulatory impediments.

12 This includes carefully cultivated and
13 reliable supply chains. American-made boats are
14 safe, built to the highest standards, and are sought
15 out by consumers here and abroad. Our economic
16 success in the United States produces success
17 elsewhere. Our strengthened boating, fishing, and
18 other outdoor recreational activities on the water
19 carries globally.

20 A leadership position in the U.S. market
21 is a platform to sell what we make here and sell
22 that overseas. There is a strong appetite for our
23 products and brands, and the removal of tariffs and
24 other trade barriers are fuel for sales for
25 manufacturers in the U.S.

1 This is especially important in North
2 America. Canada is the world's number one export
3 customer for American-made boats. Today, it
4 accounts for 40 percent of our industry's total
5 exports. A strong U.S.-Canadian relationship is
6 deeply important to our manufacturers. In fact,
7 Canada's recent decision to rescind its luxury tax
8 is a testament to that partnership, and we are
9 thankful for Ambassador Greer and others within the
10 U.S. government for advocating on our behalf.

11 Mexico is a growing market that represents
12 major opportunities for us to sell even more of what
13 we make. Since the implementation of USMCA, U.S.
14 boat exports have grown 13 percent, reaching the
15 highest market value in years at \$230 million.

16 Canada and Mexico are two vastly different
17 countries with unique economies that represent key
18 markets for our members. Indeed, they collectively
19 represent the largest foreign market for
20 American-made boats. Last year alone, American
21 marine manufacturing exported more than 800
22 million to Canada and Mexico, accounting for a third
23 of our industry's total global exports.

24 Overall, recreational boat and engine
25 manufacturers conducted more than 1.6 billion of

1 trade within and among the U.S., Canada, and Mexico.

2 That is a major success story, and there's a major
3 reason for it. North American integration is based
4 on President Trump's USMCA.

5 Uncertainty surrounding renewal without
6 a stable framework in place could deter capital
7 investment, reduce export capacity, and disrupt
8 integrated supply chains that support thousands of
9 U.S. manufacturing jobs. Ultimately, that
10 uncertainty creates a burden that is on par with
11 the negative impacts of what would be a tax, fee,
12 or unwanted regulation with added costs that lead
13 to mounting challenges and jeopardizing our
14 manufacturing competitiveness.

15 The best path forward is to preserve the
16 benefits that USMCA has created while building on
17 recent successes in enforcing the provisions
18 already in place. Thank you very much for your time
19 today.

20 MR. OLIVER: Thank you, and thank you all
21 for your testimonies. And with that, we'll turn
22 to our U.S. government officials for questions over
23 here of the panel.

24 But before we do that, I will turn it to
25 one of our colleagues from the Department of

1 Commerce for a quick introduction.

2 MR. KRUTZ: Hello, Alex Krutz, I'm the
3 Deputy Assistant Secretary for Manufacturing. So
4 I see that we're running a bit early, so thank you.

5 MR. OLIVER: And with that, we'll turn it
6 to Mr. Watson for the first question.

7 CHAIR WATSON: Good morning, and thank you
8 again for your testimony. The first question is
9 for Mr. Viola.

10 In your submission, you raised concerns
11 about goods losing USMCA status when sent for
12 repairs, citing the example of USMCA-originating
13 products sent outside of North America for repair
14 facing tariffs when they return.

15 So this actually, there are two parts to
16 this question. The first is, do Canada and Mexico
17 apply the same rules as the United States with
18 regards to the export of goods for the purposes of
19 repairs?

20 And the second question is, how would
21 addressing this issue support maintenance, repair,
22 and overhaul services in the United States?

23 MR. VIOLA: Well, thank you very much for
24 that question. So as aerospace manufacturing of
25 components, and some of the bigger components as

1 well as repairs, as you asked the question there
2 of engines, I'll use an example, cross the border
3 multiple times.

4 And with that, as a buildup of that type
5 of equipment, you know, the importance and the
6 criticality of having a similar tariff regime with
7 Canada and Mexico, as we do with other countries,
8 with zero-for-zero, sets the best thing. Now the
9 USMCA has done that and, over the last four years,
10 has been able to apply that standard evenly. So
11 when we get into the details of the repair stations,
12 the FAA has oversight of the repair stations on
13 both the Canadian side as well as the Mexican side.

14 And so as long as it meets the requirements
15 for the safety standards, then those standards are
16 U.S. or FAA approved. If that answers your
17 question, sir.

18 CHAIR WATSON: Thank you for that
19 response.

20 The second question will come from Ms.
21 Demirjian.

22 MS. DEMIRJIAN: Thank you. This question
23 is for Mr. Astrachan. With regards to your
24 recommendations for improving North American
25 economic security and competitiveness with regard

1 to non-market policies and practices of third
2 countries, and you mentioned in your testimony the
3 Chinese circumvention of anti-dumping and
4 countervailing duties, how would you recommend
5 USMCA partners work together to address that?

6 MR. ASTRACHAN: Thank you, that is an
7 excellent question. And we would point to, for
8 example, the model for apparel that allows customs
9 inspectors to make inspection inside Mexico. That
10 could be particularly helpful as we see, more and
11 more, China building factories around the world.

12 And that's something that has already started in
13 South America and in Mexico.

14 And that would allow further opportunities
15 to make sure that there is not transshipment taking
16 place or not paying proper tariffs. Thank you.

17 MR. OLIVER: Thank you for that response.
18 The next question will come from Mr. Krutz.

19 MR. KRUTZ: Hello, this question is for
20 Mr. Neumann. You note that some of your members
21 continue to report challenges with the customs
22 officials requesting NAFTA-type style
23 certification rather than the invoices or other
24 documents that contain the information.

25 Is this issue more prominent in Canada or

1 Mexico? In your view, is this an issue with USMCA
2 text or with implementation of the agreement?

3 Thank you.

4 MR. NEUMANN: Thank you for that question.

5 To answer the last part first, no, it's not an issue
6 with the text. We're very happy with the text and
7 the fact that the text is explicit and stating that
8 any document can be used as long as it covers the
9 nine data points that are included, that you would
10 expect to include on that document, HTS code,
11 definition, et cetera, relevant rates.

12 I am sorry to report to the panel that the
13 most common complaint we're hearing is from U.S.
14 customs officials on importation. That may be due
15 to trade flows, I'm not sure. It is generally not
16 a barrier but rather a delay, in that oftentimes
17 it seems as if it's not uniformly known among customs
18 officials what the USMCA requirement is. However,
19 I will say that we have heard of similar issues in
20 Mexico as well as Canada.

21 And so I think this is an imminently
22 solvable issue, perhaps even without needing to get
23 to the joint review next year, by just reiterating
24 to customs officials and all parties what the
25 requirements are for approving certification of

1 origin.

2 MR. KRUTZ: Thank you very much.

3 MR. NEUMANN: Thank you.

4 MR. OLIVER: Yes, thank you for that
5 response. And the final question will come from
6 Mr. Jarand.

7 MR. JARAND: Thank you, I have a question
8 for Ms. Boerstling. So you mentioned that Canada
9 had recently made changes to its luxury tax. Can
10 you provide more details of how that impacted your
11 industry, and has that fully addressed your concerns
12 vis-a-vis Canada?

13 MS. BOERSTLING: So this change just
14 happened weeks ago, so we will learn more about the
15 impacts. And I would be happy to track that for
16 you and follow up as we learn more.

17 Our boat show season is about to begin in
18 January. And so we will look to the Toronto
19 International Boat Show, certainly as a marker, and
20 we'll fill you in on the success, hopefully, to share
21 with you.

22 But also Canada is a prime export market
23 for U.S. boatbuilders, as I mentioned. And we have
24 seen a dip from 50 percent of our exports going to
25 Canada down to 40. So it is a market that we watch

1 very closely. Thank you.

2 MR. OLIVER: Thank you for your response.

3 Thank you all for your testimonies, your
4 responsiveness to the questions. We really
5 appreciate it, in addition to your time.

6 With that, this panel is concluded. I
7 will ask if you will please bring your placards right
8 over here to the right of me. That would be
9 excellent.

10 And then we'll ask Panel Number 4 if you
11 would please step up. Please bring your placards
12 with you. And please be seated in the same order
13 in which you are currently seated. Thank you.

14 CHAIR WATSON: Good morning and welcome
15 to our final panel before the lunch break. So I
16 think you know the rules; you've been watching.
17 And so please limit your oral testimony to five
18 minutes, and your responses to questions to two
19 minutes.

20 And with that, I'll just go ahead and get
21 started. The first testimony will come from Ms.
22 Gravanti.

23 MS. GRAVANTI: Thank you, good morning.
24 My name is Sandra Gravanti. I'm the general
25 counsel for IEM Holdings Group, Incorporated, known

1 as Industrial Electric Manufacturing or IEM.

2 IEM is a leading independent manufacturer
3 of power distribution systems in North America.

4 IEM's manufacturing facilities are concentrated
5 mainly in the United States and Canada, and we employ
6 almost 3,000 workers here in the U.S. Our origins
7 stretch back to the dawn of Silicon Valley, and
8 electrical equipment has helped to power the
9 development of the digital age we live in.

10 Now, IEM is a key player in the race for
11 AI dominance. We supply the electrical switchgear
12 and power control systems that enable data centers
13 to function. From the power supply at the grid,
14 through the end of the electron pathway, IEM's
15 products enable the consistent transmission of
16 power all the way down to each critical aisle inside
17 the data center. Our products perform essential
18 functions in an array of other facilities, such as
19 emergency rooms and stadiums, but it's most
20 important for you to understand the role we play
21 in AI.

22 The well-publicized boom in data center
23 build-out has driven tremendous demand for our
24 products, and we are expanding in the United States
25 to meet this demand. In fact, we plan to double

1 our manufacturing footprint in the USA by 2030.
2 In this way, IEM is contributing to the
3 administration's efforts to win the AI race.
4 Given these circumstances, we have a keen interest
5 in the effective operation of the USMCA. If the
6 USMCA works well, then companies like IEM can
7 thrive, and America's AI data center build-out can
8 continue at a rapid pace.

9 But if the USMCA's modified in ways that
10 fail to account for the circumstances of companies
11 like IEM, then U.S. technology development and
12 economic growth will be at risk. Without power
13 distribution equipment, data centers would be
14 unable to function, and without rapid data center
15 build-out, the United States risks losing the AI
16 race. From my perspective, these are the stakes
17 you must consider as you approach the USMCA review.

18 With that said, IEM is not calling for
19 sweeping changes to the USMCA. In fact, we're
20 asking you to maintain the country-of-origin rules
21 applicable to our finished products, that is for
22 tariff headings 8536 through 8538. Those rules
23 promote U.S. manufacturing, as you can see from our
24 surging domestic manufacturing activity.

25 However, we do see room for improvement

1 with respect to the rules effecting IEM
2 manufacturing inputs. As discussed in our written
3 comments, most notably we would ask that the
4 administration continue to take a thoughtful
5 approach to developing the copper supply chain.

6 As you would expect for an electrical equipment
7 company, copper inputs are vital for our business.

8 Like the administration, we absolutely want more
9 U.S. production of copper cathode and refined
10 product, as that would make our supply chain even
11 more resilient.

12 But as the President recognized in the
13 Section 232 action on copper, it is necessary to
14 strike the right balance in the USMCA Rules of Origin
15 between incentivizing domestic copper production
16 and ensuring that downstream U.S. manufacturers
17 have adequate supply. The confidential version of
18 our written comments provides ideas as to how this
19 can be done. In the USMCA review process, USTR
20 surely has a wide range of concerns to address.

21 I urge USTR to pay special attention to issues
22 affecting the rapid build-out of data centers that
23 are critical to the development and functioning of
24 AI technologies.

25 The USMCA Rules of Origin should be

1 structured to support a flourishing power
2 distribution equipment manufacturing industry in
3 both the United States and North America more
4 broadly. IEM has proposed ways to achieve this,
5 and we hope you will consider our proposals.

6 I very much appreciate your time and
7 attention today, as well as your dedication to
8 public service. And I look forward to answering
9 your questions. Thank you.

10 MR. OLIVER: Thank you for your testimony.
11 We'll now turn to the next witness.

12 MR. WALKER: Do I have to push this?
13 Okay. Good morning, my name is Tom Walker. I'm
14 the President of Anthony Liftgates. I'm
15 testifying today on behalf of the American Liftgate
16 Manufacturers Coalition.

17 The coalition is comprised of Anthony
18 Liftgates and Thieman Liftgates who are two of the
19 leading U.S. manufacturers of truck, van, and
20 trailer liftgates. Anthony Liftgates and his
21 predecessors invented the modern liftgate in 1941.

22 We have been manufacturing them in Illinois ever
23 since. Our coalition partner, Thieman Liftgates,
24 has a similarly long history of manufacturing in
25 Ohio.

1 Thank you for the opportunity to appear
2 today. I appreciate the work being done to support
3 domestic manufacturing throughout the USMCA review
4 process.

5 Liftgates play a vital role in U.S.
6 manufacturing and the transportation of goods
7 across our country. Liftgates are primarily made
8 of steel and aluminum. They are made with a
9 platform and a lifting mechanism that attaches to
10 the chassis or the frame of a vehicle. Liftgates
11 make it possible to lift and lower heavy industrial
12 or commercial materials into and off of trucks,
13 vans, and trailers.

14 Historically, nearly all liftgates in the
15 U.S. were made in the United States. This began
16 to change after NAFTA as the U.S. market opened up
17 to Mexico. That trend has only accelerated over
18 the last two decades. American manufacturing has
19 relocated to Mexico, and Mexican producers have
20 taken advantage of cheap Chinese steel, aluminum,
21 and capital to target the U.S. market.

22 In fact, U.S. liftgate imports from Mexico
23 have increased more than 17 percent from 2022 to
24 2024. Mexican imports now far exceed those from
25 any other country. The increase in Mexican imports

1 is not surprising. One of the largest liftgate
2 producers on the world is Maxon. However Maxon no
3 longer manufactures in the United States. Rather,
4 Maxon has moved its liftgate production to Mexico
5 while still serving the U.S. market.

6 In November 2022, Maxon completed its
7 second Mexican liftgate plant, a \$70 million
8 facility near the border of Monterrey. The opening
9 of that facility coincided with the more than 40
10 percent rise in Mexican imports from 2023 to 2024.

11 Before Maxon moved its production to Mexico, they
12 made up less than one-third of the U.S. market.
13 Now with the benefit of low-cost labor and metal,
14 Maxon imports account nearly for two-thirds of the
15 American market. And the company has made it known
16 they're targeting an even higher market share.

17 Unfortunately, Maxon's flight to Mexico
18 is just another example of the hollowing out of
19 American manufacturing to the benefit of Mexico.

20 If balance is not restored, the U.S. liftgate
21 industry is at significant risk. Taking advantage
22 of USMCA, Mexican liftgate imports from Maxon and
23 others have often significantly undercut U.S.
24 producers on price. They do so by assessing
25 low-cost labor and low-price steel and aluminum

1 inputs from non-USMCA sources such as China. As
2 a result, we are forced to either lower our prices
3 or lose sales. This erodes our profitability and
4 prevents us from making the returns needed to
5 strengthen our production capacity.

6 In this sense, a stronger USMCA is need
7 to support the American liftgate industry. As the
8 coalition outlined in our comments filed last month,
9 we encourage USTR to make several recommendations
10 as part of the joint review process. Specifically
11 it is important that the USMCA implement North
12 American and U.S. content requirements for steel
13 and aluminum products. The agreement should also
14 revise its labor value content requirements and
15 ensure the products benefitting from Mexican duty
16 exemption programs do not receive favorable
17 treatment.

18 I'd like to stress, in particular, the
19 importance of adding liftgates to the rules of
20 origin parts list for heavy trucks. Under the
21 current rules of origin, liftgates are not included
22 on either the principal or the primary parts list,
23 yet liftgates are an essential component of many
24 commercial and industrial heavy trucks. And
25 similar truck components are already included on

1 the principal parts list. Adding liftgates to the
2 parts list will reflect current commercial
3 realities and encourage the use of North American
4 content in heavy truck production.

5 A large portion of the steel and aluminum
6 used to manufacture liftgates in Mexico comes from
7 China and other non-USMCA countries. Adding
8 liftgates to this list will make sure that more
9 USMCA-origin steel and aluminum are used to produce
10 trucks in North America. This will support U.S.
11 liftgate manufacturing, which primarily relies on
12 domestically produced steel and aluminum.

13 I thank you for your time, and I look
14 forward to answering any questions.

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

17 MR. MITCHELL: Thank you, my name is Chris
18 Mitchell. And I'm the global government relations
19 for the Global Electronics Association. And I want
20 to thank you inviting me to appear before you today.

21 The Global Electronics Association
22 represents more than 1,700 U.S. electronics
23 manufacturers, suppliers, and design firms across
24 wire harnesses for its circuit boards, electronics
25 manufacturing services, semiconductor packaging,

1 and advanced systems integration. Our members
2 operate in all 50 states and are central to America's
3 innovation economy, defense readiness, and
4 technology leadership.

5 The U.S.-Mexico-Canada agreement has been
6 instrumental in building the highly integrated
7 North American production platform we rely on today,
8 one that supports hundreds of thousands of American
9 jobs, strengthens supply chain resilience, and
10 reduces strategic dependence on Asia. As the three
11 countries prepare for the 2026 joint review, our
12 message is clear: This process should strengthen
13 and modernize the North American trade partnership,
14 not disrupt it.

15 Electronic supply chains are
16 exceptionally complex. Sweeping changes to rules
17 of origin and transshipment could undermine
18 legitimate North American manufacturing and, in
19 many cases, effectively impose a tax on U.S.
20 companies' own cross-border activity.

21 In my remarks today, I'd like to highlight
22 the critical role that Mexico and Canada play in
23 the North American electronics supply chain.
24 Mexico was a vital manufacturing and assembly
25 partner. In 2024, the U.S. imported more than 114

1 billion in finished electronics from Mexico, a 22.5
2 percent increase year over year, raising Mexico's
3 share of U.S. imports to 22 percent. These gains
4 reflect growing sophistication with Mexican
5 facilities operating in close coordination with
6 U.S. design and manufacturing centers, and
7 supplying defense critical infrastructure and high
8 reliability systems.

9 Mexico sourcing trends also align with
10 U.S. friend-shoring goals. Between 2017 and 2024,
11 China's share of Mexico's electronics imports fell
12 from 40.6 percent to 33.6 percent while imports from
13 Korea, Vietnam, Taiwan, and Thailand rose
14 significantly. Foreign direct investment into
15 Mexico reached \$34.3 billion in the first half of
16 2025 alone, as companies shift away from East Asia
17 and toward North America. Mexico is not a low-cost
18 alternative, it is a strategic partner in a secure
19 North American ecosystem.

20 Canada also plays an equally essential
21 role, complementing U.S. and Mexican strengths with
22 advanced R&D capabilities, leadership in aerospace
23 and semiconductors, and deep integration into U.S.
24 defense and clean energy supply chains. More than
25 50 percent of U.S. imports from Canada are

1 intermediate goods that support U.S. production.

2 Much of North American electronics trade
3 occurs within the same multinational companies.

4 In 2024, roughly 65 percent of U.S. imports from
5 Mexico were intrafirm transactions. In

6 electronics, 67 percent of U.S. imports from Mexico,
7 and 48 percent of U.S. exports to Mexico were
8 intrafirm.

9 Components often cross the border multiple
10 times before reaching the end product. Disrupting
11 this flow would not harm foreign competitors, it
12 would directly damage American companies and
13 workers. Components often cross the border
14 multiple times before reaching the end product,
15 disrupting the -- I'm sorry, again, would damage
16 American companies.

17 In terms of policy recommendations, we
18 urge USTR to pair targeted enforcement with
19 predictable market access by, number one,
20 finalizing a robust bilateral framework with Mexico
21 that preserves tariff-free trade for compliant
22 products.

23 Number two, maintaining realistic rules
24 of origin that reflect the complexity of modern
25 manufacturing.

1 Three, keeping transshipment definitions
2 narrow and targeted.

3 Number four, strengthening joint
4 enforcement and traceability without adding
5 unnecessary compliance burdens.

6 And five, treating Mexico and Canada as
7 strategic partners by encouraging co-investment,
8 co-production, and workforce development.

9 North America succeeds when the U.S.,
10 Mexico, and Canada, compete as region, not against
11 one another. USMCA has provided predictability,
12 encouraged investment, and kept production close
13 to home. The upcoming review is an opportunity
14 to reaffirm North America as the world's most
15 resilient and innovative electronics manufacturing
16 platform. Policies of fragment integrated
17 production, raised costs for U.S. manufacturers,
18 or increase reliance on Asia would undermine that
19 success.

20 By strengthening enforcement while
21 preserving access to the U.S. can advance
22 re-shoring, secure its industrial base, and
23 safeguard national security. The Global
24 Electronics Association stands ready to support
25 USTR with data, expertise, and continued

1 partnership. Again, thanks for the opportunity to
2 be here today.

3 MR. OLIVER: Thank you for your testimony.
4 We'll now turn to the final witness on this panel.

5 MR. MADRECKI: Thank you for the
6 opportunity today for U.S. manufacturers to voice
7 their strong support for a renewed gold standard
8 USMCA.

9 My name is Tom Madrecki, Vice President
10 of Supply Chain at the Consumer Brands Association.

11 Consumer Brands proudly represents America's
12 most iconic food, beverage, household, and personal
13 care manufacturers. Our industry is actually
14 America's largest domestic manufacturing sector by
15 employment, sustaining more than 22 million
16 American jobs and contributing over \$2.5 trillion
17 to the U.S. GDP annually.

18 What we're proudest of, though, is not just
19 that we make these everyday essential products right
20 here in America but that we also rely on U.S. farmers
21 and suppliers for up to 90 percent of ingredients
22 and inputs. Everyone knows the brands America
23 loves in the grocery store, but what may not be as
24 readily apparent is the degree to which the consumer
25 packaged goods industry is a true made-in-the-USA

1 success story.

2 As the largest domestic manufacturing
3 sector, we also have unique insight into the
4 workings of the current USMCA and how it has
5 delivered substantial gains to U.S. manufacturers
6 over the last six years. Canada and Mexico are huge
7 markets for American CPGs. And the assurance of
8 continued duty-free trade in USMCA-compliant goods
9 and renewed trilateral partnership is critical to
10 continued growth and success. North American
11 supply chains are deeply intertwined, and even
12 manufacturers that vastly focus production in the
13 U.S. strongly support swift renewal of USMCA and
14 its benefits.

15 In our submission to USTR, Consumer Brands
16 sought to emphasize recommendations that would
17 further bolster USMCA's ability to deliver America
18 First gains to U.S. manufacturers. While renewing
19 core components and functionality of the agreement
20 is paramount, we would also posit that this
21 administration has demonstrated the ability to
22 negotiate from a position of strength and secure
23 trade deals that are advantageous to U.S. interests.

24 In renewing USMCA then, there are also
25 three primary opportunities for this type of America

1 First action, which I'll summarize here. First,
2 further recognition of unique sourcing needs from
3 Canada and Mexico, particularly for unavailable
4 natural resources and inputs lacking adequate
5 domestic production. In turn, this may require
6 more consistent and clear application of rules of
7 origin, such as for cocoa and coffee products that
8 are substantially transformed from their green or
9 unprocessed state.

10 As referenced in our submission, we view
11 this as an opportunity to correct
12 mis-categorization and redetermination ensuring
13 consistency and parity with respect to U.S.
14 treatment of key agriculturally derived
15 ingredients. This is further in keeping with
16 recent recognition of these products in both the
17 President's November 14th Executive Order modifying
18 the scope of reciprocal tariffs and the prior
19 September 5th Executive Order establishing the
20 original PTAAP list.

21 Second, continued focus on convergence
22 and reciprocal understanding of regulatory, legal,
23 and safety requirements between jurisdictions.
24 Across a market as large and significant as North
25 America, it is not surprising that divergence of

1 regulatory, legal, and safety requirements hinders
2 fluid movement of goods and services and can
3 compromise U.S. manufacturer growth across the
4 region. CPG companies most acutely feel these
5 challenges as they relate to product safety and
6 labeling rules.

7 Similarly, regulatory divergence on
8 packaging, recycling, and extended producer
9 responsibility policies adds unnecessary cost and
10 complexity. Expanding mutual recognition of
11 safety and product standards, particularly for
12 food, beverage, household, and personal care
13 products, would better position U.S. manufacturers
14 doing business in all three countries.

15 Lastly, emphasize legal predictability,
16 fairness, and clarity. Trade agreements are only
17 truly successful if they are adequately enforced.

18 In its review, the Trump administration should
19 emphasize the need for impartial review and
20 adherence to due process, long-term monitoring of
21 dispute resolution mechanisms, and the development
22 of uniform training and guidance for customs
23 authorities and regulators.

24 Taken together, these three opportunities
25 are not intended to overlook the tremendous benefits

1 of USMCA. Every effort should be made to renew and
2 maintain North America's unique trilateral trading
3 relationship.

4 The President's signature trade
5 accomplishment from his first term remains a true
6 gold standard, which is why we are excited as an
7 industry to continue working with you to ensure its
8 permanency and continued success.

9 Thank you again for the opportunity to
10 testify in support of USMCA renewal, and I hope that
11 you will consider Consumer Brands and the CPG
12 industry as a resource throughout the review.

13 MR. OLIVER: Thank you, and thank you all
14 for your testimonies.

15 We'll now be moving over to our U.S.
16 government officials on the dais for some questions
17 for you all. Just as a reminder, you will each be
18 getting one question with the response limited to
19 two minutes. And with that, we'll turn to Mr.
20 Watson for the first question.

21 CHAIR WATSON: Thank you. So the first
22 question is for Ms. Gravanti. So in your
23 submission, you talked about the importance of rules
24 of origin for switchgears in using AI data centers.

25 Can you just elaborate a little bit more

1 about how the current rules do or do not advantage
2 manufacturing in the United States?

3 MS. GRAVANTI: Yes, thank you. The
4 current rules -- the way the tariff shift rules are
5 in place are favorable to our industry. As one of
6 my colleagues highlighted, sometimes components go
7 back and forth across the border several times
8 before a product is finished.

9 Our products are very large, they take a
10 lot of time to manufacture, and they get shipped
11 back and forth until finally end up at our U.S.
12 customers' sites. So the rules now work well for
13 us, and we really urge USTR not to modify those.

14 If USTR were to decide to make changes to those
15 sections, we highly recommend maybe seeking
16 additional comments or information from those of
17 us in the industry. Thank you.

18 MR. OLIVER: Thank you for your response.

19 The second question will from Ms. Demirjian.

20 MS. DEMIRJIAN: Yes, thank you, and this
21 is a question for Mr. Walker. And thank you for
22 your detailed testimony about the challenges you're
23 facing.

24 You note in your written submission that
25 the labor value content requirements should also,

1 for automotive goods, should also be amended to
2 account for the varying compensation structures of
3 different U.S. manufacturers.

4 Can you elaborate on the reasoning behind
5 your proposal and how you envision a revision would
6 work?

7 MR. WALKER: Well, my understanding from
8 our attorneys that are working on this with us is
9 that the labor value content applies pretty much
10 to the final assembly within the USMCA. And
11 downstream products, such as a liftgate, it does
12 not include that.

13 And that's what we're asking to be added,
14 because our competitor, if they don't have to apply
15 labor standards, labor costs, that are commensurate
16 with ours, then they beat us every time. And that's
17 what they're doing, they're beating us on price with
18 every customer that we encounter.

19 We do manage to get some business, because
20 we make good products, and we have good people, and
21 customers like our company, but it's hard to compete
22 on price, you know, on a daily basis with the big
23 buyers of liftgates and trucks.

24 MR. OLIVER: Thank you for your response.
25 The next question will come from Mr. Krutz.

1 MR. KRUTZ: Hello, Mr. Mitchell, thank you
2 for your contributions and your association to the
3 industry.

4 Can you provide some additional specifics
5 on how the USMCA can support the North American
6 electronic industrial base and reduce the strategic
7 reliance on individual countries or regions,
8 please?

9 MR. MITCHELL: Sure. So in any
10 technology or electronics, there is oftentimes
11 thousands of items on a bill of materials. The
12 reality is that many of those items simply cannot
13 be sourced in North America. You know, over the
14 last 20, 30 years, electronics manufacturing has
15 largely migrated offshore to Asia. And there's an
16 effort underway by this current administration to
17 revitalize U.S. electronics manufacturing.

18 But I think we all need to accept that there
19 are some forms of electronics manufacturing that
20 we simply won't do here in the United States, because
21 the cost to do so is too great. We're just not
22 cost-competitive. We might have components that
23 cost cents. The margins are fractions of a cent.

24 And so we understand that there are some forms of
25 electronics manufacturing we won't do here in the

1 United States.

2 On the other hand, the fact that Mexico,
3 for example, is close by, that we can source
4 electronics from there that we can't economically
5 justify here in the United States, is a huge
6 advantage.

7 And so as we look to North America to
8 building that North American hub for electronics
9 manufacturing, we need to understand that each one
10 of these countries brings strengths. And by
11 leveraging those strengths, we're in a much better
12 position to advance the region and compete with
13 other regions around the world.

14 MR. OLIVER: Thank you for that response.
15 The final question will come from Mr. Wesch.

16 MR. WESCH: Mr. Madrecki, you raised
17 concerns with Mexico's origin verification process,
18 including concerns your members have about the
19 sensitivity of information required in the
20 questionnaire. Do you have specific
21 recommendations on how to address this concern?

22 MR. MADRECKI: Thank you for the question.
23 I'm happy to discuss this further with our members
24 and provide a more fulsome response in writing after
25 that. But I appreciate the inquiry, and we can

1 provide specifics in terms of a recommendation
2 following the meeting.

3 MR. OLIVER: Thank you all for your
4 testimonies, for your responsiveness to the
5 questions, and for taking the time to be with us
6 here today.

7 With that, this panel is concluded. I
8 will just ask that you all bring your placards and
9 sit them right over here to the right of the table.

10 And then with that, we will be keeping to
11 the tradition that we have set so far, which is
12 announcing that we are ahead of schedule by about
13 30 minutes. So we will now pause for lunch. And
14 for those participating in Panel 5 that are here,
15 we just ask that you return and be seated by about
16 12:55, so that we can start promptly at 1:00.

17 And for those of you that are leaving the
18 building, we just ask as well that you provide
19 additional time to allow for the lines going through
20 security. Thank you so much.

21 (Whereupon, the above-entitled matter
22 went off the record at 11:24 a.m. and resumed at
23 12:58 p.m.)

24 MR. OLIVER: Good afternoon, everybody.
25 Thank you so much.

1 This is Randall Oliver from the Western
2 Hemisphere Office. I'll be the M.C. today, so
3 you'll hear my voice over here sounding like a broken
4 record reminding you about things like time, all
5 of that.

6 I just want to welcome everybody back from
7 lunch or welcome folks here for the first time.
8 Really appreciate it.

9 On the annoying logistics side of things,
10 just a reminder remarks are limited to five minutes.

11 You'll see some fun lights in front of you and
12 around the room. Those will kick on whenever you
13 begin speaking. It will turn yellow when you have
14 one minute left. And it will start blinking red
15 once you've -- once your time has elapsed.

16 Given all of the panels, we'd just ask that
17 everybody respect the five-minute rule. You will
18 then be given one question by the Government
19 officials, and the response to that question will
20 be limited to two minutes. But we'll give you a
21 reminder on that.

22 With that, I'll turn it over to Mr. Watson.

23 CHAIR WATSON: Good afternoon. And again
24 thank all of you for coming out today and for
25 providing your testimony.

1 For those of you who were here this
2 morning, welcome back. For those of you who are
3 just coming, we're going to start us on
4 introductions of the U.S. panel.

5 So I'm Daniel Watson, the U.S., the
6 Assistant U.S. Trade Representative for the Western
7 Hemisphere.

8 MR. MEAKEM: And I'm John Meakem. I'm the
9 Acting Director of the Office of Critical Minerals
10 and Metals in the Commerce Department's
11 International Trade Administration.

12 MS. DEMIRJIAN: Good afternoon. I'm
13 Sushan Demirjian. I'm the Assistant U.S. Trade
14 Representative for Small Business Market Access and
15 Industrial Competitiveness.

16 MR. WESCH: Hello, everybody. I'm Ricky
17 Wesch, the Western Hemisphere Regional Coordinator
18 for Bilateral Trade Affairs at the State Department.

19 MR. SAALFIELD: Good afternoon. John
20 Saalfield. I'm an Internal Economist in the U.S.
21 Treasury's Office of International Trade and
22 Investment Policy.

23 CHAIR WATSON: Okay, very good.

24 So we'll be following the order of our
25 agenda. And so, I'll ask Mr. Dempsey to start us

1 off.

2 MR. DEMPSEY: Thank you.

3 Good afternoon. I'm Kevin Dempsey with
4 the American Iron and Steel Institute.

5 The American steel industry strongly
6 supported the adoption of the USMCA to modernize
7 and strengthen several key aspects of the NAFTA.

8 In particular, we supported efforts to bolster
9 steel-intensive manufacturing supply chains in
10 North America through the adoption of stricter rules
11 of origin for automobiles and certain other
12 manufactured goods.

13 However, the benefits of the USMCA have
14 been eroded by increasing volumes of steel imports
15 into Mexico and Canada from other regions of the
16 world. This increase in non-North American steel
17 imports is one consequence of the global steel
18 overcapacity crisis that has plagued the industry
19 in recent years.

20 Foreign government subsidies and other
21 market-distorting policies and practices have
22 created massive global overcapacity in steel,
23 fueling surges in exports from one region of the
24 world to another as producers in countries with
25 overcapacity export their excess production to

1 other markets.

2 By contrast to the situation in Mexico and
3 Canada, non-North American steel imports into the
4 United States have actually declined over the last
5 10 years. This is due in significant part to the
6 imposition of the Section 232 tariffs, together with
7 targeted antidumping and countervailing duty.

8 But the lack of equivalent trade relief
9 on steel imports into Mexico and Canada has allowed
10 non-North American steel to take a larger and
11 growing share of those two markets. These
12 increasing volumes of imports of steel products into
13 Mexico and Canada have reduced opportunities for
14 American steel manufacturers to increase their
15 sales in this region and undercut efforts at
16 building stronger North American steel supply
17 chains that would benefit American steel industry.

18 Addressing this situation is an industry
19 priority for the review of the USMCA.

20 AISI has filed detailed comments with USTR
21 setting forth several recommended actions to
22 promote balanced trade, new market access, and
23 greater alignment with Mexico and Canada on economic
24 security issues.

25 I will briefly summarize those

1 recommendations as follows:

2 First, we believe Mexico and Canada should
3 each adopt a steel tariff regime equivalent in
4 restrictive effect with the current Section 232
5 steel tariffs, creating in effect a common external
6 steel tariff for all of North American.

7 Such measures are necessary to address the
8 impacts of global steel overcapacity and to address
9 transshipment circumvention and evasion. To be
10 effective, these Mexican and Canadian steel tariffs
11 would need to be fully consistent with the Steel
12 232 Program in terms of tariff level, and product
13 and country coverage.

14 In particular, it is essential that there
15 not be carve-outs from the tariffs for selected
16 countries due to existing free trade agreements or
17 similar arrangements.

18 Second, we recommend establishing a new
19 melted and poured rule of origin for all steel
20 products to qualify as originating in North America
21 under the USMCA and for Section 232 and equivalent
22 tariff regimes in Mexico and Canada.

23 And the USMCA marking rules for steel
24 products must also be amended to reflect this
25 updated melted and poured rule of origin to prevent

1 steel from outside the region from evading tariffs
2 or accruing other benefits under the USMCA.

3 Third, we support creation of stronger
4 USMCA Rules of Origin to incentivize the use of North
5 American steel in manufactured products such as
6 automobiles and light trucks.

7 The list of core, principal, and
8 complementary parts subject to regional value
9 content requirements under the USMCA should be
10 updated. And the list of steel products and the
11 percentage threshold for the OEM North American
12 steel purchasing requirement should be updated to
13 maintain the intended incentives for using North
14 American steel.

15 Fourth, we urge significant reforms to
16 temporary importation, duty drawback, and duty
17 deferral programs within North American. To ensure
18 that tariffs collected on North American steel have
19 their desired market impact, all programs that
20 effectively allow the waiver or refund of duties
21 on imported goods must be revised to ensure they
22 cannot be used to avoid or circumvent tariffs and
23 other duties on steel and derivative products.

24 Fifth, to combat circumvention and evasion
25 of tariffs and other measures we also urge that all

1 North American governments collect and publish in
2 a timely manner import data on all steel and
3 derivative products, and that this data include data
4 on the country where the steel was melted and poured.

5 Sixth, we support enhancing cooperation
6 between North American customs authorities to
7 address transshipment, circumvention, and evasion,
8 as well as to address customs misclassification
9 under valuation.

10 We believe that these actions will improve
11 market conditions for American steel producers and
12 ensure that the intended benefits of the USMCA are
13 in fact achieved.

14 Thank you for the opportunity to testify.
15 I'd be happy to answer any questions.

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

18 MR. RAFF: Thank you and good afternoon.

19 My name is Brian Raff, Vice President of
20 the American Institute of Steel Construction. I'm
21 here today on behalf of more than a thousand U.S.
22 structural steel fabricators and 40,000
23 professional members involved in the fabrication,
24 installation, and design of fabricated structural
25 steel, or FSS.

1 Domestic fabricators are the backbone of
2 America's built environment, providing the vital
3 link between domestic steel mills and the buildings,
4 bridges, and critical infrastructure that define
5 our skylines, economy, and national security.

6 The AISC has fought a decades-long battle
7 against subsidized Canadian steel and low wage
8 Mexican labor, targeting two U.S. markets. The
9 threat has been so severe the we were forced to bring
10 a trade case against Canada, Mexico, and China to
11 address these predatory tactics.

12 We supported USMCA to fix the loopholes
13 left by NAFTA. Yet, five years later, those
14 challenges remain unchanged. Essentially, we're
15 facing a crisis of circumvention.

16 The FSS industry has become a conduit for
17 foreign industries to channel subsidized excess
18 steel capacity directly into the United States.
19 Current measures like the Section 232 tariffs are
20 incomplete for derivative projects -- products like
21 FSS, making it even more crucial to strengthen USMCA
22 to promote balanced trade and ensure American
23 economic security.

24 The surge of imports is driven by three
25 major issues facing our industry:

1 One, tariffs have been applied within a
2 limited scope. The current Section 232 measures
3 apply tariffs only to the value of the steel itself,
4 not to the significant value added during
5 fabrication, particularly labor. This allows
6 producers in countries with low labor costs to
7 significantly undercut American fabricators, even
8 with tariff-supplied steel.

9 Two, importers have relied on ambiguous
10 language in customs instructions to underreport the
11 value of imported fabricated structural steel.
12 Rather than applying duties to the full
13 transactional value of the finished product,
14 importers often report only the value of the
15 underlying unfabricated steel mill products as the
16 dutiable import value.

17 This practice dramatically reduces the
18 intended impacts of the tariffs.

19 Three, the Section 232 measures include
20 an exemption for derivative products fabricated in
21 a third country from steel melted and poured in the
22 United States. This renders duties inapplicable
23 to a significant volume of FSS imports from Canada
24 and Mexico, further disadvantaging domestic
25 fabricators.

1 FSS has more than doubled -- imports have
2 more than doubled to 2.1 million tons since 2015,
3 with the sharpest spike occurring directly after
4 USMCA implementation. This surge is not
5 accidental. It's driven by the aggressive
6 subsidized capacity expansions of Mexican firms
7 like Grupo Deacero, and Canadian companies like
8 Algoma Steel.

9 When you couple these subsidies with
10 discriminatory policies like Canada's VAT, the
11 results is chronic imbalance where imports from
12 Canada exceed exports by 140 percent, and imports
13 from Mexico now exceed our exports by over 1,500
14 percent.

15 We urge the USTR to act immediately.

16 To address this persistent issue and
17 ensure the long-term viability of an industry
18 essential to our national and economic security,
19 AISC urges the USTR to pursue the following specific
20 actions during the USMCA joint review:

21 One, the new agreement must strengthen
22 rules of origin for FSS and require all North
23 American fabricators to pay fair wages. To
24 accomplish this, we must require that all imports
25 be produced from steel melted and poured in the

1 United States.

2 We also apply labor value content rules
3 similar to the auto sector to mandate fair wages
4 and prevent low wage labor from undermining American
5 fabricators.

6 Two, address uniform and enforceable
7 valuation methodologies. The U.S. must work with
8 Canada and Mexico to develop and implement
9 transparent and enforceable customs procedures to
10 value FSS. This is critical to ending the
11 systematic under reporting of dutiable value and
12 ensuring that trade remedies are applied to the full
13 transactional value of the finished product.

14 Three, address discriminatory policies
15 and subsidies. Use the joint review as an
16 opportunity to secure commitments from Canada to
17 eliminate discriminatory policies such as its VAT
18 system which functions as an unfair barrier to U.S.
19 exports.

20 Furthermore, USTR should address the
21 distorting effects of Canadian government subsidies
22 by considering provisions that would revoke USMCA
23 treatment for products found to be subsidized by
24 Canadian or Mexican authorities.

25 Four, enhance trilateral enforcement

1 against circumvention. Propose cooperative
2 actions under the USMCA's Competitiveness Committee
3 to combat the transshipment and laundering of steel
4 from non-market economies through North America.

5 This should include greater information sharing
6 and coordinated customs enforcement.

7 In conclusion, the American FSS industry
8 is essential to our national and economic security.

9 We have the capacity to meet our nation's needs,
10 and we simply ask that USMCA be updated to reflect
11 today's market reality and prevent circumvention
12 that threatens our future.

13 Thank you for your time and for standing
14 up for American structural steel fabricators. I
15 welcome any questions that the panel may have.

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

18 MR. FARRIS: Good afternoon. Thank you
19 for the opportunity to appear before you today.

20 My name is Brandon Farris and I'm the Vice
21 President of Government Affairs at the Steel
22 Manufacturers Association

23 SMA represents electric arc furnace
24 steelmakers, which account for more than 70 percent
25 of domestic production. Our members make essential

1 products for America's infrastructure, national
2 security, energy, and manufacturing sectors.

3 SMA and our members have long supported
4 fair steel trade in North American. We believe in
5 the potential of a strong USMCA. However, many of
6 the benefits envisioned under USMCA have yet to
7 fully materialize.

8 For example, the vital melt and pour
9 requirement for autos will not take effect until
10 2027. In the meantime, Canada and Mexico have not
11 matched the U.S.'s efforts to address the global
12 distortions affecting steel trade.

13 Some producers of steel-intensive goods
14 in both countries continue to rely on steel sourced
15 from non-market, excess capacity nations such as
16 China. From 2020 to 2024, Mexico's steel imports
17 from China rose by 59 percent, while Canada's
18 increased by nearly 75 percent.

19 Just as Canada and Mexico have experienced
20 rising imports from countries with chronic excess
21 steel capacity, the U.S. has faced its own surge
22 of steel products from both neighbors.

23 In 2024, U.S. rebar imports from Mexico
24 were over 1,000 percent above their 2015 to 2017
25 average.

1 Imports of Canadian cold-rolled steel to
2 the U.S. were 63 percent higher.

3 These elevated import levels persisted
4 even as U.S. steel demand declined. With import
5 volumes from Canada and Mexico remaining stubbornly
6 high, and demand weakening, the domestic steel
7 industry has been unable to fully realize the
8 benefits of USMCA or the Section 232 steel measures.

9 American steelmakers responded to the 232
10 program by investing heavily in new and expanded
11 capacity. The 232 tariffs spurred more than \$20
12 billion in investment across major product lines,
13 including new, state-of-the-art facilities. Yet,
14 these facilities continue to be underutilized, in
15 part because North American served as channels for
16 global overcapacity to access the U.S. market on
17 preferential terms.

18 In 2024, the industry's capacity
19 utilization rate was just over 75 percent, rising
20 only marginally to 76 percent this year despite
21 President Trump and his administration
22 significantly strengthening the 232 measures.

23 A strengthened USMCA can be instrumental
24 in boosting steel demand across the region,
25 advancing both the American steel industry and the

1 Administration's broader trade policy goals.

2 Achieving this will require several targeted
3 improvements:

4 Require that all steel-intensive products
5 be melted and poured in North American to qualify
6 for USMCA treatment;

7 Expand labor content provisions to apply
8 to any steel or steel-intensive products;

9 Strengthen steel-related rules of origin
10 for autos, and implement melt and pour immediately;

11 Prohibit Mexican duty exemption and
12 drawback programs;

13 Ensure that Canada and Mexico implement
14 border measures similar to those of the U.S. on steel
15 imports, without exception;

16 Restrict investments in steel-intensive
17 industries from non-market economies like China.

18 While these recommended modifications
19 would help USMCA more effectively drive steel demand
20 across the region, safeguarding the strength of the
21 U.S. steel industry which is vital for national
22 security, and the broader American manufacturing
23 base will require the U.S. to maintain our strong
24 trade defenses.

25 For that reason we urge the U.S. not to

1 modify the 232 measures for Canada or Mexico. The
2 232 program has been a remarkably effective tool
3 supporting the American steel industry, and it
4 should not be on the table for the USMCA
5 negotiations.

6 Canada and Mexico took advantage of their
7 duty-free status under 232 prior to 2025 by surging
8 products into the U.S. Since these countries were
9 brought back under the 232 program this year there's
10 a nearly one-to-one ratio between the decrease in
11 steel imports from Canada and Mexico and the
12 increase in American raw steel production.

13 SMA appreciates the opportunity to provide
14 these comments for USTR's consideration and we are
15 committed to supporting the efforts to strengthen
16 USMCA and ensure fair trade throughout North
17 America. Thank you.

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

20 MR. SALAMON: Thank you. Good afternoon.
21 My name is Michael Salamon. I am the Chief
22 Executive Officer and President of Specialty Steel
23 Works, Incorporated, headquartered in Hammond,
24 Indiana. I am here today on behalf of the Cold
25 Finished Steel Bar Institute.

1 The CFSBI is the trade association for the
2 U.S. cold finished steel bar industry. Our
3 members, with operations in 21 states, employ
4 thousands of workers manufacturing cold finished
5 steel bar used by a wide variety of industries
6 critical to the American economy and national
7 security, including but not limited to aerospace,
8 automotive, heavy trucks and equipment, and power
9 generation.

10 Anything with a motor or used in the
11 transfer of power contains cold finished steel bar.

12 Our products are also essential to the maintenance
13 of existing manufacturing plants.

14 As essential as cold finished steel bar
15 is to the national economic and security interests,
16 however, our industry is in a precarious position.

17 Subsidized and other unfairly traded inputs allow
18 our foreign competitors to export cheap products
19 to the United States, eroding our market.

20 The cold finished steel bar's customers
21 base has been decimated, while domestic consumption
22 of goods containing non-U.S. cold finished bar has
23 increased. Prior to President Trump's current term
24 U.S. manufacturing as a whole took a nosedive with
25 a protracted stretch of U.S. PMI below 50 points.

1 On behalf of the CFSBI I want to express
2 our profound thanks to the Trump administration for
3 its efforts to protect and promote U.S.
4 manufacturing. We appreciate the opportunity to
5 comment on important trade tools for our industry
6 and other U.S. manufacturers as the Administration
7 undertakes its review of the USMCA.

8 First, reimposition of the Section 232
9 tariffs and removal of exclusions on steel imports
10 has been a lifeline for our industry, as imports
11 of cold finished bar have declined thus far in 2025.

12 Support of the entire supply chain is
13 essential to our continued survival, however. And
14 tariffs must be expanded to cover more of our
15 products and our customers' products.

16 If our downstream customers don't compete
17 with cheap imported common products that aren't
18 subject to tariffs, they stop purchasing our cold
19 finished steel bar. The problem has pervaded our
20 industry and the U.S. manufacturing base more
21 broadly for decades.

22 The important measures that President
23 Trump has implemented to protect the American steel
24 industry must not be watered down. Rather, the
25 USMCA should bolster the Section 232 tariffs by

1 ensuring that Mexico and Canada are not used as bases
2 to circumvent those tariffs. China in particular
3 continues to use Mexico as back door access to key
4 U.S. markets, including steel, automotive,
5 automotive parts, and heavy equipment and parts.

6 Mexico and Canada should be strongly
7 encouraged to align their steel trade policies with
8 those of the United States, which is in the best
9 long-term interests of all three countries.

10 The melted and poured steel requirements
11 are also a valuable tool for addressing
12 circumvention, and they should be strengthened,
13 applied more broadly, and strictly enforced.

14 Second, the expansion of value -- Regional
15 Value Content rules is critical to strengthen and
16 grow our supply chains by incentivizing use of North
17 American steel. The RVC requirements have grown
18 our participation in North American auto and auto
19 parts manufacturing.

20 These Rules of Origin, by contrast, invite
21 imports from outside North American to erode the
22 customer base for U.S. producers. We urge the Trump
23 administration to build on the success with
24 automotive RVC requirements by expanding existing
25 rules to include other products containing steel

1 in HTS Chapters 84 through 87 and beyond.

2 Third, Commerce's Steel Import Monitoring
3 and Analysis System is an essential tool that allows
4 the U.S. Government and stakeholders to closely
5 monitor steel imports on near term, real time basis.

6 The ability to monitor the volume and origin of
7 imports entering the United States and to identify
8 potential concerns in a timely manner is critical
9 to the effectiveness of our trade remedy laws.

10 We urge the Administration to expand this
11 program and include the derivative steel products
12 that are now covered by the Section 232 tariffs.

13 Given our circumvention and evasion concerns with
14 products entering the United States through Mexico,
15 the USMCA joint review process must also ensure that
16 data provided by Mexico and Canada is accurate,
17 transparent, and robust.

18 Finally, imported steel products that have
19 been found to be dumped or subsidized under our trade
20 laws can currently be imported into Canada and
21 Mexico without AD/CVD duties, incorporating the
22 downstream products that are exported to the United
23 States. This inflicts indirectly the direct injury
24 that the AD/CVD orders were intended to prevent.

25 The United States should seek to prevent

1 such circumvention by incorporating appropriate
2 protections into the USMCA, strengthen USMCA
3 market, and ensure that the intended benefits of
4 the agreement are not undermined by the foreign
5 trade.

6 On behalf of the CFSBI, our members, the
7 workers we employ around the country, and the
8 communities we support, and the critical national
9 securities industries we supply, thank you very
10 much.

11 MR. OLIVER: Thank you for your testimony.

12 And we'll now move to the next witness.

13 MR. BRIGHTBILL: Good afternoon. I'm Tim
14 Brightbill from Wiley Rein on behalf of the Metal
15 Grating Coalition. I'm here today to discuss how
16 the USMCA can be improved to support the American
17 steel grating industry.

18 Our coalition is comprised of five member
19 companies representing the vast majority of
20 American production of steel grating, which is
21 critical to American construction and
22 infrastructure.

23 The Coalition and its members are
24 long-time advocates for fair trade in North
25 American, having won antidumping and countervailing

1 duty cases on steel grating from China about 15 years
2 ago. Unfortunately, subsidized excess steel
3 capacity from China and other non-market economies
4 have continued to enter the U.S. market since then,
5 in part by exploiting loopholes in the USMCA.

6 Foreign producers are using these
7 loopholes to target the U.S. market with
8 highly-subsidized metal while benefitting from the
9 USMCA's preferential terms.

10 For example, Chinese foreign direct
11 investment has increased in Mexico to target the
12 U.S. market. And Mexico has not addressed this
13 market distortion. These practices have resulted
14 in a sharp increase of highly-subsidized steel
15 product imports, like steel grating from Mexico.

16 Grating imports from Mexico have increased
17 about 90 percent this year, and are up nearly 500
18 percent since 2020.

19 As detailed in our comments, USMCA should
20 be strengthened to ensure that it does not allow
21 highly-subsidized global excess steel capacity into
22 the North American market. To support the American
23 steel industry and to advance this Administration's
24 trade policies we proposed several modifications
25 that USTR should pursue during its review in 2026:

1 These include a melted and poured
2 requirement;

3 The implementation of border measures
4 similar to those in the U.S.;

5 The restriction of investments in the
6 USMCA region from non-market economies like China;

7 The prohibition on certain Mexican duty
8 exemption and drawback programs;

9 And improvements to the labor value
10 content requirements.

11 So, I concur with the comments made by
12 others earlier on this panel.

13 First, USMCA should be amended to require
14 that certain steel products, including steel
15 grating, consist only of steel that is melted and
16 poured within Canada, Mexico, or the United States
17 in order to qualify for USMCA treatment.

18 As you know, the USMCA automotive rules
19 of origin require that by 2027 at least 70 percent
20 of a vehicle manufacturer's annual purchases of
21 primary steel products and stampings must include
22 steel melted and poured in North American. So, we
23 recommend expanding this melted and poured
24 requirement to a broader set of steel products which
25 would help address Chinese and other non-market

1 excess capacity that is using USMCA to ship unfairly
2 trade steel products within the region duty-free.

3 The agreement should also ensure that
4 Canada and Mexico implement border measures similar
5 to those of the United States on steel imports, and
6 restrict investment in steel and steel-intensive
7 industries from non-market economies like China.

8 These measures will prevent offshore
9 import surges into USMCA countries, restrict
10 Chinese and other non-market economy foreign direct
11 investment in the USMCA region, and address
12 circumvention of existing U.S. trade protections.

13 For Mexico specifically, the agreement
14 should ensure that goods cannot qualify for
15 preferential treatment if they benefitted from
16 Mexican duty exemption drawback programs. These
17 programs encourage the use of unfairly traded steel
18 imports from third countries in downstream products
19 exported to the United States. This allows Mexican
20 producers to circumvent U.S. trade measures and
21 erode the domestic steel industry's market share.

22 Our proposals will limit Mexico from
23 serving as a platform for third country industries,
24 reducing harm to the American steel industry and
25 improving U.S. supply chain security.

1 Finally, USMCA should be amended to
2 strengthen labor value content provisions so they
3 apply to other steel and steel-intensive products.

4 This will contribute to a level playing field for
5 American steel and steel products companies up and
6 down the value chain by requiring that all North
7 American companies operating in these sectors pay
8 fair wages, and ensuring that no country can gain
9 a competitive advantage by exploiting workers.

10 On behalf of the Metal Grating Coalition
11 and its members thank you again for your time. And
12 I'll look forward to answering your questions.

13 MR. OLIVER: Thank you for your testimony.
14 And we'll now move to our final witness.

15 MR. SCHAGRIN: Good afternoon. My name
16 is Roger Schagrin of Schagrin Associates. I am the
17 Executive Director and General Counsel of the
18 Committee on Pipe and Tube Imports.

19 The CPTI is a trade association composed
20 of 37 U.S. producers of the entire range of steel
21 pipe and tube products, and 10 associate members
22 who are primarily steel suppliers to the industry.

23 I founded the CPTI in June 1984. And I have served
24 as its executive director and general counsel for
25 the past 41 years.

1 CPTI members have 75 plants in 38 states,
2 and employ approximately 55,000 employees. They
3 are the third largest consumer of steel in the United
4 States after the construction and automotive
5 industries.

6 The most important issue for CPTI in the
7 renegotiation of the USMCA is to ensure that the
8 USMCA countries act in concert against the scourge
9 of massive world overcapacity for steel fostered
10 by Communist Chinese subsidies.

11 In 2024, China exported a record, a
12 phenomenal and mind boggling 118 million metric tons
13 of steel. In spite of outrage from world steel
14 producers, Chinese exports have increased by
15 another 10 percent through the first half of 2025.

16 Most of these exports are to ASEAN countries. And
17 much of that is either transshipped, processed into
18 other steel products like pipe and tube, or the
19 manufacturing cars, trucks, parts, appliances, et
20 cetera, and then exported to USMCA countries,
21 primarily to the United States.

22 Therefore, the first priority for CPTI is
23 that USMCA countries adopt a common external tariff
24 of 50 percent, and that no tariff benefits for USMCA
25 countries be accorded to any steel products or their

1 derivatives unless the steel is melted and poured
2 in a USMCA country. These rules should be extended
3 to any duty drawback or to the deferral programs
4 in USMCA countries.

5 Our second priority, given the massive
6 world overcapacity and the amount of customs fraud
7 perpetuated by Chinese steel companies, Chinese
8 shipping companies, enablers in third countries,
9 and importers within the USMCA countries, is for
10 the USMCA agreement to provide for timely monitoring
11 of steel imports into all USMCA member countries,
12 and coordination among the customs authorities of
13 the three countries as to transshipment evasion and
14 circumvention, which is extremely widespread.

15 The third priority is for better rules of
16 origin, not only applying the melted and poured
17 provision for steel products, but scrapping the
18 current 4-digit HTS change for determining rules
19 of origin and replacing it with a core parts
20 requirement for determining country of origin for
21 all manufactured products, something similar to the
22 rules that were put into the USMCA on autos and auto
23 parts.

24 No longer can we allow Chinese components
25 to evade Section 301, IEEPA, or other duties that

1 the United States has against direct imports from
2 China by simply being assembled in Chinese-owned
3 factories in Mexico.

4 As I believe Mr. Brightbill referred, the
5 amount of FDI from China into Mexico over the past
6 several years has just exploded, with factory after
7 factory being built in Mexico by Chinese companies
8 simply to evade duties put in place by the United
9 States, and to accord USMCA treatment for those
10 assembled products.

11 Finally, we believe, given the rule of law
12 and the quality of the judiciary in all three USMCA
13 countries, it is finally time to discontinue
14 binational panel appeals of trade case
15 determinations. And this should be a goal in the
16 USMCA negotiations. We should be able to have each
17 country go just to its own court system.

18 Thank you for the opportunity to testify
19 today. And I'll be happy to answer your questions.

20 MR. OLIVER: Thank you. And thank you all
21 for sharing your testimonies. We greatly
22 appreciate it.

23 We'll now be turning to our U.S. Government
24 officials on the dais to ask some questions.

25 Just a reminder, one question will be going

1 to each witness, with witness responses limited to
2 two minutes.

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

4 CHAIR WATSON: Okay. Good afternoon.
5 Thank you again for your testimony.

6 The first question is for Mr. Dempsey,
7 although I think it addresses something that many
8 of you have talked about. So, fundamentally about
9 data collection for steel imports.

10 So, in your submission you recommended
11 expansion of steel import data collection and
12 publication to derivative steel products covered
13 by Section 232 tariffs and equivalent measures in
14 Canada and Mexico.

15 So, the question is, should the country
16 melt and pour data also be collected for those
17 products by all three countries?

18 And maybe most helpfully, if you can
19 explain why that would be important?

20 MR. DEMPSEY: Yes. Thank you very much.

21 Yes, fundamentally we think, you know, to
22 have any effective enforcement, and especially
23 cooperation to try to address the vast problem of
24 circumvention, evasion, transshipment, it's
25 driven, as Roger Schagrín mentioned, by this huge

1 export of steel from China to other parts of the
2 world that then make their way to North America.

3 You need good data from each, collected
4 by each of the three North American countries on
5 their imports and, and then their exports of steel
6 and steel-containing goods that includes country
7 of melt and pour.

8 Because for steel, you know, the most value
9 add and the most investment and, frankly, the most
10 difficult issues with environmental protection all
11 really revolve around the melting, the original
12 creation of the raw steel in a furnace, whether
13 that's an electric arc furnace or a basic oxygen
14 furnace.

15 And so, determining, tracking where that
16 steel is originally melted and then, you know,
17 where, where it's actually coming from is going to
18 be critical to really addressing circumvention and
19 evasion.

20 You know, the U.S. Commerce Department
21 began collecting this type of melt and pour data
22 as part of its steel import licensing system several
23 years ago. I think it was about 2020. And that
24 has -- we were the first country to do that. And
25 it has been remarkably helpful in identifying just

1 how much, you know, transshipment, circumvention
2 was going on.

3 So, right after many countries around the
4 world tried to shut down imports from Russia after
5 it invaded Ukraine, we discovered that there was
6 steel melted in Russia that was coming in from all
7 around the world, including at that time from
8 Mexico. So, that data was remarkably helpful in
9 identifying where the problems were to get at the
10 root cause.

11 So, so that really we think is going to
12 be a critical part of an effective enforcement
13 system.

14 Canada and Mexico are taking steps towards
15 doing more on that. But, you know, it's not
16 perfect, and I think more cooperation on that front
17 would be very helpful.

18 MR. OLIVER: Thank you for your response.

19 The next question will come from Ms. Demirjian.

20 MS. DEMIRJIAN: Yes, thank you. And this
21 question is for Mr. Raff.

22 You recommended establishing a valuation
23 system for functional fabricated structural steel
24 with Mexico and Canada. Could you provide a little
25 bit more detail on how, what type of methodology

1 the part -- you would suggest the parties consider
2 for that kind of valuation?

3 MR. RAFF: Yes. And thank you for your
4 question.

5 I think what I think gets overlooked for
6 fabricated structural steel as a derivative product
7 is that the majority of value add that goes into
8 that product comes from the labor. Right?

9 So, the milled steel that comes into a
10 fabrication shop there are hundreds, maybe
11 thousands of man hours that go into cutting,
12 welding, drilling, all of the engineering and
13 detailing in order to meet the project
14 specifications, in order to meet the actual
15 dimensions that the fabricator, you know, that an
16 installer would need in order to put that building
17 together.

18 And when it comes down to it, the value
19 of a fabricated structural steel product -- I'm
20 generalizing -- you know, the value is probably 75
21 percent of that is labor.

22 And so, I'm not exactly sure what the
23 specific methodology would be, except it must
24 consider the labor value add that goes into
25 manufacturing that product. Because,

1 unfortunately, as we see right now, most value, the
2 dutiable valuation goes into just the purchase of
3 the milled steel, and completely disregards the
4 labor that goes into fabricating the product.

5 And, again, because fabricated structural
6 steel is such a labor-intensive product it's
7 essentially missing the protection of, of the most
8 valuable part of that product.

9 So, we think similar to what we see in the
10 automotive sector, any, any action taken should
11 absolutely consider all of the labor involved in
12 structural steel fabrication.

13 MR. OLIVER: Thank you for your response.

14 The next question will come from Mr. Meakem.

15 MR. MEAKEM: All right. This is a
16 question for Mr. Farris.

17 You recommend that Mexico eliminate its
18 IMMEX program and other duty drawback or duty refund
19 programs. Could you elaborate on your concerns
20 about these programs?

21 MR. FARRIS: Yes. Thank you so much for
22 the question.

23 These programs, the reason they're of
24 great concern is because they are simply a vessel
25 to allow transshipment into the U.S. And so, that's

1 one of the reasons that we're calling for the
2 elimination of these programs is it's yet another
3 way that North American trade flows are being used
4 to get non-markets capacity into the U.S.

5 And so, we strongly believe that these
6 programs should be eliminated.

7 MR. OLIVER: Thank you for your response.
8 The next question will come from Mr. Wesch.

9 MR. WESCH: Mr. Salamon, good afternoon.

10 MR. SALAMON: Good afternoon.

11 MR. WESCH: This is a two-part question.

12 Are there products other than those
13 entering under HTS Chapters 84 through 87 that the
14 United States should consider applying higher
15 regional value content rules to?

16 And part two, do you have any
17 recommendations on labor value content rules more
18 generally?

19 MR. SALAMON: Thank you for the question.

20 And I appreciate the opportunity.

21 We do think the -- those, those HTS codes
22 should be expanded to include more general products
23 of parts and components that are coming into the
24 States, not just for automotive but for other
25 products: ag equipment, construction equipment,

1 and all the other things that are made, processed
2 with raw steel here in the United States.

3 It's important to capture the entire
4 supply chain regardless of the end, end component
5 that happens, whether that be appliance or some
6 other machine that the U.S. needs and/or buys.

7 With regards to the wage or the capture
8 of the hourly, I think in terms of capturing the
9 total number of hours consumed to make that product,
10 that's probably the best starting point for
11 understanding how to value that. What wage rate
12 is put on it is, you know, up for debate. But in
13 the end I think it takes hours or seconds to make
14 that part. And that's how we should start in terms
15 of valuing that.

16 As somebody else pointed out, just valuing
17 the steel is probably, you know, the worst -- not
18 the worst, but the inaccurate spot in terms of
19 landing and understanding how parts are made and
20 why they're made.

21 The U.S. is a great manufacturing country
22 and is a very efficient manufacturing country. We
23 do things typically faster, and better, and more
24 efficiently than our competitors and, yet, we get
25 competed against with, you know, not very high labor

1 content from somewhere else. So, so that's
2 difficult for me.

3 Thank you.

4 MR. OLIVER: Thank you for your response.

5 The next question will come from Mr. Saalfield.

6 MR. SAALFIELD: Thank you. My question
7 is for Mr. Brightbill.

8 In your testimony you discuss Mexico's
9 duty exemptions and duty drawback programs. Do any
10 of Canada's measures raise similar concerns with
11 regard to the effectiveness of greater alignment
12 on steel trade measures?

13 Thanks.

14 MR. BRIGHTBILL: Thanks for the question.

15 And I would defer to any of my colleagues on this
16 panel that might want to speak from a broader steel
17 perspective.

18 From steel grating we focused on Mexico
19 just because those, Mexico is the greater problem
20 for, for steel bar grating where imports are up 90
21 percent this year and 500 percent in the last few
22 years.

23 So, and we think an important part of that
24 are these drawback programs, these duty exemptions
25 and so forth. And those including exemptions from

1 dumping duties and countervailing duties under
2 these programs that are almost always granted.

3 So, we chose to focus on that because
4 that's where the import surge is coming to our
5 industry, but it may be an issue for, for the broader
6 industry. I'd be happy to get back to you on that
7 if it would be helpful.

8 MR. OLIVER: Thank you for your response.
9 The final question will come from Ms. Demirjian.

10 MS. DEMIRJIAN: Yes. And thank you.

11 For Mr. Schagrín, you mentioned how the
12 United States, Canada, and Mexico should commit to
13 collecting and publishing import data together, and
14 referenced the SIMA program and the Commerce
15 Department should. The three countries also
16 collect import data related to steel derivatives,
17 and why?

18 MR. SCHAGRIN: Thank you for the question,
19 Ms. Demirjian.

20 Yes, I think all three countries should
21 collect data for the derivative products. Those
22 are important consumers of steel. And, of course,
23 our goal is to strengthen, as I think Mr. Farris
24 referred to, our capacítalization (phonetic) in the
25 United States.

1 Let's face it, the U.S. industry is
2 actually doing much better than the industries in
3 either Canada or Mexico. They have been very slow,
4 as has been the E.U., to react to surges of imports
5 into their own countries that has been decimating
6 their industries and their capacitolization.

7 So, I think all three countries should try
8 to harmonize their collection of data as actual
9 steel, steel derivative products, as Mr. Dempsey
10 mentioned, melted and poured for those steel
11 derivative products. It's more than capable.

12 Every producer of a product that contains
13 steel is always going to get mill test reports for
14 the steel they're using. It's essential to assure
15 quality, safety. So, every manufacturer in every
16 country in North American gets information on the
17 steel producer of the steel that they're utilizing.

18 So, that should all be collected by the,
19 the three governments.

20 And, furthermore, as was in our submission
21 and our testimony, I think we need much greater
22 coordination amongst the three customs services
23 against evasion and circumvention. We just find
24 repeatedly that Chinese companies that set up
25 schemes to transship through ASEAN countries are

1 doing it into all three countries to evade AD or
2 CD orders or safeguard.

3 And often one country or another is the
4 first to identify those practices. And then it may
5 not be for months or even a longer period until we
6 find out, you know, who's behind these schemes.
7 And I think we can react much more rapidly if we
8 have more sharing among the three jurisdictions.

9 Thank you.

10 MR. OLIVER: Thank you. And thank you all
11 for your testimonies, your responsiveness to the
12 questions, and your time with us today. We really
13 appreciate it.

14 With that, this panel is concluded. I
15 will ask if you can all just grab your placards and
16 please put them at the end of this table right here,
17 that would be greatly appreciated.

18 And I will also ask for the next panel,
19 Panel No. 6, to come forward and be seated.

20 And for the members of Panel 7 that are
21 in the crowd, we ask that you also come forward and
22 begin to start being seated in the reserved seating
23 up here. Thank you so much.

24 CHAIR WATSON: Okay. Welcome.

25 We do have a new members on the U.S. panel,

1 so I'm going to ask him to go ahead and introduced
2 himself.

3 MR. LINDNER: Hi. I'm John Lindner. I'm
4 the Deputy Associate Director for Economic Policy
5 at the Office of Management and Budget.

6 CHAIR WATSON: Very good. So, again,
7 thank you for joining us. As we've been doing,
8 we'll take the testimony of the panel. So let's
9 go ahead and start with Mr. Holder.

10 MR. HOLDER: Thank you. President
11 Abraham Lincoln said, The best way to predict the
12 future is to create it. That has been a
13 foundational principle of our company, Webco
14 Industries, Incorporated.

15 Good afternoon. My name's Donnie Holder.
16 I'm the Vice President of Strategic Sourcing and
17 Global Trade Affairs at Webco.

18 What started out in Sand Springs, Oklahoma
19 in 1969 as only an idea to better serve the power
20 generation and refining industries has grown into
21 a company that now employs over 1,400 people in 13
22 states. The company is now one of the leading
23 American manufacturers of steel, nickel, titanium
24 and copper alloy tubing used on a host of critical
25 applications in multiple industries.

1 The USMCA is a signature achievement of
2 President Trump's first administration, enacted
3 with the goal of creating a stronger economic future
4 for the United States. The USMCA joint review
5 provides an opportunity to create an even more
6 powerful and successful trading block, a Fortress
7 North America, if you will.

8 To do that, we must build on the things
9 that strengthen our collective future and address
10 the gaps in the agreement that weaken that future.

11 An important strength in the agreement is the
12 regional value content requirement exemplified in
13 the Automotive Rules of Origin.

14 These automotive RVC requirements have
15 successfully incentivized the use of more North
16 American content in autos and auto parts. This has
17 not only strengthened the automotive industry but
18 has benefitted countless input suppliers like
19 Webco.

20 Similar RVC requirements should be applied
21 to many more products in HTS U.S. Chapters 84 to
22 87 to promote similar benefits to American
23 manufacturers.

24 For example, hydraulic cylinders made
25 almost entirely of Chinese or Indian components can

1 today be assembled in Mexico and Canada and receive
2 a USMCA preference.

3 Many, Webco and many other U.S. companies
4 make the inputs, the components themselves, or the
5 finished products in small towns across America.

6 Applying stronger RVC requirements would ensure
7 the USMCA rules primarily benefit towns like Sand
8 Springs, Oklahoma and Oil City, Pennsylvania, not
9 Tanjiang, China or Bangalore, India.

10 A significant gap in the USMCA agreement
11 is the lack of an effective mechanism to prevent
12 circumvention of U.S. unfair trade laws from Canada
13 and Mexico. Economic distortions caused by unfair
14 traders like China and India are global and reach
15 the USMCA market through third countries.

16 As the U.S.-China Economic and Security
17 Review Commission recently found, China is
18 exporting its economic distortions in the form of
19 low-priced goods, and is upending manufacturing
20 sectors up and down the value chain. Dumped and
21 subsidized input incorporated into downstream
22 products in third countries are further harming U.S.
23 industry already found to be injured.

24 With over 700 AD/CVD orders now in place,
25 that additional harm is significant. Canada and

1 Mexico are the two largest and most privileged
2 trading partners of the United States.
3 Preferential access to the U.S. market must come
4 with a shared obligation to proactively protect our
5 markets from unfair trade.

6 The United States should negotiate USMCA
7 provisions to prevent circumvention of U.S. unfair
8 trade laws by entering the United States using a
9 Canadian or Mexican back door.

10 Fortunately, President Trump has the
11 authority to immediately address unfairly traded
12 imports circumventing U.S. trade orders through
13 third countries when they are also subject of a
14 Section 232 action. The President can apply
15 increased Section 232 tariffs to import -- imported
16 products that incorporate Section 232 national
17 security products to approximate the AD/CVD duties
18 that would have been paid on the inputs if they were
19 directly imported into the United States.

20 We urge the Administration to apply such
21 a derivative dumped and subsidized products
22 approach to imports from Canada and Mexico,
23 incorporating unfairly trade inputs until they
24 impose an equivalent border measure against the
25 unfairly traded input at substantially similar

1 levels. This would at least partially address the
2 problem while the parties use the joint review to
3 reach a mutually agreeable solution to preventing
4 this harmful and circumvention of U.S. trade orders.

5 Thank you for this opportunity to speak
6 on behalf of Webco, its employees, and hundreds of
7 thousands of other hardworking Americans across our
8 great nation that hope to reap the full intended
9 benefits of the USMCA, a more powerful and more
10 enduring Fortress North America.

11 MR. OLIVER: Thank you for your testimony.
12 We'll now turn to the next witness.

13 MR. CARYL: Good afternoon. My name's
14 Ben Caryl, Associate General Counsel for
15 International Trade and Customs Compliance with the
16 United States Steel Corporation.

17 Thank you for the opportunity to testify
18 on the operation of USMCA.

19 The Trump administration's America First
20 trade policy actions have provided significant
21 benefits to the domestic steel industry, the overall
22 U.S. economy, and national security. We can build
23 on this success by pursuing several complementary
24 reforms to USMCA, all to maximize the value of USMCA
25 for the United States, Canada, and Mexico, keeping

1 more USMCA benefits in North America and, better
2 yet, in the U.S.A., rather than flowing to non-USMCA
3 countries.

4 I have two main points to make today.

5 First, the United States should maintain
6 the Section 232 national security tariffs on steel
7 imports from Canada and Mexico before, during, and
8 after the USMCA review. U.S. Steel appreciates the
9 Trump administration's work to improve USMCA's
10 impact on trade in steel and steel-intensive goods,
11 or steel derivatives.

12 These steel-intensive goods are goods made
13 of steel, such as autos, appliances, fabricated
14 structural steel, food packaging, and many other
15 products. Imports of a ton of steel in a car or
16 a dishwasher has the same impact as a direct import
17 of a ton of steel. Both reduce the demand,
18 production, and sales of American-made steel.

19 Overall, the steel ton equivalence of
20 imports in steel-intensive goods, which was a net
21 45 million tons, significantly exceeds the annual
22 direct steel imports -- last year roughly 26 million
23 tons.

24 USMCA and other policies have spurred
25 increased investment in North America. Section 232

1 tariffs on steel and steel-intensive goods have
2 helped to address longstanding trade imbalances to
3 the point where we now have a U.S.A. steel trade
4 surplus with Mexico.

5 The surplus with Mexico should be
6 maintained, and the deficit with Canada should be
7 addressed. The United States should carefully
8 consider the billions of dollars in recent
9 investments in American steel capacity, current
10 long-term domestic steel supply agreements, recent
11 Department of Commerce findings that steel from
12 Canada and Mexico was unfairly dumped and
13 subsidized, the U.S. International Trade Commission
14 finding that steel from Canada and Mexico injures
15 the U.S. industry, and other confidential
16 information we've submitted in our comments.

17 My second and final point -- and you've
18 heard this already today in the panel before me --
19 is the United States should strengthen USMCA's rules
20 of origin for steel and steel-intensive goods.

21 Though USMCA strengthened NAFTA's weak
22 rules of origin on autos, the USMCA did not
23 strengthen the actual rules of origins on steel or
24 non-auto steel-intensive goods. Unbelievably,
25 flat-rolled carbon steel and steel pipe does not

1 need to be melted and poured in North America to
2 be USMCA-origin.

3 In other words, Chinese or Russian steel
4 can be rolled in Mexico or Canada and become USMCA
5 steel. That directly conflicts with the policies
6 of the United States and the USMCA. USMCA rules
7 of origin should incentivize and prioritize
8 utilization of new and existing North American
9 steel, auto, and other critical manufacturing
10 capacity.

11 Though USMCA did significantly strengthen
12 the rules of origin on autos, a USMCA panel has
13 unfortunately already tried to weaken those rules
14 in the January 2023 decision on regional value
15 content roll-up. It's a very technical issue but
16 USMCA auto rules of origin should be revised to
17 explicitly prohibit regional value content roll-up
18 to remove the current remaining incentive to use
19 non-USMCA content for North American auto assembly
20 and production.

21 The interaction between the applicability
22 of Section 232 and IEEPA tariffs, and whether a
23 product is USMCA-origin make it more important than
24 ever to strengthen USMCA's rules of origin to keep
25 as much of that benefit within North America as

1 possible.

2 On behalf of U.S. Steel, hardworking
3 American steelworkers, the communities and
4 customers we serve, we thank you for the opportunity
5 to testify today. Thank you.

6 MR. OLIVER: Thank you for your testimony.
7 And we'll now move to the next witness.

8 MR. PICKETT: Good afternoon and thank you
9 for the opportunity to be here today. My name is
10 Ben Pickett and I serve as the Executive Vice
11 President for Business Services in Nucor
12 Corporation.

13 With 33,000 teammates and approximately
14 300 location throughout the United States, Canada,
15 and Mexico, Nucor is the largest and most
16 diversified steel and steel products company in
17 North America. A well-functioning USMCA that
18 promotes fair trade and competition in North
19 American steel markets is critical to Nucor and the
20 entire American steel industry.

21 North American trade agreements must
22 operate to benefit of North American industries and
23 workers, including by increasing demand for steel
24 produced start to finish in North America.

25 In this respect, USMCA was an improvement

1 over its predecessor. However, more need to be done
2 to ensure that USMCA encourages manufacturing jobs
3 to remain in American communities instead of being
4 exported to Mexico, Canada, and elsewhere.

5 In addition, we need to ensure that USMCA
6 does not become a back door for global distortions
7 that harm American workers and industries. This
8 is particularly important in the steel industry
9 where an ongoing global overcapacity crisis forces
10 excess steel production, often for non-market
11 economies like China, into the United States by way
12 of our North American trading partners.

13 While strong U.S. measures like Section
14 232 and AD/CVD orders have effectively reduced
15 direct steel imports into the United States, heavily
16 subsidized excess steel production continues to
17 enter the country after processing or further
18 manufacturer in Canada or Mexico. These imports
19 often bypass U.S. trade measures and enter duty-free
20 under USMCA.

21 North America and Mexico in particular has
22 also become a favored destination for foreign direct
23 investment from non-market economy countries
24 seeking to maintain preferential access to U.S.
25 markets. These investments are often in

1 steel-intensive downstream industries that can
2 avoid U.S. duties, as well as Mexican import duties
3 on inputs that are used to manufacture products for
4 export.

5 Mexico duty exemption or drawback programs
6 only encourage the flow of unfairly traded steel
7 and other products into the U.S. market. This
8 threatens the American manufacturing base while
9 transferring capacity into Mexico or Canada at the
10 expense of American workers.

11 The USMCA joint review should not be viewed
12 as a forum for negotiations on Government
13 procurement policy or U.S. national security
14 measures that were taken independently. It is
15 critical that U.S. trade measures like the Section
16 232 duties remain in effect until a durable solution
17 to the global overcapacity process crisis is found.

18 With respect to the joint review process,
19 the Administration should instead focus on
20 maximizing demand for North American content while
21 closing loopholes that harm American industries.

22 First, the Administration should demand
23 stronger rules of origin on steel and
24 steel-intensive products. USMCA should require
25 all steel used in any steel or steel-intensive

1 product to be melted and poured in North America.

2 Labor value content provisions currently
3 applicable to automotive products should also be
4 extended to steel and steel-intensive products.

5 In addition, any product that benefits from IMMEX,
6 PROSEC, or other duty exemption or drawback programs
7 should be ineligible for preferential USMCA
8 treatment.

9 The Administration should also use the
10 USMCA review to urge our trading partners to take
11 a stronger stand against global steel overcapacity.

12 The Administration should condition U.S. approval
13 of a renewed USMCA on Canadian and Mexican
14 implementation of trade measures on steel and
15 derivative articles from non-USMCA countries that
16 are at least as restrictive as those currently in
17 effect in the United States.

18 Canada and Mexico should also stop
19 subsidizing their steel producers, building
20 unneeded capacity to target the United States, and
21 shipping unfairly traded steel to our market. Any
22 renewed agreement should withhold preferential
23 treatment from products manufactured by entities
24 that have received investments from non-market
25 economy sources like China.

1 On behalf of Nucor and its 33,000
2 teammates, I would like to thank USTR for its work
3 strengthening USMCA and for giving us the
4 opportunity to share our views. I would be happy
5 to answer any questions that you may have.

6 MR. OLIVER: Thank you for your testimony.
7 We'll now be moving to the next witness.

8 MR. REBOULEN: Hello. My name is Juan
9 Antonio Reboulen. And I serve as Director of
10 Commerce and International Trade at Deacero Mexico.

11 I greatly appreciate the opportunity to
12 appear before you today. I would like to
13 acknowledge USTR for its leadership in conducting
14 an open and transparent process that allows all
15 stakeholders to share their views regarding the
16 USMCA.

17 I am here today to contribute to this
18 hearing with our comments from a regional
19 perspective based on our experience as a
20 manufacturing company with operations both in U.S.
21 and Mexico.

22 I would like to address three points.
23 First, USMCA works and Deacero strongly supports
24 extending the agreement. But it must be improved.

25 Second, strengthening rules of origin and

1 better aligning with American policies will prevent
2 other non-market economies from taking advantage
3 of an agreement intended to benefit North America.

4 And third, Section 232 should be a regional
5 security measure and exempting qualifying North
6 American steel would strengthen supply chains in
7 the region and USMCA self-sufficiency.

8 Deacero is a 100 percent North American
9 company. The steel we product has a regional
10 content of nearly 100 percent. We do not conduct
11 business with any other non-market economy. And
12 the vast majority of our inputs are sourced within
13 North America. We are fully committed to the values
14 and vision of an integrated, competitive, and
15 sustainable North American region.

16 For several decades we have been a reliable
17 and competitive supplier, complementing both the
18 industry and the market in the United States. As
19 a result of our integrated production model there
20 are American industries such as nails that have been
21 preserved from destructive competition from
22 non-market economies.

23 Failing to renew the USMCA would
24 significantly harm the U.S. steel industry that
25 enjoys a growing trade surplus with Mexico, who

1 represents 55 percent of the total exports. It
2 would also disrupt our integrated North American
3 value chains and jeopardize tens of thousands of
4 American jobs.

5 This review process is an opportunity to
6 make necessary improvements on the agreement to
7 better protect our industries, our jobs, and ensure
8 that North America remains the world's most
9 competitive region under market-based rules.

10 We stand with the Administration in its
11 efforts to keep unfair trade out of the North
12 American steel market. U.S. producers and Deacero
13 are globally competitive, but no private company
14 can compete against steel produced with subsidies,
15 unfair trade practices, and massive overcapacity.

16 USMCA gives us the strongest platform to confront
17 these challenges together with a coordinated
18 regional strategy.

19 No country can solve this threat by itself.

20 We share the idea that America First doesn't mean
21 America Alone.

22 We also share USTR concern about
23 transshipment practices in the steel trade. To
24 avoid these, the USMCA countries should strengthen
25 the rules of origin so that only steel melted and

1 poured in North America qualifies for preferential
2 treatment under the agreement.

3 North American policies and processes
4 should be aligned through stronger coordination on
5 investment screening, duty evasion, and monitoring
6 of critical imports. These actions would provide
7 additional protection against unfair trade
8 practices in the region.

9 The Government of Mexico has recently
10 taken meaningful steps to align regional efforts
11 against unfair trade, transshipment, and customs
12 fraud. It has raised tariffs to WTO maximum levels,
13 suspended steel export from non-existent steel
14 mills in Vietnam and Malaysia, and will remove steel
15 products from temporary import programs.

16 President Sheinbaum's so-called Plan
17 Mexico is also aimed at substantially reducing the
18 trade deficit with Asia. But unless we strengthen
19 trade within the region, we will not be able to
20 reduce our dependence on Asia.

21 Finally, Section 232 remains a necessary
22 and appropriate policy, but it should be understood
23 not only as a U.S. national security measure but
24 as a shared regional security responsibility for
25 North America.

1 Removing these tariffs on North American
2 steel producers that meet melted and poured and
3 substantial regional content requirements would
4 strengthen regional integration and advance the
5 USMCA's goals of self-sufficiency.

6 Thank you so much for this opportunity.

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

9 MR. VILLANUEVA: Hello, my name is
10 Fernando Villanueva. I'm the CEO of Deacero USA.

11 I appreciate the opportunity to testify before you
12 today.

13 Deacero USA is part of the Acero group,
14 a truly North American company based only in Mexico
15 and United States, supplying North America with long
16 steel and wire products since 1952. We have proudly
17 operated in the United States since 1991, and today
18 we employ nearly 600 U.S. workers.

19 Our operations consist on two divisions.

20 One, Maverick Recycling, that manages the steel
21 scrap recycling centers across Texas. And second,
22 Mid Continent Steel and Wire, the division that
23 includes our downstream steel production facilities
24 in Poplar Bluff, Missouri, and Houston, Texas.

25 We are the largest nail manufacturer in

1 the U.S. Unfortunately, the nail market is
2 dominated by imports. Eighty-five percent of the
3 nail market, it is sourced and supplied by imports.

4 And because of the Section 232, we cannot compete
5 against them.

6 Talking about the reasons to support USMCA
7 continuation. After 30 years, this agreement has
8 been essential for growing a strong competitive and
9 regionally integrated industries across North
10 America. Deacero USA is a perfect example.

11 The evidence confirming its relevance is
12 overwhelming. I just want to mention two examples.

13 One, Mexico is United States' largest
14 export market, purchasing more USA-made products
15 than the European Union and Japan combined, when
16 their economies are 10 times bigger than Mexico's.

17 That means that Mexico buys more than 10
18 times compared to European Union and Japan.

19 Second, the USMCA according to public
20 studies, supports more than 13 million jobs. High
21 quality jobs of here in North America. And
22 especially in the United States, I'm sorry.

23 Now, particularly talking about the steel
24 industry. The USMCA has been highly effective in
25 enhancing regional content within North America.

1 Some figures about it. Mexico is its
2 largest destination of steel exports, accounting
3 for nearly 55 percent of the U.S. total steel export
4 volume.

5 At the same time, U.S. steel industry has
6 maintained significant trade surplus with Mexico,
7 totaling more than \$12 billion since 2017.

8 And the Mexican steel that comes into U.S.
9 contains a significant portion, ranging between
10 20-40 percent of U.S. content in the form of raw
11 materials, energy, and high-value components.

12 Addressing the primary threat to the
13 USMCA's success, requires confronting the
14 fundamental risk, the state capitalist model
15 employed by certain non-market economies and their
16 economic partners.

17 This model is the root cause of the current
18 global steel overcapacity crisis. We must
19 recognize this system for what it is, an economic
20 warfare disguised as legitimate commerce.

21 Government directed enterprises
22 benefitting from subsidies, which enable predatory
23 pricing strategies designed to undermine and
24 destroy free market competitors in North America.

25 This practice presents an existential

1 challenge to the security of our domestic
2 manufacturing, and threatens the future and
3 integrity of my company, and USMCA.

4 Finally, we respectfully urge the adoption
5 for at least two of very critical actions to secure
6 the long-term success of the USMCA.

7 One, strengthen the USMCA Rules of Origin
8 to ensure that steel products manufactured under
9 non-market economies, are explicitly excluded from
10 preferential trade treatment.

11 And second, remove the current Section 232
12 tariffs on the steel products that meet the
13 standards of a new and stronger Rules of Origin,
14 keeping the region competitive and sustainable.

15 We can compete against each other, okay,
16 and let the best win.

17 These actions will enable companies like
18 my company, to grow investments, increase U.S.
19 hiring, and ultimately better serve my customers
20 and my community.

21 Thank you so much for your time.

22 MR. OLIVER: Thank you for your testimony.
23 We'll now move to the final witness of this panel.

24 MR. LARREA: Thank you. My name is
25 Rodolfo Larrea, and I serve as the CEO of Deacero

1 INGETEK.

2 I appreciate the opportunity to
3 participate in this hearing today.

4 Deacero INGETEK is part of the Acero Group.

5 We provide value-added engineering services and
6 manufacture fabricated long steel products, that
7 support U.S. and Mexico strategic construction
8 projects.

9 This includes natural gas facilities that
10 promotes U.S. energy exports, solar installation
11 that power American homes, and semiconductor
12 facilities to reinforce U.S. leadership in
13 artificial intelligence.

14 Also, railways, highways, public
15 transportation, and the region lines project in
16 Mexico.

17 We serve the best and largest engineering
18 and construction companies in the U.S., and in
19 Mexico.

20 One of our core strength is our
21 flexibility. We tailor our products and services
22 to the specific requirements of each project,
23 offering shortly times and real time
24 responsiveness.

25 This approach reduce costs for U.S.

1 customers, and minimize the risk of project delays
2 with complementary portfolio.

3 Regarding the USMCA, Deacero INGETEK
4 embodies the vision of the agreement, harnessing
5 cross-border supply chains to expand economic
6 opportunities, create high quality jobs, and reduce
7 regional risks.

8 Our business model is based on this
9 framework. All steel processes by Deacero INGETEK,
10 is made entirely from North American content.

11 This is making North America richer,
12 stronger, and safer.

13 The ability of our products to qualify for
14 preferential treatment under the USMCA, is
15 bolstering our ability to invest, innovate, and
16 create new reliable services for our customers.

17 For this reason, we strongly support an
18 extension and a review of the agreement to support
19 and make North America great.

20 Our services and products are facing
21 significant pressure from non-market economies'
22 imports.

23 Addressing this challenge must be a
24 priority in this review. Unfairly traded steel
25 disrupt markets, harm companies, undermines North

1 America jobs, and weakens supply chain.

2 Currently, the agreement does not
3 sufficiently limit the entry of non-regional steel
4 into the North American market.

5 The future of the agreement must
6 therefore, include strengthened Rules of Origin,
7 to reduce reliance on non-regional imports.

8 We support to review the rules so that only
9 true North American steel, steel that is melted and
10 poured entirely within the region, qualifies as
11 originated under USMCA.

12 We also propose that the United States
13 should re-examine the application of Section 232,
14 steel tariff, to USMCA partners.

15 Deacero INGETEK value-added engineering
16 services and fabricate the long steel products,
17 produced entirely in North America and free of
18 non-regional content, should be exempt from these
19 measures.

20 The tariff limit our ability to deliver
21 the efficient, timely, and cost effective solutions
22 our U.S. customer require to finish their strategic
23 projects on time, and on budget.

24 Thank you again for the opportunity to
25 present our views today.

1 MR. OLIVER: Thank you, and thank you all
2 for your testimonies. We'll now be turning to our
3 U.S. government officials, to ask you some
4 questions.

5 Just a reminder, each one of you will get
6 one question with a maximum response time of 2
7 minutes. With that, I'll turn to Mr. Watson.

8 CHAIR WATSON: Thank you all again for
9 your testimony. The first question is for Mr.
10 Holder.

11 So in your submission, you discuss the
12 offshoring of hydraulic cylinder production to
13 Mexico, in order to benefit from cheaper steel
14 inputs.

15 Can you tell us more about that concern?

16 MR. HOLDER: Yes, what we've seen over the
17 years is a product from, originating in China, raw
18 material coming in to Mexico.

19 Mexico makes a tube out of that part or
20 some other HDS category, that's assembled into a
21 hydraulic cylinder, and then brought into the U.S.
22 tariff free.

23 That becomes a major problem for us. We
24 love to compete on a head-to-head basis when things
25 are level, but those are numbers that we can't

1 overcome.

2 MR. OLIVER: Thank you for that response.

3 The next question will come from Ms. Demirjian.

4 MS. DEMIRJIAN: Thank you. For Mr.

5 Caryl, you have argued that USTR should pursue
6 heightened content-based Rules of Origin, including
7 labor value content rules.

8 We've heard a couple of different ideas
9 about that already today. How would you, or how
10 do you think labor value content should be
11 incorporated for Rules of Origin for steel?

12 MR. CARYL: Thank you for the question.

13 I think you should replicate what's already overall
14 working, which is the labor value content Rules of
15 Origin for autos.

16 As previous witnesses have mentioned, I
17 think the key will be to determine the right
18 percentages, the right dollar per hour.

19 But it's not broken, you don't need to fix
20 it and reinvent the wheel. I would use the auto
21 rules as the guide.

22 MR. OLIVER: Thank you for your response.

23 The next question will come from Mr. Meakem.

24 MR. MEAKEM: Yes, this is a question for
25 Mr. Pickett. Could you discuss please, what

1 actions Mexico and Canada should take to address
2 global excess capacity, and its impacts on the North
3 American steel supply chain?

4 MR. PICKETT: Yes, appreciate the
5 question. First off, they most certainly should
6 institute measures much like 232 on their own
7 borders.

8 That would be one start to that process.

9 I think that would eventually discourage that
10 excess capacity from coming into those countries,
11 and ultimately being converted into products that
12 get preferential USMCA treatment, become products
13 that get shipped into the America's tariff free,
14 or to America tariff-free.

15 There's various items that's also been
16 suggested in the global forum for excess steel
17 capacity. I would urge them to look at those
18 recommendations as well.

19 The strengthen Rules of Origin, which my
20 colleagues here to the left have talked about, and
21 frankly, everybody on this panel agrees that those
22 should be strengthened.

23 I think you start to talk about the labor
24 value content provision should be strengthened.
25 The auto Rules of Origin should be strengthened.

1 We should address these IMMEX and duty
2 drawback programs. They have also an effect on that
3 global steel excess capacity.

4 There's no reason why those programs
5 should be utilized to circumvent USMCA rules, so
6 thank you.

7 MR. OLIVER: Thank you for your response.
8 The next question will come from Mr. Wesch.

9 MR. WESCH: Mr. Reboulen, good afternoon,
10 this is a two-part question. The first part about
11 the government of Mexico, and the second about your
12 company.

13 Could you please explain your views on
14 actions the government of Mexico should take to
15 address the impact of unfairly traded imports and
16 global excess capacity, on the Mexican steel
17 industry?

18 Second part, does Deacero's Mexican
19 competitors source from producers outside the North
20 American region, other than from China? And if so,
21 from where?

22 MR. REBOULEN: Thank you for your
23 question. If I allow me, you allow me, I would
24 prefer to give you an accurate response to both
25 questions in my post-hearing submission.

1 MR. OLIVER: Thank you for your response.
2 The next question will come from Mr. Saalfield.

3 MR. SAALFIELD: Thank you. For Mr.
4 Villanueva. How can the USMCA be strengthened to
5 maintain and expand U.S. production of nails and
6 other steel products within the United States?

7 MR. VILLANUEVA: Can you repeat the
8 question because I can barely hear you? I'm so
9 sorry.

10 MR. SAALFIELD: Sorry. How can the USMCA
11 be strengthened to maintain and expand U.S.
12 production of nails and other steel products, within
13 the United States?

14 MR. VILLANUEVA: I think the first action
15 that the United States should take is to increase
16 Section 232 on derivative products outside Mexico.

17 If the Mexican producer asks Deacero, it's
18 100 percent compliant with USMCA Rules of Origin,
19 okay, should be if not accepted, pay way less than
20 a normal non-market economy.

21 Now, I'm going to give you an example of
22 nails. Right now I have seven anti-dumping cases
23 against seven countries.

24 And even with those anti-dumping cases,
25 I cannot increase my market share. Why? Because

1 the price difference of the raw materials is so big
2 that manufacturers outside the North American
3 continent, can absorb Section 232 and still be
4 sending materials at a lower price.

5 I hope I explained myself. Thank you so
6 much for the question.

7 MR. OLIVER: Thank you for your response.
8 The final question will come from Mr. Lindner.

9 MR. LINDNER: This is a question for Mr.
10 Larrea. In your submission, you note that the USMCA
11 should exclude steel products and other critical
12 products with Chinese origin content, from
13 qualifying as USMCA-originating goods.

14 Should the USMCA parties also account for
15 steel imported from Chinese owned and operated
16 facilities in third countries?

17 MR. LARREA: Could you repeat that last
18 part? I barely, sorry.

19 MR. LINDNER: Sure. The question was
20 whether you think USMCA parties should also account
21 for steel imported from Chinese owned and operated
22 facilities in third countries.

23 MR. LARREA: Yes, good question. Let me
24 address the first part, the Rule of Origin first.

25 The current USMCA Rules of Origin allow

1 steel products to qualify as USMCA-originating,
2 when they meet specific changes in tariff
3 classification.

4 This means that steel from China and other
5 countries, for instance India, India is big in this
6 kind of situation, can qualify USMCA-originating
7 in certain processes performed in Mexico.

8 As a result, Mexican companies other than
9 Deacero have been able to work within the rules to
10 import cheap steel from China, and India.

11 Perform the minimum processing in Mexico
12 that is required to turn the finished products into
13 a USMCA-originating products.

14 For instance, towers for electric lines.

15 You could bring Chinese or from Vietnam, which is
16 Chinese steel, and assemble in Mexico and add a
17 couple of screws, and say this is Mexican steel.

18 That damage not only the U.S. industry,
19 also the Mexican industry.

20 As a result, Mexican -- Deacero propose
21 to eliminate the tariff shift rules for steel. Only
22 steel that is originally melted and poured in North
23 America should qualify as a USMCA-originating
24 product.

25 This would resolve the issue of products

1 made from Chinese steel, or Indian steel being able
2 to enter the United States duty-free as a
3 USMCA-originating products. Thank you.

4 MR. OLIVER: Thank you, and thank you all
5 for both your testimonies, and your responsiveness
6 to the question. We greatly appreciate it, in
7 addition to your time for being here today.

8 With that, this panel is concluded and I
9 will just ask as you leave, will you please grab
10 your placards and set them right over here. Greatly
11 appreciate it.

12 And with that, will the members of Panel
13 Number 7 please step forward? And please bring your
14 placards as well, and bring them to the front of
15 the room in the order in which you are included in
16 the schedule, and seated.

17 Thank you. And for the members of Panel
18 8 who are in the room currently, we ask that you
19 come forward and please take your reserved seats
20 towards the front of the room.

21 Thank you.

22 CHAIR WATSON: Good afternoon and thank
23 you for being here. So we're going to take the order
24 of our agenda. We're starting with Mr. Stemple,
25 then followed by Mr. Aboud, Mr. Lapidés, Mr. Weber,

1 and Mr. Johnson.

2 So, Mr. Stemple?

3 MR. STEMPLE: Thank you, my name is Buddy
4 Stemple and I serve as the President of Constellium,
5 Muscle Shoals, and Bowling Green, in Alabama and
6 Kentucky. I've spent more than 40 years in this
7 industry.

8 Constellium is a leading downstream
9 aluminum manufacturer supplying advance materials
10 to critical U.S. sectors, such as aerospace,
11 defense, automotive, and packaging.

12 Our products support some of America's
13 most strategic programs from armored plate used in
14 military vehicles, to aerospace alloys for fighter
15 aircraft.

16 We generate roughly \$300 billion in
17 revenue in the U.S., and operate facilities in West
18 Virginia, Alabama, Michigan, Kentucky, and Georgia,
19 employing about 4,000 American workers.

20 We've invested over \$2.5 billion recently
21 in our U.S. operations. And these are long-term
22 commitments to American manufacturing, American
23 workers, and American national security.

24 The U.S. aluminum industry and Constellium
25 in particular, benefitted significantly from the

1 policies implemented during President Trump's
2 first, and second terms.

3 He was the first president to recognize
4 the challenges facing the aluminum industry, and
5 took decisive steps to ensure a level playing field,
6 including the implementation of strong trade
7 actions to address unfairly subsidized imports, and
8 ensure U.S. aluminum production remains resilient
9 and competitive.

10 These steps created the stability for
11 necessary investment, job growth, and expansion
12 across the aluminum value chain.

13 The USMCA was one of the major
14 accomplishments of President Trump's first term,
15 and our industry supports its continuation provided
16 it is strengthened to work as intended.

17 Constellium fully supports the aluminum
18 association's submission for this review, and I
19 would like to highlight a few points that are
20 essential to ensuring USMCA protects North American
21 from unfair trade.

22 The first priority must be closing the
23 loopholes that China is actively exploiting in the
24 agreement. Chinese subsidized aluminum
25 overcapacity remains a central threat to our

1 industry.

2 While direct imports into the U.S. have
3 been limited by effective trade measures, China has
4 found new pathways most notably through China and
5 through Mexico and Canada, where few protections
6 exist against non-market economy metal in that
7 place.

8 This allows aluminum parts and products
9 to be fabricated with subsidy driven Chinese
10 aluminum, and then shipped duty-free into the United
11 States.

12 Between 2017 and 2025, Chinese exports of
13 subsidized aluminum coil to Mexico alone, increased
14 by 265,000 metric tons, or a 480 percent increase.

15 That's the equivalent of our rolling mill
16 in Alabama.

17 At the same time, price disparities are
18 stark. The available data indicates that the
19 Chinese coil can sell for a U.S. \$2,300.00 per ton,
20 while U.S. purchasers of duty paid regionally
21 delivered metal, are paying \$4,700.00 a ton.
22 That's a 50 percent cost gap.

23 The version of low-priced Chinese metal
24 also undermines our access to Canadian and Mexican
25 markets. It hurts our customers here at home.

1 We are already seeing unfairly traded
2 Chinese aluminum being processed into cans in
3 Mexico, and shipped back into the U.S. tariff-free,
4 creating a major market distortion for our
5 operations.

6 Second, tariff harmonization is
7 essential. A strong North American aluminum market
8 requires aligned tariffs and enforcement mechanisms
9 across all three USMCA partners.

10 Harmonization should at a minimum, match
11 the scope of U.S. Section 232 tariffs, and include
12 robust enforcement mechanisms for non-compliance.

13 These measures should be prerequisites for
14 Mexico and Canada to receive preferential tariff
15 treatment.

16 If these commitments are not made before
17 the review, our industry supports maintaining the
18 existing tariffs.

19 For this reasons, we request that the
20 Section 232 tariffs remain in place, and that no
21 consideration should be given to lifting them for
22 Mexico or Canada, unless each country adopt fully
23 harmonized tariffs and enforcement, including on
24 derivative products.

25 And lastly, USMCA should ensure a free flow

1 of aluminum scrap to North America. U.S. scrap
2 exports have risen sharply in recent years, often
3 ending up in China, or directly in their third-world
4 countries.

5 And the U.S. runs an annual trade deficit
6 of roughly 1.3 million metric tons of aluminum
7 scrap.

8 At the same time, U.S. manufacturers rely
9 heavily on scrap within North America. Nearly 90
10 percent of the 700,000 metric tons of imported scrap
11 come from Canada and Mexico.

12 Scrap is a critical input to preserving
13 the free flow of aluminum in North America. And
14 it is essential.

15 Scrap represents close to 80 percent of
16 the input for our plant in Alabama.

17 And in closing, Constellium is committed
18 to expanding U.S. manufacturing, creating high
19 quality jobs, and assuring the U.S. aluminum
20 industry remains the strongest in the world.

21 But that requires a USMCA that works as
22 intended, protecting North America from unfair
23 trade, and not opening a back door to it.

24 Thank you for your time, your leadership,
25 and your commitment to strengthen the North American

1 manufacturing.

2 MR. OLIVER: Thank you for your testimony.

3 With that, we'll move to the next witness.

4 MR. ABOUD: Good afternoon, I am Matt
5 Aboud, Senior Vice President of Strategy and
6 Business Development, for Century Aluminum Company.

7 I thank USTR for the opportunity to be here
8 today to discuss how the operation of the USMCA is
9 critical to the success of the domestic primary
10 aluminum industry, and aluminum value chain.

11 A strong and effective U.S. trade policy
12 including the Section 232 program, is a foundational
13 pillar to the future of our industry.

14 Century is the largest producer of primary
15 aluminum in the United States. We have three U.S.
16 smelters in Sebree, Kentucky, Hawesville, Kentucky,
17 and Mt. Holly, South Carolina, that provide more
18 than 1,300 American jobs.

19 Primary aluminum is of vital importance
20 to the national security, economy, and energy
21 infrastructure of the United States.

22 While the U.S. was once the world's largest
23 producer with 22 smelters in the year 2000, today
24 we only have four in operation.

25 Over the last 20 years, global excess

1 capacity has flooded into the United States, killing
2 domestic aluminum companies, forcing the closure
3 of plants, and destroying thousands of industry
4 jobs.

5 The American aluminum industry will not
6 recover if U.S. trade measures including the 232
7 program, continue to be undermined by unfairly
8 traded imports, including aluminum entering from
9 both Canada and Mexico using loopholes in the USMCA.

10 Given how primary aluminum is priced and
11 sold, unfairly traded imports come at the direct
12 expense of U.S. industry.

13 Because primary aluminum is a globally
14 traded commodity, all primary aluminum producers
15 are price takers.

16 As a result, foreign governments in
17 aluminum exporting countries like Canada, China,
18 India, and the Middle East, provide massive
19 subsidies to maintain and expand capacity, which
20 serves to feed the global capacity crisis.

21 The London Metal Exchange or LME, where
22 aluminum is traded, reflects total global supply
23 and it transmits the perverse effects of these
24 subsidies the market, regardless of source.

25 For example, unlike in the United States,

1 Canada has been providing its primary aluminum
2 producers with highly subsidized electricity for
3 decades, shielding Canadian producers from rising
4 electricity costs.

5 Since aluminum production is energy
6 intensive, electricity subsidies play a major role
7 in unfairly driving down these costs.

8 These subsidies and other policies provide
9 Canadian producers with an unfair advantage
10 compared to U.S. producers, making current trade
11 relief on all sources of aluminum imports essential.

12 One way that the U.S. has attempted to
13 combat this excess global capacity, is with the
14 Section 232 program.

15 The effects of the tariff are reflected
16 in the Mid-West premium, which is added to the base
17 aluminum price reflected by the LME.

18 However, carve outs to the program, such
19 as country exemptions and product exclusions,
20 dilute the program and shifts profits to the
21 exempted country.

22 As was the case when Canada and Mexico were
23 previously exempted by the Biden administration.

24 When the previous administration bestowed
25 Canada and Mexico with an exemption, and further

1 failed to enforce the program, the entire U.S.
2 aluminum chain suffered.

3 Canadian aluminum imports surged. The
4 Mid-West premium declined, and U.S. smelters
5 closed.

6 At the same time, downstream producers
7 like extruders, saw their profits shift to Canadian
8 producers and their market share collapsed due to
9 a surge of Mexican extrusions.

10 Independent industry analyst Harbor
11 Aluminum, reports that Canadian primary producers
12 enjoyed hundreds of billions of dollars in windfall
13 profits, as a result of their exemption from the
14 10 percent tariff.

15 Any beneficial tariff treatment given to
16 Canada or Mexico, will repeat the same mistake.

17 USMCA negotiations cannot be used as a
18 backdoor means to carve out, to obtain a carve out
19 from the Section 232 program.

20 We are grateful that the Trump
21 administration recognized the negative effects of
22 Canadian and Mexican imports on the domestic
23 aluminum industry, by properly reimposing the
24 Section 232 measures, and saving our industry.

25 Trade safeguards such as the 232 program

1 have allowed us to stabilize and reinvest, but they
2 must remain in place. Again, without exclusions
3 or exemptions.

4 There have been two recently announced
5 investment projects to build the first new smelters
6 in the United States in more than 50 years.

7 Granting Canada an exemption will make it
8 unlikely that these smelters will be built, and
9 ensure that the U.S. becomes dependent on Canada
10 and other imports, for aluminum.

11 In addition to not excluding any producer
12 from the 232s, Century proposed eight measures in
13 our comments that should be implemented in the
14 USMCA, to complement existing U.S. trade measures.

15 For example, USMCA should be amended to
16 require that certain aluminum products must contain
17 only aluminum that is smelt and cast in member
18 countries.

19 In addition, certain aluminum articles
20 imported into the U.S. from Canada or Mexico, must
21 contain a portion of raw aluminum that was U.S.
22 produced.

23 These measures will help prevent Canada
24 and Mexico from being used as a conduit for distorted
25 subsidized third-country aluminum, in both primary

1 and downstream form.

2 A strong domestic aluminum industry is
3 critical to a secure America. As the largest
4 American primary producer, Century looks forward
5 to assisting USTR to strengthen the USMCA.

6 We appreciate the opportunity to be here,
7 and I look forward to answering any questions.
8 Thank you.

9 MR. OLIVER: Thank you for your testimony,
10 and we'll now move to the next witness.

11 MR. LAPIDES: Good afternoon, can you hear
12 me okay? Good. My name is John Lapides. I'm
13 Chairman and CEO of United Aluminum Corporation,
14 in North Haven, Connecticut.

15 We're a fourth -- fifth generation re-roll
16 mill, and we were founded in 1891, and began rolling
17 in 1915.

18 United was actually a founding member of
19 the Aluminum Association in 1933.

20 This year, the Chinese are on pace to
21 export 1.38 billion pounds of subsidized aluminum
22 coil, that's 7606, into Mexico and Canada. That
23 is the capacity of a major U.S. rolling mill.

24 Our industry is under siege and in fact,
25 four U.S. aluminum rolling mills have been shuttered

1 in the last 18 months, and I visited three of them
2 and it's not a pretty sight.

3 Duty-free access provided by USMCA has
4 incentivized massive investment in manufacturing
5 away from the United States, and into Mexico and
6 Canada for downstream products.

7 Cheap inputs of Chinese coil can thereby
8 be transformed into derivative parts and products,
9 which then qualify for USMCA import into the U.S.
10 duty-free.

11 In that way, the Chinese are able to avoid
12 tariffs and anti-dumping countervailing measures
13 that have been imposed on China for shipments that
14 come directly into the United States.

15 The result is not good. It's resulted in
16 a loss of U.S. jobs and opportunity for our middle
17 class, and a loss of capital investment, which I
18 might say was reflected in my mill tours on the
19 closure of the mills in West Virginia. And in New
20 Jersey.

21 Moreover, we're losing our know-how and
22 our ability to make the important spares and parts
23 that we need in order to keep these mills running,
24 and to make other manufacturing successful.

25 We're losing in effect, our manufacturing

1 infrastructure necessary to retain defense
2 readiness.

3 This leaves the United States vulnerable,
4 and it needs to be reversed. You see that in the
5 lead times for armaments that I've been reading
6 about.

7 Missiles in 2030, and other needed
8 armaments that we really can't get in a reasonable
9 timeframe, to defend our shores.

10 USTR needs to address the flaws of USMCA,
11 as well as China's likely response, which will be
12 to invest in any country and any venue that has duty
13 favored access to the United States.

14 Since 2019 the U.S. has tried to get Mexico
15 and Canada to implement monitoring, and to limit
16 the import of Chinese aluminum. All without
17 success.

18 These actions are not in their
19 self-interest as each have limited rolling mill
20 assets, and are incentivized to grow downstream jobs
21 in metal working.

22 Therefore, we should not count on Mexico
23 or Canada to cooperate. It's just not in their
24 interest.

25 Instead, we must implement new controls,

1 which need to be enforceable at the U.S. border.

2 We should reinforce the goals of Section
3 232 duties, while recognizing that 232 as a solution
4 cannot be presumed to be permanent.

5 Specifically, here are my recommendations
6 of what we believe USTR needs to do.

7 Number one is to allow U.S. rolling mills
8 to compete in Mexico and Canada, which we cannot
9 do now. We cannot be competitive in either country.

10 Create a Rule of Origin that metal
11 qualifying for USMCA must be melted and cast in North
12 America, regardless of substantial transformation
13 into derivative products.

14 Number two, this USMCA Rule of Origin of
15 melt and cast designation would exclude smelted
16 products, allowing the U.S. to import smelted ingot,
17 secondary ingot, and rolling slab used in rolling
18 mills.

19 We just don't have enough self-supply.
20 We can only supply about 70 percent of our own needs.

21 Three, maintain duty-free U.S. access to
22 scrap supply.

23 Number four, allow stampers and other
24 downstream manufacturers to compete on a level
25 playing field with Mexico and Canada, who no longer

1 would have the advantage of Chinese subsidized
2 inputs.

3 Number five, however, USMCA should exclude
4 any aluminum imported into Mexico and Canada, and
5 which, and from China.

6 I'm sorry, imported into Mexico, Canada,
7 and the U.S. from China and Russia, and other
8 countries that have been, even if it is
9 substantially transformed in Mexico and Canada.

10 USMCA should use substantial ad valorem
11 penalties on U.S. importers found to be using
12 Chinese, Russian, or transshipped aluminum.

13 Number six and almost near the end.
14 Prevent Mexican and Canadian entities from using
15 duty drawback programs, such as the Mexican IMMEX
16 program.

17 These programs allow companies to paper
18 log a duty, which is then negated by the government
19 upon export.

20 Number seven, don't rely on Canadian or
21 Mexican import monitoring or tariff harmonization.

22 It's not in their self-interest to eliminate
23 subsidized inputs.

24 Number eight, require importers to present
25 origin certificates for melt and cast, and smelt

1 origin to accompany bills of lading at the U.S. port
2 of entry for all derivatives containing aluminum.

3 This will chill cheating.

4 Number eight and finally, ensure that U.S.
5 Customs and Border Protection continues to have the
6 power to require importers to bond or post cash,
7 to prevent evasion where there is no recourse,
8 effective recourse.

9 Thank you for your consideration.

10 MR. OLIVER: Thank you for your testimony.

11 We'll now move to the next witness.

12 MR. WEBER: Good afternoon. I am Jason
13 Weber, President of the Aluminum Extruders Council,
14 or the AEC.

15 The AEC is a trade association dedicated
16 to serving the needs of aluminum extruders.

17 The AEC members account for a significant
18 majority of U.S. aluminum extrusion production,
19 with over 80 extrusion operations across 31 U.S.
20 states.

21 U.S. aluminum extruders employ more
22 workers than any other part of the aluminum value
23 chain in the U.S.

24 Aluminum extrusions are used in numerous
25 applications, including automotive and

1 transportation, building and construction, and
2 energy infrastructure.

3 I'm pleased to be here today to represent
4 the AEC, and to share how the USMCA can be improved
5 to support the domestic aluminum extrusion
6 industry.

7 The USMCA must be strengthened to ensure
8 that loopholes are closed, and that its provisions
9 do not undermine important American manufacturing
10 industries like the extrusion industry.

11 While the USMCA made progress in improving
12 NAFTA's problems as part of the initial agreement,
13 aluminum imports from both Canada and Mexico were
14 exempted from existing 232 measures.

15 Almost immediately, extrusion imports
16 from Mexico surged into the U.S. to the detriment
17 of the domestic industry.

18 Shortly thereafter, all extrusions were
19 exempted from the 232 program, through the general
20 approved exclusion process, accelerating an already
21 growing surge of unfairly traded imports.

22 Not until President Trump strengthened the
23 aluminum 232 program this year, did U.S. producers
24 finally see some much needed relief.

25 It is critical that in this renewed

1 negotiation, we do not repeat the same mistake.
2 For the section 232 program to work as intended,
3 there can be no exclusions and no exemptions.

4 USMCA rules must also be strengthened to
5 prevent China, and other countries from exploiting
6 the agreement to gain access to the U.S. market.

7 For example, in addition already highly
8 subsidized Mexican extruders, Chinese companies
9 have invested billions to significantly expand
10 their extrusion capacity in Mexico.

11 Beyond these investments, Chinese
12 companies are shipping extrusions into Mexico for
13 processing, and finishing into parts.

14 Currently, these parts are often treated
15 as Mexican even though they are not, and given USMCA
16 treatment.

17 This agreement must be revised to prevent
18 this. Producers have also moved large assembly
19 operations for products like cars, trucks,
20 appliances, and trailers, to Mexico to gain access
21 to highly subsidized Chinese parts and exploit USMCA
22 loopholes.

23 This problem existed under NAFTA, has
24 accelerated as Chinese companies have flooded
25 Mexico with investments, and continue to siphon off

1 U.S. production.

2 Although the 232 program addresses some
3 of the problems, it only works if there are no
4 exclusions, and no exemptions.

5 Carve outs such as those that were imposed
6 in the auto and heavy truck 232 program, compound
7 the problem.

8 For example, about one-third of all U.S.
9 produced aluminum extrusions are used in automotive
10 and transportation applications, yet the auto and
11 truck 232 fully exempt USMCA compliant parts from
12 the program.

13 On top of that, both Canada and Mexico
14 process significant amounts of Chinese and other
15 third country extrusions into auto and truck parts
16 that compete directly with U.S. extruders.

17 Often, the Rules of Origin confer USMCA
18 treatment to these parts, despite being produced
19 from Chinese and third country extrusions.

20 This is particularly problematic in
21 Mexico.

22 The U.S. aluminum industry cannot afford
23 to have the effectiveness of the aluminum 232
24 dampened through loopholes and USMCA rules, or other
25 exemptions in various Section 232 programs.

1 To address these issues, the AEC proposes
2 several amendments to the USMCA, which we detailed
3 in our comments.

4 Of utmost importance, there must be a U.S.
5 content requirement to stop the hollowing out of
6 the U.S. aluminum supply chain.

7 The USMCA Rules of Origin should be revised
8 to at a minimum, U.S. content requirement for
9 extruded aluminum and aluminum intensive products
10 imported into the United States from Canada and
11 Mexico.

12 This requirement would apply to any
13 aluminum article or derivative aluminum article
14 subject to the aluminum, auto, or heavy truck 232
15 programs that contains extruded aluminum.

16 Or any part that contains such an aluminum
17 article, or derivative aluminum article.

18 A U.S. content requirement will help
19 prevent USMCA from being used to try and ship
20 non-North American aluminum into the United States.

21 And it is also necessary to prevent a surge
22 of downstream aluminum imports from Canada and
23 Mexico, which are displacing U.S. production.

24 Imposing a U.S. extruded requirement for
25 imports into the United States is critical to ensure

1 that the USMCA does not disadvantage American
2 manufacturing, and stops the continued offshoring
3 of U.S. extrusion production to Mexico.

4 The USMCA should also be amended to ensure
5 that goods produced and exported under one of
6 Mexico's many duty exemption programs, cannot
7 obtain preferential USMCA treatment.

8 These programs are tied to the
9 re-manufacture and re-export of imported goods to
10 third country markets.

11 As our members have experienced, such
12 programs facilitate the circumvention of U.S. trade
13 measures, and allow Mexico to incentivize Chinese
14 and other non-market economy capacity to use the
15 USMCA as a conduit to ship subsidized products into
16 the United States.

17 This targets the U.S. market with
18 subsidized global excess capacity, and results in
19 lost sales, revenue, and ultimately market share
20 for U.S. manufacturers and their input suppliers.

21 By ensuring that the USMCA strengthens its
22 support, rather than work against U.S. trade
23 measures like the Section 232 program, the United
24 States will be on a path to support an American
25 aluminum value chain, and thousands of U.S.

1 manufacturing jobs.

2 I thank you for your time and I look forward
3 to answering your questions.

4 MR. OLIVER: Thank you for your testimony.

5 We'll now go to the final witness from this panel.

6 MR. JOHNSON: Thank you very much. As
7 President and CEO of the Aluminum Association, I
8 speak for more than 70 percent of aluminum
9 production and fabrication in the United States
10 market.

11 Our companies produce everything from the
12 materials that allow flight to fireworks. From
13 national defense to food security.

14 And we appreciate the opportunity to
15 participate in today's hearings. We appreciate the
16 work of USTR, and this administration, to strengthen
17 the U.S., Mexico and Canadian agreement negotiated
18 in President Trump's first term.

19 The USMCA helped to stabilize our industry
20 and encouraged more than \$10 billion of investment,
21 including two new rolling mills for the first time
22 since 1980.

23 And I must note that aluminum production
24 in the United States, is a bright spot in American
25 manufacturing.

1 We are growing, and we want to continue
2 to grow. However, unfairly subsidized aluminum
3 from China continues to flow into North America,
4 often entering through Mexico and undermining that
5 progress.

6 As an example, compared to 2017 imports
7 of Chinese coil into the region have surged more
8 than 300 percent, displacing U.S. sales and moving
9 American manufacturing to Mexico and offshore.

10 Chinese exports of subsidized coil to
11 Mexico are up more than 470 percent in 2025, compared
12 to 2017.

13 In total, these new subsidized imports are
14 the equivalent to the very rolling mills that we
15 are endeavoring to open today.

16 Without action, the U.S. risks becoming
17 an assembly nation instead of a true manufacturing
18 power.

19 And this could have serious consequences
20 for our workforce, our communities, and our national
21 security.

22 There are several concrete actions that
23 USTR and all USMCA partners can take, to strengthen
24 American production in the region, and ensure
25 competitiveness into the future.

1 First, Mexico must immediately establish
2 a comprehensive aluminum import monitoring system
3 as both the U.S. and Canada have done, to track the
4 country of smelt and cast for all aluminum products.

5 This was a commitment in 2019 and remains
6 unmet.

7 Second, all three countries must harmonize
8 tariffs and close loopholes that allow non-market
9 economy metal to enter the region duty-free.

10 Tariff harmonization across North America
11 should match the scope and strength of the U.S.
12 Section 232 measures from unwrought through
13 derivative listed products, with clear enforcement
14 against evasion.

15 Third, strength the Rules of Origin.
16 Products containing any Chinese or other non-market
17 aluminum, should not qualify for USMCA benefits.

18 The agreement should include clear
19 regional value content requirements, and apply to
20 all forms of aluminum. Upstream, midstream, and
21 downstream.

22 Fourth, protect the free flow of aluminum
23 scrap within North America, while preventing
24 exports of scrap to non-market economies like China.

25 Scrap is a vital feedstock for the new U.S.

1 investments as well as for the industry as a whole,
2 including the two new rolling mills that are being
3 built in Alabama and Mississippi.

4 Quite frankly, scrap is more than half of
5 the metal that we use each year, and we must maintain
6 our access to it.

7 Finally, we urge the administration to use
8 Section 232 authority to address imports of
9 downstream products that incorporate unfairly
10 traded aluminum, specifically taking a step to apply
11 232 tariffs to products fabricated in Mexico or
12 Canada, with any imported material that is currently
13 under AD/CVD orders in the United States.

14 In short though, a renewed but
15 strengthened USMCA must deliver on its original
16 promise.

17 A level playing field for North American
18 manufacturers and workers, with strong monitoring,
19 harmonized tariffs, and fair Rules of Origin, we
20 can ensure that the benefits of USMCA flow to the
21 U.S., to Canada, and to Mexico, and not to subsidized
22 producers such as China.

23 We appreciate this opportunity and the
24 Aluminum Association stands ready to partner with
25 the administration in any way that can be helpful,

1 as you work through this process.

2 MR. OLIVER: Thank you and thank you all
3 for your testimonies, we greatly appreciate it.

4 With that, we will now turn to our
5 government panel on the dais. Just as a reminder,
6 each witness will get one question with a maximum
7 of 2 minutes response.

8 And with that, we'll turn to Mr. Watson.

9 CHAIR WATSON: So the first question is
10 for Mr. Stemple. And you have talked about this
11 and actually we've heard this from a number of people
12 on this panel, and in others.

13 But you've highlighted the importance of
14 full tariff harmonization across the United States,
15 Canada, and Mexico, to prevent circumvention.

16 So there are two parts to this. So which
17 products should be considered for tariff
18 harmonization?

19 And would this apply to imports from all
20 non-North American producers, or just certain
21 countries?

22 MR. STEMPLER: My suggestion would be that
23 it should be all aluminum products for that basis.

24 We've seen that even though Canada did make an
25 attempt, they did not go far enough.

1 And we have lost business in the last 3
2 years that has moved from the United States to
3 production in Canada.

4 And we were the supplier in the United
5 States, and that was now done by Chinese material.

6 Can you repeat the second part of your
7 question, sir?

8 CHAIR WATSON: So when you're looking at
9 the tariff wall, are you looking to exclude all
10 non-North American content or just from certain
11 countries?

12 MR. STEMPLE: I would be looking for all.
13 What you find is the Chinese are masters at
14 circumvention.

15 In this room in 2017 I testified on the
16 common alloy case from China, which was successful.

17 Two years later, we were back with another
18 case against 16 other countries where they had moved
19 to find duty-free access to this market. And they
20 are masters at that.

21 MR. OLIVER: Thank you for your response.
22 The second question will come from Ms. Demirjian.

23 MS. DEMIRJIAN: Thank you and I have
24 actually the same question for both Mr. Lapidés,
25 and Mr. Aboud.

1 And that is with regard to the duty
2 drawback programs, and duty deferral programs in
3 Mexico, in your view do Canadian producers of
4 aluminum and aluminum products, are they able to
5 take advantage of those programs as well?

6 MR. ABOUD: Well, when it comes to this
7 whole concept of harmonizing tariffs and getting
8 alignment between the three countries, so maybe to
9 steal a little bit from Mr. Stemple.

10 While Century agrees that Canada and
11 Mexico need to adopt stronger tariff policies and
12 harmonizing with U.S. is a great step, I want to
13 be clear that that shouldn't mean that then trade
14 barriers between the three countries should be
15 eliminated.

16 The goal of this program, this USMCA, is
17 not to create a customs union. This is not the EU.
18 This is supposed to be a free trade agreement.

19 And the fear is that due to the specific
20 advantages that Mexico and Canada have, if there
21 is a duty-free regime like the so-called Fortress
22 North America concept, what ends up happening is
23 the U.S. manufacturers get hollowed out, that the
24 downstream will go to Mexico because of the inherent
25 labor and regulatory advantages they have, and the

1 unrod (phonetic) or primary industry will go to
2 Canada, due to their domestic electricity
3 subsidies.

4 So when it comes to these programs, we
5 think harmonization is great but let's, we have to
6 maintain the same barriers in place between U.S.,
7 Mexico, and Canada.

8 MR. LAPIDES: I have a similar view. And
9 that is that IMMEX as I understand it, and I'm not
10 an expert in it, I haven't done it first-hand.

11 But what we understand is that it's
12 essentially a paper transaction that you, that a
13 company will declare that they're intending to
14 export it to the U.S. or wherever, and then the paper
15 transaction when they export it is closed.

16 But there's no money put up. So there's
17 really, it really has no teeth. And I don't know
18 what happens if in fact, they don't export it but
19 they have every incentive to export it into the
20 United States and they do.

21 And that's reinforced by the fact we can't
22 be competitive on any product in Mexico. We do sell
23 a small amount because we're a specialty
24 manufacturer.

25 We do things that are difficult for people

1 to either get, or to make. So we get some business,
2 but it's a fraction of what we used to get.

3 And Canada's the same thing. All the
4 distributors are loaded with Chinese metal. Our
5 direct customers in Canada have all converted as
6 much as they can, to China.

7 I meant to say all the distributors in
8 Canada are loaded with Chinese metal. Effectively,
9 we're shut out of that market.

10 And a buddy mentioned to me at one point
11 before, that they used to when he was with
12 Constellium, they used to sell 24 million pounds
13 to Canada, and now they don't sell anything to
14 Canada.

15 And I think that every manufacturer that
16 I've talked with the in U.S., Noranda, Arconic,
17 Constellium, ourselves, we're just shut out of those
18 two markets.

19 MR. OLIVER: Thank you for your response.

20 The next question will come from Mr. Meakem.

21 MR. MEAKEM: This is actually a question
22 for Mr. Lapidés. In your submission, you recommend
23 that the United States prevent Mexican and Canadian
24 entities from using duty drawback programs, which
25 create preferential entry loopholes for aluminum

1 derivative articles.

2 Either now or in your post-hearing
3 submission, could you provide further information
4 on any duty drawback or duty reduction programs
5 Canadian manufacturers of these products benefit
6 from?

7 MR. LAPIDES: I have no firsthand
8 knowledge of that.

9 (Simultaneous speaking.)

10 MR. MEAKEM: Yes --

11 MR. LAPIDES: Is it, I'm sorry, go ahead,
12 please.

13 MR. MEAKEM: Apologies for the confusion.

14 This is actually one for Mr. Weber. In your
15 submission, you recommend that the United States,
16 okay, this is the same question actually now.

17 All right, apologies. I'll repeat it for
18 you. In your submission, you recommend that the
19 United States prevent Mexican and Canadian entities
20 from using duty drawback programs, which create
21 preferential entry loopholes for aluminum
22 derivative articles.

23 Either now or in your post-hearing
24 submission, could you provide further information
25 on any duty drawback or duty reduction programs

1 Canadian manufacturers of these products benefit
2 from?

3 MR. WEBER: As Mr. Lapidés started his
4 answer to that question, I don't have any specific
5 information regarding the Canadian duty drawbacks,
6 if any.

7 But we can definitely provide that in our
8 post-hearing comments to you.

9 MR. MEAKEM: Thank you.

10 MR. OLIVER: Thank you for your response.

11 MR. LAPIDÉS: If I may comment? If it
12 walks like a duck and it quacks like a duck, it's
13 probably a duck.

14 And in this case, I don't know their
15 methodology. I just know the outcome. The outcome
16 is we are totally uncompetitive.

17 So you kind of, you know there's some
18 mechanism that they are using, and you don't know
19 necessarily what it is, but you know the effect.

20 And the effect is that American producers
21 of sheet and coil, cannot be competitive in Canada
22 and Mexico.

23 And I see that because I read all our market
24 reports every week, and I hear it from colleagues
25 in the rolling business. Very large companies

1 can't be competitive in either Mexico or Canada.

2 MR. OLIVER: Thank you for the responses.

3 And the next question will come from Mr. Wesch.

4 MR. WESCH: Mr. Johnson, good afternoon.

5 In your submission, you recommend that the USMCA
6 Rules of Origin should be strengthened to ensure
7 that China and other non-market economies do not
8 benefit from the agreement.

9 Given that enhanced Rules of Origin are
10 designed to increase manufacturing in the North
11 American supply chain, why should enhanced Rules
12 of Origin not be applied to all non-North American
13 producers?

14 MR. JOHNSON: First and foremost, the
15 United States with the loss of our smelting capacity
16 as a metal taking country, and so now and for the
17 foreseeable future, we will continue to import metal
18 from abroad.

19 And we do have value trading partners, and
20 we believe with the attention that this
21 administration is providing to these trade
22 relationships, that we can continue some of those
23 trade relations in a reasonable fashion.

24 However, we have been highlighting for
25 over, for almost 20 years now, the state

1 subsidization of the Chinese market and the
2 undercutting of the global aluminum markets that
3 have led to the hollowing out of the primary sector
4 in the United States.

5 And our worries now that as China invests
6 in remelt capacity and semi-fabrication, that we
7 are going to see those market dynamics replicated
8 in the remelt sector in the United States, and
9 downstream.

10 We continue to focus on this issue of
11 Chinese state subsidization, and the movement of
12 that metal through third party countries, as the
13 root cause of the disruption of global aluminum
14 markets.

15 And a threat to U.S. manufacturing. And
16 that is why we continue to focus on that underlying
17 issue.

18 We have added Russia to that list as the
19 conflict in Ukraine has led to a glut of Russian
20 metal at discounted prices, that is seeking markets
21 of last resort.

22 With all of that said, we believe that a
23 strong regional trade agreement that excludes this
24 material from the U.S. market or at minimum, denies
25 the benefits of the USMCA agreement to that metal,

1 can provide the market dynamics that will lead to
2 the future success of U.S. manufacturing.

3 I would also note though, that it is
4 critical that we have effective and comprehensive
5 aluminum import monitoring, or we're not going to
6 know the origin of that metal within our own markets.

7 And that is why we have continued to focus
8 on the reporting of country of last smelt, and
9 country of last cast.

10 MR. OLIVER: Thank you again for all of
11 your testimonies, for your responsiveness. Do we
12 have one more quick response before we head out?

13 MR. LAPIDES: I do. Thank you. The U.S.
14 is short of smelting capacity, we know that. We
15 need electricity in order to induce people to, we
16 need better energy supply over a long period of time,
17 to induce people to invest in that smelting
18 capacity.

19 So we do need to import. The problem
20 however, is that the Chinese are, or Russia, will
21 try to circumvent USMCA by shipping material into
22 Mexico through other countries that may remelt it.

23 And that's why the melt and cast, or a Rule of Origin
24 is important.

25 And then, use that as a conduit, use that

1 as a conduit. Use USMCA as a conduit to ship into
2 the United States.

3 So I think the issue for us is that when
4 you used subsidized products inputs, Chinese
5 inputs, Russian inputs in different countries, that
6 provides a vehicle for undermining USMCA because
7 they can import those in through, into Mexico, make
8 the derivative products, and then ship it into the
9 U.S. duty-free.

10 And the other problem is remelting.
11 People will take Chinese or Russian ingot, and we
12 had that situation a number of years ago you may
13 be recall that, where there was a melt and
14 transshipment issue out of I think it was Vietnam
15 where they melted, they sent in skids and they said
16 that they were Vietnamese origin.

17 But in fact, it was Chinese metal that had
18 been cast into a product, which was a skid of some
19 kind, shipped into Mexico, and then the origin
20 supposedly was Vietnam. But they have no smelters
21 there.

22 So I think there's this tremendous problem
23 of transshipment and the only way to really stop
24 that, and to stop the use of duty-free access to
25 the United States, is to cut off the supply of

1 Chinese and Russian metal that is then transshipped
2 into a country, shipped into Mexico, and then used
3 as duty-free access into the United States. Thank
4 you.

5 MR. OLIVER: Thank you all for sharing
6 your testimonies, once again for your
7 responsiveness to the questions, and for taking the
8 time to be with us here today. We really appreciate
9 it.

10 As I release you all with the conclusion
11 of this panel, if you'll please grab your placards
12 and set them over here at the end of this table,
13 we greatly appreciate it.

14 Once again, we are ahead of schedule so
15 we are going to take about a 40 minute break, and
16 we will reconvene at about 3:45.

17 We ask that the members of the next panel,
18 Panel 8, please be back here at 3:40 so that we can
19 get started promptly then. Thanks.

20 (Whereupon, the above-entitled matter
21 went off the record at 3:07 p.m. and resumed at 3:42
22 p.m.)

23 MR. OLIVER: Thank you, welcome back from
24 the break everybody. For those of you joining for
25 the first time, welcome. A couple of housekeeping

1 notes, just as a reminder for those of you that are
2 just joining, each of the witnesses will give a
3 maximum of five minutes of remarks.

4 The lights right here and around the room
5 will turn green once the time has started, will turn
6 yellow when you have one minute remaining, and will
7 start blinking red once you're out of time. So we
8 just ask that you respect the lights.

9 Each witness will then get one question
10 after all of you have given your testimony, and that
11 response will be limited to two minutes. With that,
12 I'll turn it to Mr. Watson.

13 CHAIR WATSON: Good afternoon. Welcome
14 to Panel 8, and we do have some new government
15 officials, so let's go ahead and do a quick round
16 of introductions.

17 MR. LEDGERWOOD: Hi, my name is Brian
18 Ledgerwood, I'm with the U.S. Department of
19 Commerce, the International Trade Administration.

20 I'm the acting office director for the Office of
21 Materials Industries.

22 MS. DEMIRJIAN: Good afternoon, I am
23 Sushan Demirjian, I am the assistant U.S. trade
24 representative for small business, market access,
25 and industrial competitiveness.

1 CHAIR WATSON: And I'm Daniel Watson, I'm
2 the assistant USTR for the western hemisphere.

3 MR. WESCH: Good afternoon, I'm Ricky
4 Wesch, the western hemisphere regional coordinator
5 for bilateral trade affairs at the State Department.

6 MR. JARAND: And I am Michael Jarand,
7 deputy director of the Office of Trade and
8 Investment Policy at the U.S. Department of the
9 Treasury.

10 CHAIR WATSON: Okay, let's get started.

11 So we'll take the testimony in the order of the
12 agenda starting with Mr. Meisner.

13 MR. OLIVER: If you'll please turn on the
14 mic? Perfect, thank you.

15 MR. MEISNER: Okay, I'll start over, sorry
16 about that. Good afternoon, thank you again. My
17 name is Luke Meisner from the Law Firm of Schagrin
18 Associates. I am here on behalf of the American
19 Kitchen Cabinet Alliance, which represents U.S.
20 manufacturers of wooden cabinets, vanities, and
21 related parts.

22 This industry supports more than 250,000
23 American jobs, many in small towns and rural
24 communities that have borne the brunt of decades
25 of offshoring. Let me start today with the bottom

1 line: without strengthening the USMCA, the gains
2 from the President's new Section 232 tariffs on
3 cabinets will leak straight through Canada and
4 Mexico.

5 In September 2025 President Trump gave the
6 U.S. cabinet industry a real shot at a comeback by
7 imposing Section 232 tariffs on cabinets. Since
8 then American manufacturers have started seeing
9 real signs of life. More orders, more production,
10 and renewed investment.

11 But this progress will evaporate if
12 foreign producers can simply send their materials
13 to Canada or Mexico for minimal processing before
14 they enter the U.S. with preferential USMCA
15 treatment. This circumvention problem is real,
16 it's measurable, and unfortunately it is already
17 happening.

18 In 2020 the U.S. Commerce Department
19 imposed antidumping and countervailing duty orders
20 on cabinets from China. A comparison of the five
21 year periods before and after the orders were
22 imposed shows how Mexico and Canada have served as
23 conduits for circumvention. Between the two
24 periods Chinese shipments of cabinets to the United
25 States collapsed by 93 percent, but U.S. imports

1 of cabinets from Canada and Mexico jumped 83
2 percent. At the same time Canada dramatically
3 increased its imports of Chinese cabinets, and
4 Chinese wooden materials like molding, MDF, and
5 plywood. Similarly, Mexico's imports of Chinese
6 wooden parts and materials absolutely skyrocketed.

7 Much of these Chinese wooden parts and
8 materials are being funneled from Mexico and Canada
9 to the U.S. in the form of cabinets. And as detailed
10 in our written comments, we have evidence of
11 specific Chinese producers routing cabinets through
12 third countries like Mexico to avoid U.S. duties.

13 Simply put, China didn't leave the U.S.
14 market, it just changed the return address. We
15 closed the front door for China. Canada and Mexico
16 became the side doors. With the new Section 232
17 tariffs now in place, these back doors will become
18 even more attractive unless USMCA is strengthened.

19 To protect the integrity of U.S. trade
20 measures, the USMCA needs the following upgrades.

21 First, the country-of-origin rules for cabinets
22 must be strengthened. To qualify as a North
23 American cabinet, at least 85 percent of the wooden
24 materials should be harvested and milled in North
25 America.

1 No more North American labels on products
2 built from Chinese wood. Second, the labor value
3 content provisions of the existing USMCA should be
4 expanded to cover cabinets. The USMCA should
5 reward real manufacturing, not low cost assembly
6 of foreign parts. Third, USMCA should prohibit
7 Mexican duty exemption and drawback programs that
8 facilitate circumvention.

9 Fourth, Mexico and Canada have to apply
10 border measures like those of the United States.

11 If the U.S. is enforcing strong border measures
12 on cabinets, our partners should as well. We should
13 be building Fortress North America. Fifth, foreign
14 direct investment from non-market economies like
15 China should be restricted.

16 We don't need non-market economy cabinet
17 manufacturers operating in our back yard. These
18 proposed changes aren't just about trade flows or
19 dry tariff tables, they are about whether towns and
20 communities across America finally get a chance to
21 build things like cabinets again, and support their
22 families.

23 The cabinet industry is ready to hire,
24 expand, and invest, and it is already doing that.

25 But that only works if the USMCA stops rewarding

1 circumvention, and starts supporting genuine North
2 American manufacturing. Thank you again for the
3 opportunity to testify on this critical issue, and
4 I look forward to answering any questions you may
5 have.

6 MR. OLIVER: Thank you for your testimony,
7 we will now move to the next witness.

8 MR. BRIGHTBILL: Hello again, I am Tim
9 Brightbill from Wiley Rein here at this time on the
10 behalf of the Coalition of American Millwork
11 Producers, an association of large and small wood
12 moldings and millwork producers from across the
13 United States.

14 The Coalition represents a quintessential
15 American industry which manufactures door frames,
16 window casings, crown moldings, base boards, and
17 other wood and wood-derivative molding and millwork
18 products. Appreciate the opportunity to be with
19 you today, and I thank you for all of your work
20 throughout this USMCA review process to support
21 domestic manufacturing.

22 The Coalition submitted comments last
23 month describing many of the aspects of USMCA and
24 our country's trade relationship with Canada and
25 Mexico that impact the wood moldings and millwork

1 products industry, so I'd like to emphasize several
2 of those points made in our comments.

3 To start, United States is a significant
4 importer of wood and wood-derivative moldings and
5 millwork products, with more than \$1 billion in
6 imports in 2024. Maintaining fair trade with
7 Mexico and Canada is especially important, as they
8 are the third and ninth largest sources of U.S.
9 imports of these products.

10 In 2024 Mexico exported nearly 150 million
11 square meters of wood moldings and millwork products
12 to the U.S. market. The Mexican wood and wood
13 derivatives industry is able to export to the United
14 States in high volumes and low prices due to
15 advantages like lax enforcement of environmental
16 and other standards and lower labor costs, as well
17 as an influx of investment and low priced imports
18 from China and other countries.

19 As in many other sectors, the Mexican wood
20 industry is becoming a hub for Chinese investment
21 and low priced imports. As such, greater
22 enforcement of the content and source of wood
23 products entering the United States from Mexico is
24 critical.

25 Whether from China or other countries, the

1 Coalition is concerned about potential
2 trans-shipment, and other forms of duty evasion
3 through Mexico. This is also true for leading wood
4 products exporters like Brazil, which is the largest
5 source of wood moldings and millwork products
6 entering the United States.

7 Most Brazilian products are currently
8 subject to a combined 50 percent reciprocal tariff,
9 but Brazil heavily subsidizes its timber and
10 forestry industries, allowing Brazilian producers
11 to ship through and around the tariffs. Without
12 a strengthened USMCA, the Coalition is concerned
13 that subsidized imports from China, Brazil, and
14 elsewhere will be allowed unfettered access to the
15 U.S. market through Mexico.

16 The Mexican timber and wood industry also
17 benefits from less stringent and unenforced
18 environmental, labor, and other compliance
19 standards. According to recent reports, between
20 30 percent and 70 percent of the wood harvested in
21 Mexico is illegal. This leads to artificially low
22 prices that are transmitted to export markets like
23 the United States.

24 Government corruption further weakens the
25 enforcement of existing laws, and perpetuates the

1 high rates of illegal logging in Mexico.
2 Manufacturers in Mexico also incur lower labor
3 expenses than American producers. And taken
4 together, this allows Mexican wood moldings and
5 millwork manufacturers to compete on an uneven
6 playing field with U.S. producers.

7 A strengthened USMCA would help address
8 these issues and rebalance the trade relationship.

9 As detailed in our comments, we ask USTR to make
10 several policy recommendations as part of this
11 process, and these will sound familiar.

12 First, given the labor intensive nature
13 of these products, and the labor cost disparity
14 between Mexican manufacturers and their American
15 counterparts, USMCA should be revised to adopt labor
16 value content requirements for all wood products,
17 similar to those currently applied for autos and
18 auto parts.

19 Second, due to Mexico's duty exemption
20 programs, the USMCA Rules of Origin should be
21 amended so that imports entering Mexico do not
22 qualify for USMCA treatment if they benefit from
23 one of those policies, or incorporate any non-North
24 American components. Third, USMCA should be
25 revised to ensure that Canada and Mexico implement

1 tougher border measures to prevent the U.S. market
2 from being targeted by direct imports from Canada
3 and Mexico, including imports that contain inputs
4 from China and other non-USMCA sources.

5 Making these changes is critical to
6 protecting the trade interests of the American wood
7 moldings and millwork industry, as well as other
8 domestic manufacturers. So thank you again for
9 your time, and I look forward to answering any
10 questions.

11 MR. OLIVER: Thank you for your testimony,
12 we'll now move to the next witness.

13 MR. HOLLAND: Thank you for the
14 opportunity to testify. My name is Hank Holland,
15 I'm the chairman and chief executive officer of
16 Amaero. Headquartered in Tennessee, Amaero is the
17 largest and lowest cost domestic manufacturer of
18 titanium and refractory metal powders.

19 In May 2022 I led three rounds of private
20 financing, and oversaw a restructuring of the
21 advanced materials and manufacturing business. In
22 July 2023 I relocated our business from Australia
23 to Tennessee to address critical supply chain
24 vulnerabilities in the United States.

25 Subsequently the company completed four

1 institutional capital raises totaling
2 approximately \$100 million. As a small business
3 without federal support, Amaero acted decisively,
4 and invested boldly to address critical
5 vulnerabilities in the U.S. domestic supply chain.

6 We're the first U.S. company to commission
7 the most advanced electrode induction gas
8 atomization technology to create contaminant-free
9 metal powders. Our refractory alloy powders enable
10 atom manufacturing for defense applications such
11 as hypersonics in missile defense, space, such as
12 launch and satellites, aviation, nuclear, and
13 medical applications.

14 We support the administration's efforts
15 to strengthen American competitiveness, economic
16 security, and supply change in the critical minerals
17 and metals sector, including by combating unfair
18 foreign trade practices. I am testifying before
19 you today because Amaero is now suffering from an
20 unintended consequence of the USMCA that we hope
21 can be addressed in the context of the 2026 review.

22 Consistent with the administration's
23 agenda, we encourage USTR to address loopholes in
24 the USMCA Rules of Origin to level the playing field
25 for U.S. producers, and ensure the benefits of USMCA

1 accrue to all American workers and companies. The
2 current USMCA Rules of Origin disadvantage U.S.
3 titanium producers compared to Canadian competitors
4 that rely on feedstock imported from China.

5 Companies like Amaero that have invested
6 heavily to secure a U.S. supply chain for critical
7 materials currently face an unlevel playing field.

8 Specifically Amaero produces titanium powder at
9 its U.S. facilities using imported feedstock, as
10 well as U.S. feedstock, namely titanium bar, and
11 our competitors in Canada also import feedstock,
12 mainly titanium wire for titanium powder
13 production. While we import certain feedstock from
14 the same sources, the USMCA rule presently puts a
15 powder producer such as Amaero at a competitive
16 disadvantage relative to a Canadian producer in the
17 U.S. market.

18 In practice Amaero pays a 50 percent tariff
19 on titanium bar from China, which it uses to produce
20 titanium powder in the United States. Canadian
21 producers import titanium wire as feedstock, but
22 pay a much lower if any tariff on Chinese origin
23 goods entering Canada.

24 The resulting titanium powder from Canada
25 then enters duty-free as USMCA-compliant goods.

1 Our Canadian competitors have repeatedly touted the
2 USMCA exemption to their customers and investors
3 as a competitive advantage vis-a-vis U.S. producers
4 such as Amaero. For example, recently a Canadian
5 powder producer led its investment pitch by touting
6 that it can buy Chinese feedstock at preferential
7 tariff rates and yet sell product into the U.S.
8 duty-free under current USMCA rules. We implore
9 you to close the loophole for entry into the U.S.
10 market. Amaero supports U.S. cooperation with
11 allies and partners to level the playing field
12 through a coordinated and harmonized approach on
13 tariffs on Chinese feedstock for downstream
14 processing.

15 In other words, if Canada and Mexico and
16 the United States applied roughly equal treatment
17 to Chinese imports of titanium feedstock, producers
18 across all three countries could compete evenly
19 under a duty-free regime. Such measures could also
20 be achieved as part of a broader allied coordination
21 on minerals market among aligned market economy
22 countries.

23 In our comments we provided specific
24 recommendations for achieving this objective for
25 the benefit of U.S. producers such as Amaero. On

1 behalf of Amaero and our employees in Bradley
2 County, Tennessee, thank you for the opportunity
3 to testify today. We must maintain and protect our
4 sovereign capabilities, and close the back door into
5 a U.S. market which harms U.S. producers.

6 I'm happy to answer today or at a later
7 date any questions that you may have.

8 MR. OLIVER: Thank you for your testimony,
9 we'll now move to the next witness.

10 MR. WAHLIN: Good afternoon, my name is
11 Bob Wahlin. I am the president and CEO at Stoughton
12 Trailers, LLC. Stoughton is an American
13 manufacturer of trailers, and we are a member of
14 the American Trailer Manufacturers Coalition, along
15 with Great Dane and Wabash.

16 Together the Coalition represents the
17 majority of van-type trailer production in the
18 United States, and employs thousands of American
19 workers across Arkansas, Georgia, Illinois,
20 Indiana, Nebraska, Pennsylvania, South Carolina,
21 Tennessee, and Wisconsin, where Stoughton is
22 headquartered.

23 We manufacture the box or van type trailers
24 that are pulled by a heavy truck rig, and used to
25 transport food, construction materials, medical

1 goods, and consumer products, among other dry, bulk,
2 and temperature-sensitive cargo.

3 As we detailed in our comments, we urge
4 the USTR to close loopholes in the agreement that
5 are allowing trailers with highly subsidized
6 Chinese and other NME steel, aluminum, and other
7 components to enter the U.S. market from Canada and
8 Mexico while also receiving USMCA preferential
9 treatment.

10 Keeping a robust trailer industry in the
11 United States is important to national security,
12 given trailers' central role in transporting goods
13 critical to the American economy and
14 infrastructure. However, the domestic trailer
15 industry has been injured by years of unfair trade.

16 In fact, we have come to such a tipping
17 point after years of unfair import surges and
18 resultant harm, that the Coalition recently filed
19 antidumping and countervailing duty petitions
20 against China, Canada, and Mexico. Unfortunately
21 these unfair imports have been facilitated by
22 current USMCA rules, which have allowed third
23 countries to exploit loopholes in the agreement to
24 target the U.S. market. Indeed, Canada and Mexico
25 are amongst the largest sources of U.S. trailer

1 imports, which often use non-USMCA-origin parts and
2 components in their production, distorting trade
3 through the region.

4 For example, while the AD/CVD case that
5 we just filed is intended to address unfairly traded
6 imports originating in Canada and Mexico, many of
7 those imports are actually produced by Korean and
8 Chinese companies. These companies are using lax
9 USMCA rules to ship highly subsidized and otherwise
10 dutiable metal into the United States.

11 Canada and Mexico, and their FDI
12 investors, take advantage of loopholes in the
13 agreement's rules of origin provisions to process
14 and export highly subsidized Chinese and NME metal
15 and other components to the United States as
16 trailers under preferential terms.

17 The USMCA must be strengthened so it does
18 not incentivize foreign producers to invest in
19 production in Canada and Mexico to target the U.S.
20 market while actively working against U.S. trailer
21 manufacturing. Our success as a domestic injury
22 is thus dependent on securing an American supply
23 chain for trailer parts and components that is
24 devoid of unfairly traded metal coming from
25 non-market economies, or foreign entities of

1 concern.

2 It is thus critical that the USMCA goes
3 further to prevent foreign trailer producers from
4 using highly subsidized steel and aluminum that was
5 melted and poured, or smelt and cast in China, Korea,
6 or other markets outside of the USMCA. One
7 important way to address this issue is to amend the
8 USMCA Rules of Origin to add smelt and cast
9 requirements for USMCA trade, and certain aluminum,
10 and aluminum intensive downstream, and a melt and
11 pour requirement for certain steel or steel
12 intensive products. That is, in order to qualify
13 for preferential USMCA treatment, a Canadian or
14 Mexican trailer producer would have to demonstrate
15 the steel and aluminum in their product was smelt
16 and cast, or melted and poured within the USMCA
17 region.

18 These rules would help prevent Canadian
19 and Mexican producers from using distorted,
20 subsidized, third country metal to access the U.S.
21 market. They would also prevent Canadian and
22 Mexican downstream manufacturers from gaining an
23 advantage over American competitors simply because
24 their governments have not taken equally strong
25 action to address non-market distortions in global

1 aluminum and steel trade.

2 And these rules would benefit American
3 manufacturing by putting Canadian and Mexican
4 trailer producers on a more level cost basis with
5 U.S. producers. Ultimately these requirements
6 would discourage the offshoring of trailer
7 production to Canada and Mexico. Addressing these
8 loopholes through strengthened rules of origin
9 provisions will help support the American trailer
10 manufacturing industry.

11 Thank you for your time this afternoon,
12 and I am available to answer any questions.

13 MR. OLIVER: Thank you for your testimony,
14 we will now turn to the final witness of this panel.

15 MR. LOZADA: Hello, my name is Patrick
16 Lozada, and I am senior director of global policy
17 at the National Electrical Manufacturers
18 Association, or NEMA. NEMA represents more than
19 300 U.S. electrical equipment manufacturers,
20 employing over 580,000 workers across all 50 states.

21 The electrical industry is one of the
22 nation's largest manufacturing sectors, and is its
23 second largest exporter of manufactured goods, with
24 global exports of around \$143 billion, nearly half
25 of which go to Canada and Mexico. NEMA members are

1 committed to the U.S. market, and have been
2 increasing U.S. production of key grid components
3 over the last several years.

4 Since 2018 NEMA members have invested over
5 \$185 billion in additional U.S. manufacturing.
6 These investments are essential to meeting the
7 unprecedented transformation of the U.S. electrical
8 grid. With electricity demand projected to grow
9 by 50 percent by 2050, driven in part by AI and
10 advanced manufacturing, the predictable trade
11 framework provided by the USMCA will be essential
12 to ensure our grid can meet these growing needs,
13 and we urge the USTR to pursue a swift review and
14 renewal of the agreement.

15 The first part of my comments will focus
16 on the importance of enforcing the USMCA's technical
17 barriers to trade, or TBT provisions. For an
18 industry built on interoperability, USMCA's TBT
19 commitments are essential to minimizing barriers
20 to export created by divergent standards and
21 conformity assessment procedures.

22 Unfortunately, Mexico has not fully
23 implemented these commitments, reducing U.S.
24 exports and undermining the regulatory
25 predictability the agreement was designed to

1 provide. Is there audio issues? Okay.

2 MR. OLIVER: We're going to switch
3 microphones for you.

4 MR. LOZADA: Can you hear me now? Sorry.

5 MR. OLIVER: Very well.

6 MR. LOZADA: Night and day. Okay, one
7 example is the stalled progress of Mexico's adoption
8 of harmonized electrical standards. For over 30
9 years, electrical standards harmonization in North
10 America has taken place under the umbrella of the
11 Council for Harmonization of Electrotechnical
12 Standardization of the Nations of the Americas, also
13 known as CANENA, with support from NEMA.

14 Mexico has lagged in adopting these
15 standards, because it has not acted to recognize
16 the standards developing organizations that are
17 developing standards under the CANENA umbrella.
18 It was supposed to do so under the country's quality
19 infrastructure law, but it has not followed through
20 and issued the appropriate implementing
21 regulations.

22 As a result, electrical standards
23 developed through CANENA cannot be adopted into
24 official Mexican standards, also known as NOMs.
25 The best example of this is NOM-001 SEDE-2012, which

1 governs electrical installations. This
2 foundational NOM has not been updated in more than
3 a decade, and now diverges significantly from both
4 the U.S. National Electric Code and the Canadian
5 Electrical Code, both of which are updated every
6 three years.

7 The consequences of this are real,
8 including one, barriers to U.S. exports, as products
9 that comply with our National Electric Code may
10 require costly redesign; two, slower adoption of
11 safer modern technology; and three, compliance and
12 safety risks created by outdated requirements.

13 These issues reflect not just technical
14 delays, but a failure to meet the spirit and letter
15 of USMCA's TBT chapter in a way that disadvantages
16 U.S. manufacturers. To address these concerns,
17 NEMA recommends that the United States press Mexico
18 to fully implement the quality infrastructure law,
19 and encourage a formal discipline around the
20 adoption of CANENA standards. When parties
21 choose not to follow a CANENA standard, they should
22 provide a transparent, documented justification for
23 doing so.

24 Beyond these TBT issues, I also want to
25 highlight four broad priorities for our industry.

1 One, swift review and renewal of the agreement.
2 North American supply chains are foundational to
3 U.S. manufacturing, and to the reliability of the
4 grid. Two, preserving existing tariff
5 commitments. Companies have made long term
6 investments based on the duty levels outlined in
7 the agreement. These baseline duties ensure that
8 consumers can access innovative, cost-effective
9 products, and they ultimately support U.S.
10 manufacturing as a whole.

11 Three, acting on trans-shipment, where
12 examples of trans-shipment are found, CBP should
13 address them in a manner consistent with U.S. law,
14 and four, policy predictability. A stable trade
15 framework will unlock long term investments in
16 American manufacturing. In furtherance of this,
17 we encourage all sides to use mechanisms within the
18 agreement to settle disputes and to ensure the
19 private sector voices are included at all stages
20 of USMCA review and implementation.

21 In conclusion, NEMA commends USTR for
22 conducting this review. The USMCA remains vital
23 to U.S. manufacturing, competitiveness, and energy
24 security. We strongly support the USMCA, and urge
25 a timely renewal of the trade pact in 2026.

1 Thank you for the opportunity to share the
2 electrical industry's perspective.

3 MR. OLIVER: Thank you, and thank you all
4 for your testimonies, and we will now turn to our
5 U.S. Government officials on the dais for some
6 questions. Just a reminder, each of you will get
7 one question with a maximum response of two minutes.

8 And just as a reminder, please refrain from
9 taking pictures or recording during active panels.

10 And with that, I will turn to Mr. Watson.

11 CHAIR WATSON: Yes, so the first question
12 is going to be for Mr. Meisner. In your submission
13 you argue that the USMCA Rules of Origin do not
14 adequately address unfair labor practices that may
15 disadvantage U.S. producers, and you suggest a labor
16 value content be introduced in the kitchen cabinet
17 industry.

18 Can you explain what kind of new rules of
19 origin would help address these unfair practices?

20 MR. MEISNER: Thank you for the question.

21 Again, Luke Meisner on behalf of AKCA. We would
22 envision something very similar to what's in place
23 now for the automotive rules of origin for the USMCA.

24 The problem that we're trying to address is that
25 you see imports into Mexico and Canada of components

1 of cabinets.

2 For example, you think of your classic
3 kitchen cabinet, you're going to have your doors,
4 the drawers, the drawer box, and the box which sits
5 behind that front part of the cabinet. Now, if
6 you're a company in Canada or Mexico, you can import
7 those finished components, or semi-finished
8 components.

9 Assemble them in Canada or Mexico with very
10 little value added in terms of the labor, and then
11 because there's a shift in the tariff code at the
12 six digit level, you can now export that assembled
13 cabinet to the United States, or the finished
14 cabinet to the United States, the complete cabinet
15 with preferential USMCA treatment.

16 And so what we're asking, of course we also
17 recognize the problem with the differences in labor
18 standards, but what we're specifically asking for
19 is the labor value content requirement, so that a
20 certain percentage of the total value of the labor
21 in any cabinets that come from Canada and Mexico
22 is labor, work that was conducted in those two
23 countries.

24 What we don't want to see is minor assembly
25 processes taking place in Mexico using Chinese

1 components with the completed cabinets shipped to
2 the United States with preferential USMCA
3 treatment, and undermining, and creating an unlevel
4 playing field for our guys here in the United States.

5 MR. OLIVER: Thank you for your response.

6 The next question will come from Ms. Demirjian.

7 MS. DEMIRJIAN: Good afternoon, and thank
8 you. To Mr. Brightbill, you propose a trade
9 measures rule that would restrict trade from Canada
10 and Mexico to prevent duty evasion by way of further
11 processing or manufacturing. What specifically in
12 the wood products rules of origin would you
13 recommend changing?

14 MR. BRIGHTBILL: Thanks for the question,
15 and I'm happy to even provide more details on rules
16 of origin in a post-hearing submission. But
17 generally the trade measures that we're wanting to
18 address, first of all, modifying USMCA to ensure
19 that the trade protections are of comparable
20 magnitude and scope to the ones here in the United
21 States.

22 I mean, I think if you've heard two things
23 today, it's about the problem of global overcapacity
24 overwhelming world markets. And that's true as
25 you've heard from steel and aluminum, it's true for

1 wood products, it's true for trailers as Mr. Wahlin
2 said. So having those comparable measures in
3 magnitude and scope will go a long way toward
4 addressing this.

5 And then I think foreign direct investment
6 is another issue where trade measures need to be
7 common, addressing foreign direct investment from
8 non-market economies, or foreign entities of
9 concern. And I think that will take a lot of work
10 to get those rules right, but I think there is a
11 great opportunity to do it, and to work
12 collaboratively with Canada and Mexico in that
13 regard.

14 And then a trade measures rule, again, to
15 prevent duty evasion by way of further processing
16 or manufacturing. As Mr. Meisner just said, we
17 don't want to see wood inputs coming in from China,
18 Russia, or elsewhere, minor modification in Mexico
19 or Canada, and then coming to the U.S. market and
20 undermining domestic industries.

21 So that's generally what we're headed for,
22 happy to give you more details as they relate to
23 rules of origin. Thank you.

24 MR. OLIVER: Thank you for your response.
25 The next question will come from Mr. Ledgerwood.

1 MR. LEDGERWOOD: Good afternoon and thank
2 you. This question is for Mr. Holland. Mr.
3 Holland, besides the concerns with rules of origin
4 in non-originating goods that you described in your
5 testimony, do you have any other input or
6 suggestions on how to address these non-market
7 economy inputs into the North American supply chain?

8 MR. HOLLAND: Thank you for the question
9 and the chance to expand on that. Perhaps it's
10 helpful to provide a practical example. In our
11 business we have high value customers such as the
12 Department of Defense, in which we are contracted
13 with U.S. titanium manufacturers, of which we're
14 down to four in the U.S.

15 We have other customers that are very
16 cost-competitive trying to reshore manufacturing
17 to the U.S. that are currently manufacturing in
18 Europe using powder manufactured in Europe or
19 Canada. In both cases they're using Chinese
20 feedstock, and so we also have a supply agreement
21 with a long term Chinese mill.

22 Our Chinese titanium bar we buy for \$18
23 per KG, with a 50 percent tariff, that's about \$27
24 a KG. My contract with my U.S. supplier is \$54 a
25 KG. It's 100 percent higher even after a 50 percent

1 tariff. And so the only way we can attract these
2 companies to reshore manufacturing back to the U.S.
3 is to create a competitive supply chain that is
4 domestic.

5 So all we're simply asking for is we want
6 to support the trilateral trade, and yet we need
7 to harmonize the tariffs so we're not simply
8 penalizing U.S. producers. And so in a simplistic
9 way, we think there's a trans-shipment issue, and
10 a harmonization of trade issue that would largely
11 address. Thank you.

12 MR. OLIVER: Thank you for your response.
13 The next question will come from Mr. Wesch.

14 MR. WESCH: Mr. Wahlin, you advocate for
15 tighter rules of origin pertaining to the aluminum
16 and steel used in the production of trailers. What
17 is the rough breakdown of steel versus aluminum in
18 a trailer? And second question, are there other
19 key inputs that we should examine closely when
20 considering your proposal?

21 MR. WAHLIN: Thank you for the question.
22 To address the rough breakdown of steel and
23 aluminum in a trailer, first at a high level if you
24 look at components that go into a trailer, they
25 primarily consist of four different things. For

1 the most part it's steel, aluminum, tires, and wood
2 floors.

3 And more so on aluminum on a refrigerated
4 trailer, because they don't have wood floors, they
5 have aluminum floors. And to further break that
6 down, a finished trailer may weigh in the
7 neighborhood of over 10,000 pounds, and probably
8 about 80 percent of that weight will either come
9 from the steel and aluminum.

10 Again, it depends on the type of trailer,
11 but on average for the most part those numbers are
12 going to get you pretty close to the typical trailer.

13 So that being critical, I should also point out
14 that materials are a very heavy component of the
15 overall cost of the trailer.

16 To give an example, our materials, of the
17 sales dollar of a typical trailer, over 70 percent
18 is coming from materials. So, and most of that 70
19 percent is steel and aluminum. So when there's the
20 incentive to bring in dumped and subsidized steel
21 from other locations, it just puts the American
22 manufacturers in a position where they can't
23 compete.

24 And for years we've been losing market
25 share to those foreign competitors. It's

1 competitors that are based in China, but have
2 assembly or kitting operations in Canada, and
3 similar operations into Mexico. So leveling the
4 playing field on steel and aluminum by country of
5 origin can really put us in a position where we can
6 better compete.

7 And provide -- or eliminate the incentive
8 to push production to Canada and Mexico to build
9 trailers, and give a greater incentive to build
10 those products right here in the United States.

11 MR. OLIVER: Thank you for your response.

12 And the final question will come from Mr. Jarand.

13 MR. JARAND: Yeah, thank you, I have a
14 question for Mr. Lozada. So your submission notes
15 that between 2018 when the Section 301 tariffs were
16 first imposed on China, and 2024, that U.S. imports
17 of electrical goods from China fell by 9.1 percent.

18 To what extent did the production of those goods
19 reshore to the United States, Mexico, Canada?

20 MR. LOZADA: Yeah, happy to share our
21 perspective on that issue. I think it's important
22 to note that while that 9.1 percent figure is there,
23 for some product categories the percentage is as
24 high as 50 or 60 percent in terms of how much has
25 been moved out of China for some product categories.

1 With respect to where that production has
2 gone, what I'll say is there has been a lot of
3 investment in the United States. As I mentioned
4 during my testimony, our members alone have invested
5 \$158 billion in the United States. We do also have
6 manufacturing in our association in Canada, and in
7 Mexico.

8 But if we're looking at the overall demand,
9 let me give you a specific example here. If we look
10 at the need to increase our grid's capacity to meet
11 a 50 percent increase in energy demand by 2050, right
12 now domestic capacity for transformers could meet
13 about 20 percent of overall demand.

14 And so, we need North American supply
15 chains in order to meet the scope of the demands
16 on our grid at the current time. And so we think
17 that USMCA will be foundational and important in
18 meeting that, and we think that it will provide
19 companies that are manufacturing in the United
20 States additional advantages in order to source
21 things that they need, and to export to those
22 markets, which again, are nearly 50 percent of where
23 our exports go in our industry.

24 MR. OLIVER: Thank you. And thank you all
25 for your testimonies, your responsiveness to the

1 questions, and for your time with us here today,
2 we really appreciate it. With that, this panel will
3 conclude, and I will just ask if you could all grab
4 your placards, and please set them right over here
5 to the right of me on this desk.

6 Thank you so much. And with that we would
7 ask the members of Panel 9 to move forward over to
8 these tables. Please bring your placards with you,
9 and please remain in the order in which you are
10 seated currently. Thank you. And for the members
11 of Panel 10 who are currently here, we also ask that
12 you begin to be seated in your reserved seats.

13 Thanks.

14 CHAIR WATSON: Okay, good afternoon, and
15 welcome to Panel 9, the penultimate panel for today.

16 We do have a new participant on the U.S. panel side,
17 so I'm going to ask my colleague to introduce
18 herself.

19 MS. MADELL: Hi, I'm Mary Lisa Madell with
20 the Department of Transportation.

21 CHAIR WATSON: Thank you. So let's go
22 ahead and get started, we'll take everybody in the
23 order of the agenda starting with Ms. Hoef, very
24 good, thank you.

25 MS. HOEF: Hi, my name is Anne Hoef, and

1 I am the treasurer of Mabuchi Motor America Corp.

2 I spoke with you in May of 2018 regarding the
3 Section 301 China tariffs, and I'm honored to be
4 here again today. Mabuchi Motor America Corp was
5 established in 1977, and is based in Troy, Michigan,
6 a suburb 21 miles north of Detroit.

7 We are a key supplier of DC motors in the
8 automotive power windows and power seats in vehicles
9 across North and South America. We employ 38 staff
10 locally and work with third party warehouses in
11 Michigan, Alabama, Texas, and Ontario, Canada.
12 Each facility employs Americans and Canadians
13 dedicated to supporting our logistics.

14 We are a wholly owned subsidiary of Mabuchi
15 Motor Company Limited, located in Japan. They are
16 the global leader in fractional horsepower direct
17 current brush motors, commonly known as DC motors.

18 While we are a Japanese subsidiary, we are an
19 important supplier to the North American auto
20 industry.

21 Mabuchi Motor Mexico is also a wholly owned
22 subsidiary of Mabuchi Japan, and supplier to Mabuchi
23 America. In 2014 Mabuchi Mexico was established
24 as a strategic manufacturing hub to meet growing
25 demand for regional automotive manufacturers for

1 power window and power seat DC motors.

2 This move was driven by favorable USMCA
3 terms, allowing duty-free imports from Mexico.
4 Production was shifted from China to Mexico in
5 response to Section 301 tariffs, bringing jobs and
6 investment to North America.

7 Millions of dollars were invested in the
8 construction of Mabuchi Mexico plant, and it took
9 several years for our customers to validate the
10 production lines before they could purchase our
11 Mexican-made motors for the manufacturing
12 processes. Today, the production lines are well
13 established, and our customers rely on our motors
14 due to their outstanding quality and competitive
15 prices.

16 We are not aware of any DC motor
17 manufacturers located in the United States that
18 manufacture this type of motor at a volume that meets
19 U.S. customer demand. Our motors are vital to the
20 American automotive industry because all the motor
21 windows and power seat motors that we purchase from
22 Mabuchi Mexico are sold to Tier 1 automotive
23 suppliers.

24 These motors are ultimately sold to
25 vehicle manufacturers located in the U.S. and

1 Canada. Power seat and power windows cannot work
2 without our motors. American consumers now accept
3 power seats and power windows as standard features,
4 and vehicles without these applications would
5 likely be perceived as outdated, thus making
6 American-made vehicles less attractive and less
7 competitive. Therefore our motors are an important
8 part of the North American automotive supply chain.

9 Additionally, tariffs on our Mexican-made
10 motors would pose a severe and immediate threat to
11 Mabuchi America's financial stability. These
12 motors represent a substantial portion of our annual
13 sales. An abrupt and unavoidable tariff cost would
14 directly and dramatically impact our cash flow and
15 profitability. Tariffs are paid up front upon
16 entry into the U.S., and therefore we would be forced
17 to absorb these costs months before any potential
18 recovery from customers, creating a dangerous cash
19 flow gap, and putting our finances in a difficult
20 position.

21 For these reasons, Mabuchi Motor America
22 Corp respectfully requests that USMCA remain as
23 written. If the USMCA is revised to eliminate the
24 duty-free status between the U.S., Mexico, and
25 Canada, the ripple effect will be felt throughout

1 the supply chain.

2 Tier 1 suppliers will see increased costs,
3 and ultimately U.S. auto makers will be forced to
4 raise vehicle prices or lay off personnel within
5 the U.S. to make up the substantial increased cost.

6 In the end it is American consumers and workers
7 who will bear the burden.

8 As such, preserving the USMCA is essential
9 not only for the survival of businesses like ours,
10 but for maintaining affordability and
11 competitiveness in the North American automotive
12 market, and the life of the American auto industry.

13 Thank you.

14 MR. OLIVER: Thank you for your testimony,
15 and we'll now move to the next witness.

16 MR. VOLPE: Thank you, members of the
17 panel, for the opportunity to appear here today.

18 My name is Flavio Volpe, and I'm the president of
19 the Automotive Parts Manufacturers Association,
20 representing Canada's OEM suppliers across parts,
21 tooling, automation, software, critical minerals,
22 and EV systems.

23 I want to place into the record a clear
24 set of factual points about the U.S.-Canada
25 automotive relationship, the operation of the USMCA

1 and its importance to American workers and American
2 competitiveness. First, Canada does not act as an
3 offshore export platform competing against U.S.
4 automotive production.

5 We do not have a national automaker.
6 Every vehicle assembled in Canada is built by
7 companies operating inside the North American USMCA
8 production system. Ford has built vehicles in
9 Canada since 1904, General motors since 1918, and
10 Stellantis and its predecessors since 1925. Honda
11 and Toyota have built vehicles in Canada for nearly
12 40 years, but critically those are North America
13 program vehicles built for the North American market
14 by North American workers using high levels of U.S.
15 content. Unlike Japan, Korea, or Europe, Canada
16 does not ship in offshore assembled vehicles to
17 compete with U.S. production.

18 Where the bed says Ford, GM, Toyota, or
19 Honda, the vehicles built in Canada are tied to U.S.
20 supply chains, U.S. content requirements, and U.S.
21 market strategies. Second, the United States is
22 the dominant supplier of parts, systems, and
23 technologies used in Canadian automotive assembly,
24 and that dominance is growing.

25 Using U.S. Census HS-based export data,

1 the U.S. exported \$29.4 billion in automotive parts
2 to Canada in 2019, and \$29.5 billion in 2024. In
3 both years Canada accounted for roughly one third
4 of all U.S. global auto parts exports, 31 percent
5 in 2019, and 32 percent in 2024.

6 Meanwhile, Canadian auto vehicle output
7 fell by more than 30 percent, from 1.92 million units
8 in 2019 to 1.3 million units in 2024. The data that
9 follows is essential for the transcript. When U.S.
10 auto parts exports are divided into Canadian
11 production, the content from 2019 to 2024 of U.S.
12 parts per Canadian vehicle went up from \$15,327 to
13 \$22,343.

14 Automotive economists estimate factory
15 gate values for Canadian built vehicles in 2019 were
16 40,000, and in 2024 were 45,000. That means that
17 the U.S. content in those vehicles went up from 38
18 percent in 2019 to 50 percent in 2024. The first
19 five years of the USMCA has been very good for the
20 U.S. auto parts production.

21 Let me restate that clearly. U.S. content
22 in Canadian-built vehicles rose during that period
23 while Canadian production dropped a third. This
24 is not offshoring, this is increasing American
25 content in every Canadian-built vehicle. Third,

1 Canada is the U.S.'s most important foreign customer
2 for finished vehicles.

3 According to USTR's numbers, Canada
4 purchased 34.2 percent of all U.S. exports in the
5 U.S. passenger vehicle and light truck segment in
6 2023, 85 percent of U.S. exports in heavy trucks,
7 and 35 percent of U.S. exports in auto parts. No
8 country buys more U.S.-built vehicles and parts than
9 Canada.

10 Fourth, Canadian suppliers invest heavily
11 in the U.S. Canadian-owned automotive companies
12 operate over 170 manufacturing facilities,
13 employing 47,500 American workers directly across
14 the U.S. These firms source American steel,
15 semiconductors, tooling, automation, and
16 industrial software. The Canadian automotive
17 sector effectively functions as a part of the
18 American industrial base.

19 Fifth, the USMCA is essential to
20 confronting China's state-subsidized overcapacity
21 in EVs, batteries, steel, and tooling. Canada has
22 aligned with the U.S. industrial security policy
23 by forcing Chinese firms to divest from Canadian
24 critical mineral companies, applying heightened
25 national security reviews under the Investment

1 Canada Act, conducted dozens of reviews resulting
2 in blocked transactions, forced withdrawals, and
3 implementing restrictions on Chinese EV imports.

4 We are not Europe, we are not Japan, we are not
5 Korea, we are critically aligned with the U.S. on
6 this.

7 Finally, I want to state for the record
8 that USMCA-compliant goods should not be subject
9 to Section 232 tariffs or others. They raise costs
10 for U.S. manufacturers, and weaken the integrated
11 North American platform that makes U.S. automakers
12 competitive globally. Members of the panel, Canada
13 builds American vehicles.

14 Nearly half of the value of those parts
15 originate in the United States. Canada is the
16 number one export market, and we employ tens of
17 thousands of American workers, and we stand fully
18 aligned with the United States in countering China's
19 industrial overcapacity.

20 A renewed and strengthened USMCA is
21 fundamental to North America's economic security
22 and continued American automotive leadership.
23 Thanks for allowing me to read these facts into the
24 record.

25 MR. OLIVER: Thank you for your testimony,

1 we will now move to the next witness.

2 MR. WADE: Good afternoon, my name is
3 Jason Wade, and I join you today as a representative
4 of the United Auto Workers. The UAW represents
5 nearly 1 million active and retired members who are
6 central to the nation's core manufacturing
7 industries. From auto, auto parts, heavy truck,
8 agricultural implement, defense, aerospace, and
9 steel, our extensive membership in higher education
10 is also responsible for major contributions to
11 research and development efforts that spur
12 innovation in the economy. The UAW has submitted
13 extensive comments, and given the five minute cap,
14 we will not be able to go into great detail here
15 today, so I want to highlight some important points.

16 First, the last 30 years of free trade have
17 been a disaster for working families in this
18 country. We have witnessed nearly 5 million
19 manufacturing jobs disappear, 90,000 facilities
20 shut down, and countless communities destroyed
21 across the country. Second, none of this happened
22 by accident.

23 The giant sucking sound was a feature, not
24 a side effect of our trade policy. Corporate trade
25 agreements were designed to create a race to the

1 bottom, encouraging companies to chase the lowest
2 wages, the worst health and safety standards, and
3 the weakest environmental standards.

4 And just as these agreements can be
5 designed to reward Wall Street, they can be designed
6 to reward working families in our communities, and
7 that is what we are fighting for in the upcoming
8 USMCA renegotiation. While the original USMCA was
9 an improvement over NAFTA, it did not go nearly far
10 enough.

11 Our trade deficit has continued to
12 explode, we still face layoffs and plant closures
13 in auto, heavy truck, aerospace, and in agricultural
14 and construction equipment. Too many communities
15 continue to be threatened by the insatiable greed
16 of Wall Street. That is why we are seeking a
17 complete rewrite of the agreement.

18 In our written comments, we detailed
19 dozens of substantive and technical fixes to the
20 USMCA. Today I wanted to highlight our three main
21 expectations for a renegotiated agreement. First,
22 the new deal must provide explicit job security
23 provisions for American workers, and investment in
24 our blue collar communities.

25 If companies are going to have

1 preferential access to the U.S. market, they must
2 provide good, family sustaining jobs, union jobs
3 in the U.S. Second, the new deal must improve labor
4 rights and quality of life for all North American
5 workers, avoiding a cross-border race to the bottom
6 that harms workers across the continent.

7 And three, the new deal must establish the
8 concept of a floor on labor standards, wages, health
9 and safety, and environmental standards, with no
10 concessions for trading partners who fail to honor
11 them. We strongly believe that if these three
12 metrics are not met in the renegotiated agreement,
13 then the U.S. has a duty to withdraw from the USMCA.

14 America's domestic manufacturing base and
15 the labor that powers it will not survive another
16 decade of free trade. Workers in the U.S. need a
17 trade agreement whose primary goal is to protect
18 their jobs and spur investment in blue collar
19 communities. We will not accept anything less.

20 We look forward to working with the USTR
21 over the coming year, and getting a trade deal that
22 finally serves the needs of workers. Thank you,
23 I appreciate the opportunity.

24 MR. OLIVER: Thank you for your testimony,
25 and we will now move to the next witness.

1 MR. HESLINGTON: Thank you. For the
2 record I am Rory Heslington, vice president of
3 government affairs at Autos Drive America, the trade
4 association representing the U.S. operations of 13
5 internationally headquartered companies.
6 Together, they operate 32 manufacturing facilities
7 across 14 states where nearly half of all
8 American-made vehicles are produced annually.

9 Autos Drive America's member companies
10 produce many of the vehicles that consistently top
11 the Cars.com most American rankings, our members
12 are some of the largest automotive exporters by
13 value, and they directly employ over 162,000
14 Americans, 65 percent of whom worked directly in
15 manufacturing roles.

16 In 2024 international automakers produced
17 nearly 4.9 million American-built vehicles, and
18 exported 795,000 of those to 130 countries. Since
19 NAFTA became law 30 years ago, international
20 automakers have been committed to maintaining an
21 integrated manufacturing platform and consumer base
22 across North America.

23 In the U.S. alone our members have invested
24 more than \$124 billion into their operations over
25 the past 60 years, and since 2018 have brought three

1 new automotive manufacturing facilities, several
2 plant expansions, and many other investments that
3 have expanded and improved their manufacturing
4 operations, totaling around \$35 billion.

5 NAFTA and then USMCA were a critical
6 prerequisite to all of these investments by
7 providing a stable and predictable trading
8 environment. As you know, certainty in trade
9 policy is vital for capital-intensive industries
10 like the automotive sector, which must make sourcing
11 and investment decisions several years in advance
12 of production.

13 USMCA's novel rules of origin are the most
14 stringent of any trade agreement, going well beyond
15 those that the automotive industry had been
16 operating under in connection with NAFTA. The new
17 rules of origin requirements on labor value content,
18 steel content requirements, and higher content
19 percentage thresholds are all new requirements that
20 have made meeting the content thresholds much more
21 difficult than what was required under NAFTA.

22 Nevertheless, automakers have worked
23 hard, and largely succeeded in meeting these rules,
24 making the additional investments needed both to
25 comply, and keep the North American auto industry

1 globally competitive, and well-positioned to
2 attract future investment. This occurred despite
3 unexpected developments over the past several
4 years.

5 The pandemic, supply chain disruptions,
6 semiconductor shortages, and uncertainty in the
7 interpretation of certain rules, those developments
8 only highlighted the need for adequate transition
9 periods, and to avoid overly prescriptive
10 approaches to rule of origin implementation, areas
11 where the USMCA could have used improvement.

12 As the parties contemplate the rules in
13 connection with the 2026 review, it's essential that
14 they recognize that the current rules are already
15 quite strict, and that unrealistically strict rules
16 can have unintended consequences. We can see in
17 the data that some automotive trade is taking place
18 outside of USMCA preferential treatment.

19 This is as much a reflection of the
20 unrealistic transition periods built into the USMCA
21 as it is the stringency of the rules. But as noted,
22 automakers have largely succeeded in, and continue
23 to work towards meeting the rules. The 2024 import
24 data reflects this, showing that USMCA
25 non-compliant imports from Mexico fell to 14.2

1 percent from the 2023 high of 22.6 percent.

2 This is a result of automakers and their
3 suppliers' success in qualifying their parts under
4 the USMCA. Having said that, in some cases imports
5 are taking place outside of USMCA because automakers
6 have concluded that the resources required to meet
7 USMCA Rules of Origin for certain models are simply
8 too great or better spent on new investments.

9 In other cases though, automakers may
10 simply stop offering more affordable or less
11 profitable vehicle models because of the cost of
12 meeting the rules. This affordability issue must
13 be considered when looking at making the already
14 stringent rules even more stringent, especially
15 today with the additional burdens automakers are
16 facing.

17 As such, as we mentioned in our written
18 submission, we don't believe that any additional
19 changes to the rules of origin are necessary or
20 desirable at this time. Another issue that I'd like
21 to underscore is that the automobile industry is
22 currently undertaking massive investments to
23 introduce alternative powertrain solutions for
24 production here in the United States.

25 In doing so, automakers are making every

1 effort to localize production, but sourcing and
2 planning require time to ensure that automakers can
3 build locally, and in a cost effective manner with
4 high quality components that meet U.S. standards.

5 While USMCA provided transition timing
6 over the first five years, additional flexibility
7 may be needed to ensure successful localization of
8 new technologies and models. The addition of a
9 provision similar to the NAFTA Article 403.6
10 covering new facilities and models would be
11 extremely helpful in this regard.

12 Any potential changes to the rules of
13 origin should be considered carefully with robust
14 industry consultations. Any changes should reward
15 and incentivize the massive investments now
16 underway, rather than set unrealistic targets that
17 cannot be met, which would force duty payments
18 outside of the USMCA that would unnecessarily divert
19 resources from localizing production.

20 And finally we wish to emphasize the
21 importance of restoring full duty-free trade to
22 U.S.-compliant vehicles and auto parts. The fully
23 integrated North American supply chains developed
24 under NAFTA and USMCA underpin U.S. automotive
25 competitiveness, and they are premised on duty-free

1 treatment and the free circulation of parts within
2 North America. Thank you.

3 MR. OLIVER: Thank you for your testimony,
4 and we will now move to the next witness.

5 MR. CORBETT: Good afternoon, I'm Paul
6 Corbett, director of government affairs for
7 MichAuto. Let me start by saying thank you for the
8 opportunity to participate in today's hearing. The
9 chance to inform the work of the U.S. Trade
10 Representative's Office is humbling, and very much
11 appreciated.

12 MichAuto is Michigan's only statewide
13 automotive association, and our perspective is
14 grounded in the outsized role that the industry
15 plays in our state. Michigan is number one in
16 vehicle production, home to 14 assembly plants
17 producing 19 percent of all manufactured vehicles
18 in the United States.

19 The industry directly or indirectly
20 employs 1.2 million workers, 1 in 5 jobs in our
21 state. This major concentration of vehicle
22 manufacturing and assembly, and our status as a
23 border state means we keenly understand how the
24 integrated supply chains that span the North
25 American continent help keep the American auto

1 sector globally competitive.

2 Michigan has the third highest reliance
3 on trade, with over \$235 billion or 42 percent of
4 its economy dependent on foreign trade, most of
5 which is with Canada and Mexico. Our state is the
6 number two top U.S. exporter to Canada, and the
7 number three top U.S. exporter to Mexico at a
8 combined \$40 billion in goods annually, much of it
9 auto-related.

10 Similarly, 45 percent or 75 billion of all
11 imports to Michigan come from Mexico, while 26
12 percent or 45 billion come from Canada. The USMCA
13 is the bedrock that ensures this incredible economic
14 exchange, as well as a level of industry resilience
15 across North America, maintaining easy access to
16 all three markets, free flowing supply chains, and
17 keeping costs competitive with the rest of the
18 world, demonstrating beyond a doubt that this
19 trilateral block is truly strongest when it works
20 together.

21 We strongly support the extension next
22 year of this vital agreement. It is the most
23 important trade mechanism for maintaining those
24 supply chains, and the jobs and business
25 opportunities they generate.

1 Healthy flow of trade and goods across the
2 border is essential to both our automotive and
3 manufacturing industries, and the global
4 competitiveness of Michigan and the United States.

5 There are nevertheless areas where we believe the
6 agreement can be strengthened.

7 These include refining compliance
8 measures with existing rules of origin, including
9 labor value content thresholds, and steel and
10 aluminum sourcing requirements to improve
11 feasibility. Create coordinated incentives to
12 boost regional production of critical minerals and
13 nearshoring in order to bolster industry resilience
14 and national security protections throughout North
15 America.

16 And resolve any ongoing U.S. national
17 security concerns related to tariffs placed on
18 aluminum, steel, copper, autos, and commercial
19 vehicles applied under Section 232 of the Trade
20 Expansion Act of 1962. Those of us in Michigan know
21 well the tremendous talent, productivity, and
22 ingenuity that has long defined the American auto
23 industry.

24 The companies we represent, from large
25 OEMs to small tiered suppliers, rely on the

1 certainty that the USMCA provides in planning
2 long-term, capital-intensive investments that
3 drive Michigan's economy. In closing, we
4 appreciate the work of this office to ensure more
5 auto manufacturing returns to Michigan and the
6 United States.

7 We believe that the USMCA has played a
8 crucial role in securing this trilateral
9 partnership across North America, which has enabled
10 the industry to remain globally competitive. The
11 USMCA joint review process offers a valuable
12 opportunity to strengthen and extend this vital
13 trade pact, and we greatly appreciate the steadfast
14 work of the Office of the U.S. Trade Representative,
15 and hope that these comments help inform your
16 efforts as the joint review process begins in
17 earnest next year. Thank you.

18 MR. OLIVER: Thank you for your testimony,
19 and we'll now turn to the next witness.

20 MR. BLUNT: Thank you. I am Matt Blunt,
21 I am the president of the American Automotive Policy
22 Council. We appreciate this opportunity to provide
23 our comments and recommendations on behalf of our
24 member companies, Ford, General Motors, and
25 Stellantis. For American automakers the USMCA is

1 without question the most important and impactful
2 trade agreement.

3 It enables U.S. automakers to compete
4 domestically, regionally, and globally. American
5 automakers have made more than \$210 billion in
6 investments in the United States since the USMCA
7 went into effect, relying on the benefits that the
8 USMCA provides, including cost reductions,
9 efficiencies, standards alignment, complementary
10 labor and technology, and historically duty-free
11 trade, which alone accounts for tens of billions
12 of dollars in annual savings. The agreement also
13 provides duty-free access to Canadian and Mexican
14 consumers, two of the largest vehicle markets in
15 the world.

16 The USMCA is more important than ever
17 because of the recent tariff agreements, which have
18 prioritized lowering auto rates for the U.K., Japan,
19 the E.U., and Korea. While we applaud commitments
20 to accept U.S. vehicles built to FMVSS and U.S.
21 environmental standards, the sequencing of these
22 agreements undermines North American
23 competitiveness. The administration should first
24 prioritize U.S. production, then USMCA-compliant
25 trade with high U.S. content, and finally imports.

1 For example today a car built in Japan with
2 no U.S. parts can currently be exported to the United
3 States, and only pay a 15 percent tariff while
4 continuing to rely on Chinese supply chains
5 sustained by inexpensive labor, and subsidized
6 industrial policy. A car built in Mexico faces a
7 25 percent tariff, even if it complies with the
8 strict USMCA rules.

9 This has been partially addressed through
10 deductions and off sets, but a disadvantage still
11 exists. Restoring the USMCA preference can help
12 remedy this disadvantage. We look forward to
13 working with the administration in the course of
14 this review to protect and strengthen U.S. economic
15 security while ensuring that the U.S. auto sector
16 remains resilient and globally competitive,
17 building off the strong and existing USMCA
18 foundation.

19 Certain administrative burdens hinder
20 optimization of USMCA, and we have provided our
21 specific recommendations in our written comments.

22 By establishing the strongest RVC of any trade pact
23 worldwide, and by creating novel labor value content
24 in steel and aluminum requirements, USMCA's
25 automotive chapter has driven billions in new

1 investment to expand production in the U.S. and grow
2 the number of American jobs.

3 Certain refinements could further
4 regional and domestic investment. For example,
5 increasing the existing auto production
6 requirements for high wage assembly credits would
7 ensure that the rules do not reward small
8 investments that do not measurably boost U.S. auto's
9 global competitiveness or American job creation.

10 If changes to the auto rule of origin are
11 made during the joint review, we urge the parties
12 to provide auto makers and their supplier networks
13 with adequate lead times, and workable transition
14 periods.

15 On the subject of competitiveness in
16 non-market challenges, American auto makers are
17 taking action to de-risk their North American supply
18 chains. USTR may elect to further incentivize
19 these actions by offering preferential USMCA
20 treatment for goods with limited content from
21 foreign countries of concern. Any new restrictions
22 on content from foreign countries of concern for
23 auto parts should be based on origin, not ownership,
24 focused on direct suppliers, and phased in over an
25 appropriate implementation time line.

1 In this context we urge USTR to ensure that
2 the auto rule of origin and related USMCA provisions
3 are not made more restrictive than any of the measure
4 imposed under ART unless the corresponding tariff
5 rate is significantly lower than the rate provided
6 by the ART. The USMCA has had an overall positive
7 impact on the U.S. automotive industry and its
8 works, demonstrated by a growth in U.S. automotive
9 investment, production, jobs, and wages.

10 This performance has helped grow the auto
11 sector's resilience, competitiveness, and
12 contribution to the U.S. economy. The USMCA, for
13 example, has spurred large investments across North
14 America with the vast majority happening in the
15 United States.

16 AAPC member companies of all types since
17 the USMCA -- company investments of all types over
18 2020 to 2025 will exceed \$210 billion by the end
19 of this year, with more than 85 percent of that
20 planted here in the United States. Currently all,
21 100 percent, of AAPC's public announced investments
22 made in 2025 are being made in the United States.

23 Direct employment in the U.S. motor
24 vehicle manufacturing industry has recorded a steep
25 upward trend, growing 27 percent under the USMCA.

1 And finally, with regard to production, since the
2 start of the USMCA, the U.S. percent of North
3 American production grew from 65 percent in 2019
4 to 67 percent in 2024.

5 In conclusion, we believe USMCA has
6 performed extremely well, leading to growth in
7 automotive investment, production, and employment
8 in the United States, which has in turn contributed
9 to U.S. economic growth, security, and long term
10 competitiveness. Thank you again for the
11 opportunity to share our views.

12 We look forward to answering your
13 questions, and working with you over the months
14 ahead.

15 MR. OLIVER: Thank you for your testimony,
16 and we'll now turn to our final witness on this
17 panel.

18 MS. MEUWISSEN: Good afternoon. My name
19 is Ana Meuwissen, and I am the senior vice president
20 of government affairs for MEMA. MEMA is the leading
21 trade association in the United States for vehicle
22 suppliers, parts manufacturers, and
23 remanufacturers. MEMA has been the voice of the
24 U.S. supplier industry since 1904.

25 Our members design and manufacture the

1 technology, components, and services that enable
2 the production of new vehicles, as well as the
3 essential maintenance and repair of the more than
4 295 million highway vehicles currently on the road.

5 Automotive and commercial vehicle
6 suppliers represent the largest sector of
7 manufacturing jobs in the United States, directly
8 employing more than 930,000 individuals across the
9 country. Suppliers operate facilities in all 50
10 states. The vehicle supplier industry also
11 continues to grow, adding 61,000 jobs in the United
12 States since 2015, and encompassing new types of
13 jobs and opportunities for Americans.

14 MEMA and its member companies greatly
15 appreciate the opportunity to provide testimony
16 today on the benefits of the USMCA to our sector.

17 Since its implementation in July 2020, the USMCA
18 has enhanced U.S. job creation, and the overall
19 economic footprint of the motor vehicle supplier
20 sector.

21 MEMA's more than 900 member companies
22 representing every segment of the supplier
23 industry, original equipment, and after market, as
24 well as passenger car and commercial vehicle,
25 strongly support the continuation of this

1 successful agreement in its current form.

2 As we assess the landscape of the past five
3 years, it is clear that the requirements set forth
4 in the auto chapter of the agreement have achieved
5 tangible gains. A July 2025 ITC report highlighted
6 the growth in the auto parts sector, stating that
7 U.S. parts production increased from \$311.8 billion
8 in 2019 to \$349 billion in 2024. The ITC report
9 further highlights the reduction of parts imports
10 from around the world during the years covered by
11 the USMCA.

12 MEMA is grateful for the vision of
13 President Trump in creating the USMCA. We believe
14 that the overarching goal of the review should be
15 to preserve and strengthen the agreement, enabling
16 additional growth by vehicle suppliers.

17 Overall, MEMA members have expended
18 significant effort and resources over the past few
19 years to achieve USMCA compliance. MEMA
20 acknowledges that some refinements may be necessary
21 to address new issues, however the underlying
22 foundation of the agreement and the provisions which
23 have successfully driven significant business
24 investment and planning should be maintained
25 through the upcoming review.

1 MEMA's member companies specifically urge
2 the preservation of key provisions of the auto
3 chapter, including the current framework for the
4 automotive rules of origin. In the case of light
5 duty vehicles, many suppliers are in the midst of
6 realigning their supply chains in order to fully
7 meet the specific requirements.

8 In certain cases it has not been possible
9 to implement these changes within a five years
10 window, as new sub-suppliers and vendors must be
11 identified, validated, and approved. The
12 situation is even more critical for our commercial
13 vehicle suppliers, who are seeking to meet the full
14 RBC requirements by July of 2027. Any notable
15 changes would negatively impact those efforts, and
16 create further volatility for this portion of our
17 industry.

18 MEMA recently conducted an internal study
19 of its members to properly capture the industry's
20 current sentiment with regard to the USMCA, amongst
21 the highlights were the following:

22 Members strongly believe that regional
23 manufacturing has preserved U.S. jobs, and afforded
24 benefits for American consumers. Member companies
25 expressed strong support for the current USMCA

1 framework, emphasizing its effectiveness for their
2 business, and its critical role in creating
3 cost-competitive, integrated regional supply
4 chains. Over 70 percent of our respondents
5 identified North America as the core region for
6 sourcing and manufacturing for their businesses,
7 and that figure rose to 83 percent for light vehicle
8 core part suppliers.

9 The USMCA framework has established a
10 clear guide for the future, delivering the essential
11 stability that is necessary for the large scale
12 investments completed and pledged by vehicle
13 suppliers. Because the industry relies on
14 multiyear strategic product cycles, this stability
15 is critical. Vehicle suppliers have also openly
16 communicated their multiyear efforts to shift their
17 supply chains to North America, and these movements
18 demonstrate a significant commitment from our
19 industry to achieve that full vision of the North
20 American market.

21 Finally, MEMA wishes to highlight that
22 small and medium sized entities represent over 60
23 percent of our membership. These are main street
24 companies with deep roots to their local
25 communities. They represent a legacy of U.S.

1 leadership, innovation, and growth.

2 It is essential to note that significant
3 changes to the USMCA, particularly if they are
4 imposed in a short time frame, will jeopardize the
5 business operations of smaller suppliers.

6 Thank you for this opportunity to share
7 our industry's views on this critical issue.

8 MR. OLIVER: Thank you, and thank all of
9 you for sharing your testimonies, we greatly
10 appreciate it. With that, we'll be turning to the
11 U.S. government officials on the dais for their
12 questions, and we'll be starting with Mr. Daniel
13 Watson for the first question.

14 CHAIR WATSON: Thank you. And the first
15 question is going to be for Ms. Hoef. In your
16 testimony, you state that you're not aware of any
17 direct current motor manufacturers located in the
18 U.S. that manufacture the type of window and seat
19 motors at a volume sufficient to the market. I'm
20 wondering if you can share any insights on why there
21 is not more manufacturing in the United States?

22 MS. HOEF: To be honest with you, I'm not
23 really sure. But I will say that these motors were
24 patented by our parent company in Japan, so they
25 do own the intellectual property on these motors,

1 and so they made their business decisions based on
2 that.

3 But Mabuchi Motor has been around since
4 the 1940s or '50s. The Mabuchi brothers were the
5 ones that invented this type of motor, so the
6 Japanese were the ones that really developed this,
7 and then in the 1970s they opened offices in the
8 United States because there was a demand for our
9 product here.

10 And so, automotive Tier 1 companies do seek
11 out our motors. They truly are very good quality,
12 and they are very reliable in American cars, so
13 that's why they come to us.

14 MR. OLIVER: Thank you for your response.
15 The next question will come from Ms. Demirjian.

16 MS. DEMIRJIAN: Thank you. And this is
17 for Mr. Volpe. You argue that we need to maintain
18 flexibility in the automotive rules of origin to
19 reflect the evolving supply chain realities. In
20 your view, how would such flexibilities be
21 implemented, especially in light of your argument
22 that the USMCA should help further integrate North
23 American automotive sector, and prevent the effects
24 of unfair trade practices by countries like China?

25 MR. VOLPE: Thank you for the question.

1 The true competition for the American automotive
2 leadership is the Chinese sphere. And the way the
3 Chinese have integrated vertically their industry,
4 and committed to an oversupply for their domestic
5 market, and focused on attacking good disposable
6 income foreign markets puts them in a position where
7 as we evolve, as consumer demand evolves in what
8 some of our policies are to electrify connected
9 autonomous vehicles that operate within very
10 sophisticated smart city networks, we are falling
11 into their competitive advantages, their advantages
12 in electronics manufacturing costs, and the
13 manufacturing processes in which they make it.

14 Battery powered vehicles and systems, and
15 then of course the sourcing of those critical
16 minerals that form all the cells, the anodes, the
17 cathodes are not available in the United States,
18 and they're not available -- there are plans for
19 extraction, and processing, and development that
20 are years off.

21 So as we use all of our industrial policy
22 to advance the product, to push the product, we've
23 got to be careful in how we do that.

24 A lot of that is available in Canada, and
25 a lot of that is available in Mexico, and those two

1 regions are force multipliers for the American
2 sphere. They are destination markets for the final
3 products, they are aligned mostly on policy, in
4 Canada I think it's a direct harmonization. And
5 neither one of those two countries have a pull market
6 for the product advantage that they have. And so,
7 they need U.S. partnership. I think we need be more
8 careful than we have.

9 MR. OLIVER: Thank you for your response.

10 The next question will come from Mr. Krutz.

11 MR. KRUTZ: Hello, Mr. Wade, thank you for
12 being here today on this very important topic.
13 Could you please elaborate on your proposal to
14 replace the labor value content requirements with
15 a wage floor that is specific to each sector? Your
16 note stated that there is different wage floors that
17 could apply to final assembly, powertrain, and
18 suppliers, how would that work?

19 And how would that wage floor be set, and
20 how would they differ between the different parts
21 of the automotive supply chain? Thank you very
22 much, Mr. Wade.

23 MR. WADE: Thank you for the opportunity.

24 What we're proposing is currently a certain value
25 of the vehicle has to be made under the LVC

1 requirement of \$16 an hour, which in effect makes
2 it a U.S. or Canadian requirement. We wanted to
3 see that reimagined, and to qualify for the RVC
4 calculation for different -- let's just take auto
5 specifically, that there would be an LVC requirement
6 to satisfy first if you're going to -- for any input
7 into the RVC calculation, you'd actually have to
8 satisfy the LVC as well.

9 So how that would be determined is our
10 viewpoint that the value of the work that Mexican
11 workers put into these cars is the same value that
12 our members. And we all know the wealth that they
13 create for those companies. So we would obviously
14 say that it should be very high. At the very least
15 though, it should afford Mexican workers, and all
16 workers within North American the same standard of
17 living, and that is not anything close to what's
18 happening right now in Mexico.

19 These jobs are incredibly low paying, the
20 hope I think during the USMCA renegotiation was that
21 improved labor standards, labor laws within Mexico
22 would raise wages. For a variety of reasons which
23 is outlined in the IMLEB report, that has not
24 happened. So we think what we're needing now is
25 a much more prescriptive approach that says this

1 work has value.

2 And this is where it should land. Just
3 for example, in 1993 the average auto worker in
4 Mexico earned \$6 an hour controlled for inflation,
5 today they make around three. Something is not
6 working there, and if we don't address it in very
7 deliberate manners, we're not going to break that
8 chain.

9 And we go into detail of why we think that's
10 important, it's suppressing demand, it's exporting
11 their unemployment to our country. And so how we
12 would determine that, we would say this is the value
13 of this work, this is the living standard for final
14 assembly, for auto parts, for aerospace, because
15 we see the wage suppression across the board.

16 Where our members will earn \$40, \$50 an
17 hour doing aerospace manufacturing, the average
18 Mexican worker earns \$4 to \$6 an hour. It's
19 unsustainable for our communities. We have had
20 employers ask us to make up that difference, they've
21 put across the table find us 30 bucks an hour and
22 we'll field this plant here.

23 We can't do it. No American worker should
24 be asked to do that, and the hope under the USMCA
25 was to fix that in some way, and it has not worked

1 at all, the wage gap has actually grown. And fixing
2 that, we could go into large detail, but we think
3 something that is much more prescriptive, and the
4 economy that we actually want to see, we should bake
5 that into the trade agreement. So hopefully that
6 answers your question.

7 MR. OLIVER: Thank you for that response.

8 Our next question will come from Mr. Wesch.

9 MR. WESCH: Mr. Heslington, good
10 afternoon. You propose establishing a transition
11 mechanism for new plants and models similar to the
12 approach taken under NAFTA. Can you elaborate on
13 this proposal, and how is the industry currently
14 handling the transition to new plants and models
15 in the absence of such a mechanism?

16 MR. HESLINGTON: Certainly. I think
17 under NAFTA there was a certain time period allowed
18 for a new plant to get their supply chains
19 established, to bring together supply chains, get
20 their testing done, and that may include some
21 transition time for imported parts while they seek
22 out localized production.

23 Currently the auto makers are either one,
24 importing parts and paying the tariffs on them, or
25 two, have been operating under the alternative

1 staging regimes that were allowed under the USMCA
2 at the beginning, which just ended this year.

3 The alternative staging regimes were
4 burdensome through paperwork, and through
5 compliance I think for both the U.S. Government and
6 for the automakers. And so I would propose just
7 a clean time period for just allowing the plant to
8 get setup by an end date, and that's what I think
9 would be easiest for most automakers and their
10 suppliers to deal with.

11 MR. OLIVER: Thank you for that response.

12 The next question will come from Mr. Jarand.

13 MR. JARAND: Yeah, thank you all for your
14 testimony. I have a question for Mr. Corbett. Can
15 you please elaborate on your proposal to bolster
16 industry resilience and national security
17 throughout North America through coordinated
18 incentives to boost production of critical
19 minerals, and then other sort of near-shoring?

20 And then if you have any specific examples
21 of those types of incentives, could you provide
22 them?

23 MR. CORBETT: Thank you for the question.

24 The emphasis there is that we would like to see
25 an extended agreement place more emphasis on the

1 shared national security and economic concerns
2 throughout North America between the three
3 countries when it comes to the threat posed by China,
4 and their considerable dominance in both EV
5 production, but perhaps just as importantly, the
6 supply chain of critical minerals and refining
7 capability.

8 So our hope is that the process of the joint
9 review would again emphasize that issue, and try
10 to find a way that three countries could leverage
11 the North American block to create partnerships so
12 that we could more quickly stand up our own critical
13 minerals supply chain. Canada is one of the only
14 countries in the world that has significant
15 resources outside of those countries that China
16 already dominates in. And so the opportunity for
17 the United States and Canada to work together to
18 again, stand up those resources.

19 I think particularly the automotive
20 industry in the last several years when we were
21 trying to build a battery supply chain that would
22 allow vehicles to be built at an affordable price
23 point is something that we have long talked about.

24 In terms of examples of such incentives, I'm not
25 aware of them other than kind of strategic economic

1 zones that exist in Asia, where industry specific
2 things were designed and implemented. Thank you.

3 MR. OLIVER: Thank you for your response.

4 The next question will come from Ms. Madell.

5 MS. MADELL: Thank you, my question is for
6 Mr. Blunt. AAPC argues that any new requirements
7 aimed at strengthening U.S. economic security and
8 addressing challenges posed by countries of concern
9 should be limited to Tier 1 suppliers. Can you
10 elaborate on why you suggest that the provision
11 should be limited at that level? Thank you.

12 MR. BLUNT: Yeah, I think it's -- and I
13 appreciate the question, but it's primarily just
14 given the fact that it's extremely hard for an OEM
15 to trace parts down beyond that Tier 1 supplier
16 level. And it would add a degree of complexity in
17 terms of compliance for our member companies if they
18 are required to go beyond the Tier 1 supplier.

19 So we certainly support the efforts to
20 create a more resilient supply chain that addresses
21 very legitimate concerns that we share about
22 countries of concern. But would urge that it be
23 done in a way that doesn't create a very difficult
24 hurdle for our companies to cross in terms of
25 regulatory compliance.

1 MR. OLIVER: Thank you for your response.

2 The final question will come again from Ms.

3 Demirjian.

4 MS. DEMIRJIAN: Thank you. And this is

5 for Ms. Meuwissen. In your submission you note that

6 smaller suppliers have suggested some

7 administrative changes that could help them grow

8 their operation, such as simplified documentation

9 requirements, or clear guidance and training on

10 regional value content requirements.

11 Could you provide a little bit more detail

12 about that? And in your view will these be changes

13 that the auto companies could make to help

14 streamline the processes for their suppliers, or

15 would it be something that would require changes

16 to USMCA?

17 MS. MEUWISSEN: Thank you so much for the

18 question, and thank you for your acknowledgment of

19 the smaller companies who sit within our supply

20 chain. As I mentioned, they are a huge backbone

21 of the industry, over 60 percent of our membership

22 are small and medium sized companies, but

23 unfortunately they are often overlooked in some of

24 these policy decisions.

25 I think that we saw a very good model

1 created by USTR and CBP during the initial
2 implementation of the USMCA with offering those
3 sessions that were provided to really counsel
4 companies on how to proceed through the transition
5 at that time. Many of our smaller companies have
6 relayed to us that they don't have anyone who spends
7 their full time position working on a lot of these
8 compliance measures.

9 That's often someone who is wearing many
10 different hats within their organization. So to
11 address your question, I think we could see
12 improvements in both ways. Indeed, we would be
13 happy to provide some more specific suggestions as
14 to the agreement itself in terms of maybe
15 streamlining documentation requirements from those
16 smaller companies.

17 Avoiding any type of duplication that
18 would eat up their time and resources, but then yes,
19 absolutely, also the industry should work
20 collaboratively together across all the different
21 parties to also seek to make those important
22 improvements that would just increase efficiency
23 and benefits across the board.

24 So thank you, and we would be very pleased
25 and honored to follow up with more specifics on that

1 matter.

2 MR. OLIVER: Thank you, and thank you all
3 for your testimonies, your responsiveness to the
4 questions, and for taking the time to be here with
5 us today. With that we will release you with the
6 conclusion of this panel, I just ask that you grab
7 your placard and put it right over here to the right
8 of this table.

9 And with that we also ask that Panel 10
10 please grab your placards, and please be seated in
11 the order in which you are currently seated up here
12 in the front. Thank you so much. If Mr. DaQuawn
13 Bruce is here, please come forward. Perfect, I see
14 you now.

15 CHAIR WATSON: Okay, good afternoon and
16 welcome to Panel 10, our final panel for day two
17 of the public hearing. We do have some new
18 government representatives on the panel, so let's
19 do a round of quick introductions. So, again, I'm
20 Daniel Watson, assistant USTR for the western
21 hemisphere.

22 MR. MEAKEM: I'm John Meakem, I'm the
23 acting director of the Office of Critical Minerals
24 and Metals in the Commerce Department's
25 International Trade Administration.

1 MS. DEMIRJIAN: Good afternoon, I am
2 Sushan Demirjian, I am the assistant U.S. trade
3 representative for small business, market access,
4 and industrial competitiveness.

5 MR. WESCH: Greetings, Ricky Wesch,
6 western hemisphere regional coordinator for
7 bilateral trade affairs at the State Department.

8 MS. NELSON: Good afternoon, my name is
9 Ashley Nelson, I'm the senior trade advisor at the
10 U.S. Environmental Protection Agency for the Office
11 of Chemical Safety and Pollution Prevention.

12 CHAIR WATSON: Okay, so we will follow the
13 agenda, and we will start with Ms. DiDomenico.

14 MS. DIDOMENICO: Thank you. On behalf of
15 Nation Ford Chemical, I appreciate the opportunity
16 to testify as part of the joint review of the United
17 States Mexico Canada Agreement. We commend USTR
18 for initiating a transparent consultation process,
19 and for its continued efforts to ensure the
20 agreement strengthens North American
21 competitiveness.

22 Founded in 1978, Nation Ford Chemical is
23 a U.S.-based manufacturer of specialty organic
24 chemicals. We produce a range of organic
25 intermediates for customers around the world. All

1 chemical manufacturing is conducted at our 28-acre
2 facility in Fort Mill, South Carolina, with
3 distribution to both domestic and international
4 markets.

5 One area of particular importance to the
6 U.S. manufacturers and exporters, and specifically
7 NFC, is the treatment of duty drawback programs.

8 As you know, under current USMCA provisions, duty
9 drawback is prohibited, which places U.S. producers
10 at a competitive disadvantage when exporting
11 finished goods to Mexico and Canada.

12 Companies importing dutiable inputs into
13 the United States for further manufacturing, and
14 then exporting to Mexico and Canada, are unable to
15 recover these duties. By contrast, our global
16 competitors are not subject to duties on inputs,
17 which lowers their cost of manufacturing.

18 This discrepancy raises costs for U.S.
19 manufacturers, discourages investment in U.S.
20 production capacity, and ultimately undermines the
21 shared objective of enhancing North American supply
22 chain resilience. This disadvantage has become
23 exasperated with the Section 301 tariffs and the
24 newly implemented tariffs under the current
25 administration.

1 We would like to highlight the impacts of
2 trade policies on our production and sales of
3 n-phenyl-alpha-naphthylamine, PANA, an important
4 additive used in the motor oil for all military and
5 commercial jet engines. It's also used as an
6 antioxidant in industrial lubricants, rubber
7 products, and other commercial applications.

8 NFC is the only domestic producer of PANA,
9 ensuring the U.S. has a reliable supply chain for
10 such an essential ingredient for our military and
11 commercial jets. All other known producers of PANA
12 are located in China and India. One of the key raw
13 materials used to produce PANA, alpha-naphthol, is
14 not manufactured in the United States and must be
15 imported from China and India.

16 The current tariff rate on alpha-naphthol
17 are 50.5 percent and 55.5 percent respectively.
18 These tariffs increase the total material cost of
19 PANA by more than 40 percent. In contrast, foreign
20 producers are not subject to these tariffs, enabling
21 them to manufacture and sell PANA into Mexico and
22 Canada at a significant cost advantage over
23 U.S.-based companies.

24 The combined effect of these tariffs,
25 coupled with the absence of any process to apply

1 for duty drawback on exports to Mexico and Canada,
2 has had a severe impact on our operations. We are
3 now forced to sell this product at a loss to maintain
4 customer relationships, and have already reduced
5 the workforce in this production area by 50 percent.

6 As a U.S. specialty chemical manufacturer
7 that relies on importation of certain key raw
8 materials, we also strongly support maintaining
9 clear and predictable chemical reaction rules of
10 origin within the USMCA. These rules are essential
11 to ensuring that materials that undergo a
12 substantive chemical reaction resulting in a new
13 and distinct material are properly recognized as
14 originating goods.

15 Chemical reaction rules not only protect
16 North American production, but also support
17 innovation, operational flexibility, and the
18 long-term competitiveness of the U.S. manufacturers
19 in global markets. We respectfully request that
20 USTR, in consultation with its USMCA partners,
21 prioritize allowing duty drawback under the
22 agreement as part of the joint review.

23 Access to drawback would encourage greater
24 use of U.S. manufacturing facilities for global
25 exports, improve supply chain efficiency and

1 cost-competitiveness across North America, support
2 U.S. jobs and investment in trade-exposed
3 industries, and enhance the effectiveness of the
4 Competitiveness Committee's mandate to strengthen
5 the region's global standing.

6 We urge USTR to consider this modification
7 as an important step toward ensuring that the USMCA
8 continues to serve its intended purpose, fostering
9 a level playing field, and enhancing the
10 competitiveness of U.S. and North American
11 manufacturing. Thank you for your time and
12 consideration.

13 MR. OLIVER: Thank you for your testimony,
14 and we'll move to the next witness.

15 MR. LALL: Good afternoon, my name is
16 Dave, Dave Lall, I am the CEO of Ambit Polyurethane.
17 We manufacture spray polyurethane foam insulation
18 in Arlington, Texas. We do have a number of
19 company-owned distribution centers in Oklahoma
20 City, San Marcos, Mobile, Alabama, and
21 Jacksonville, Florida.

22 We also work along with many of the
23 wholesale distributors, 18 distributors across the
24 United States. I'm here today because of a critical
25 loophole which exists in the USMCA, and that is an

1 existential threat to our industry. This loophole
2 undermines U.S. manufacturing and fair competition.

3 The problem can be easily defined as tariff
4 circumvention through Canada and Mexico. Under the
5 current U.S. trade rules we have to pay tariffs,
6 antidumping duties, countervailing duties, et
7 cetera when importing essential critical elements,
8 chemicals to manufacture the spray foam such as
9 flame retardants, blowing agents, et cetera. I
10 want to highlight the big difference. Canada and
11 Mexico, they can go out and buy these essential
12 materials duty-free, and they're paying, in the case
13 of the flame retardants, 60 cents per pound, whereas
14 we have to pay a dollar and 50 cents.

15 The same thing goes on with the blowing
16 agents. Our cost is about \$6.50 a pound, and they
17 can purchase it for \$4.20 a pound. Canada and
18 Mexico import these chemicals without duties. All
19 they do is simply blend these products, no reaction
20 takes place, and bring it duty-free into the United
21 States.

22 What does this mean? Duty-free China
23 origin products is arriving in the United States.

24 This is a major impediment to we, the U.S.
25 manufacturers. This massive loophole that we find

1 ourselves in nullifies the U.S. tariff enforcement,
2 and penalizes American companies for following the
3 law.

4 The impact it's having on the U.S.
5 manufacturers, as well as our workers, this is not
6 theoretical, it's happening. Canadian suppliers,
7 and using the China origin materials, are able to
8 produce the final product 25 to 35 percent lower
9 costs than we, the U.S. manufacturers.

10 At Ambit we have lost sales to many of these
11 suppliers. I also want to highlight some U.S.
12 manufacturers, because of this differential, have
13 relocated their manufacturing to Canada and Mexico,
14 and some of them are also just total manufacturing
15 their products there.

16 I also would like to highlight that these
17 Canadian and Mexican suppliers, they are not
18 investing here, they are not building up new
19 facilities. All what they are doing is bringing
20 their products, and selling it to the wholesalers.

21 The purpose and benefits of USMCA I think is well
22 known, but that's providing it's done fairly and
23 equitably.

24 However, the current rules of origin for
25 spray foam chemicals allow nearly 100 percent

1 China-derived content to be qualified as North
2 American. This undermines the U.S. trade
3 enforcement. Spray foam is a very important -- it's
4 not just another building product, it is very
5 essential in energy efficiency, and the U.S.
6 building codes are investing heavily in energy
7 efficiency.

8 What are the solutions? We believe that
9 we can apply power trade or duties to the spray foam
10 entering the United States from Canada and Mexico
11 using these China materials of origin, launch a
12 circumvention investigation under the existing
13 rules to determine the true origin of these
14 materials.

15 But there is one simpler way that we feel
16 that can help, and assist, is the formation of a
17 new STS code for these products coming across the
18 border. I can elaborate that more, or I can send
19 some additional information. In closing, we
20 believe in fair trade, not free rides.

21 We believe in U.S. manufacturing, not
22 tariff avoidance, or arbitrage. If this loophole
23 remains, American companies will be forced to make
24 a difficult decision to either relocate their
25 manufacturing, or simply close. Thank you for your

1 time, and I welcome your questions.

2 MR. OLIVER: Thank you for your testimony.

3 We'll now move to the next witness.

4 MS. SHIME: Thank you for this
5 opportunity. First, I would like to underscore
6 that mining companies strongly support the
7 continuation of USMCA. The agreement has
8 strengthened American manufacturing, expanded
9 economic opportunities, and deepened regional
10 integration. It remains a cornerstone of North
11 American competitiveness, and a foundation for
12 secure and resilient supply chains.

13 But to fully realize the benefits of USMCA,
14 particularly those for minerals and materials
15 essential to economic and national security, there
16 are targeted improvements that must be addressed
17 during the joint review. Investor protections are
18 essential. The mining sector is uniquely exposed
19 to risk.

20 Developing a mine requires upfront capital
21 that reaches often billions of dollars, with
22 investment timeline horizons measured in decades.

23 Projects cannot be relocated or reshored,
24 companies must go where the geology is. And as
25 commodity producers, miners are price takers,

1 leaving them especially vulnerable to political and
2 regulatory instability.

3 Despite this, the USMCA currently excludes
4 the mining sector from the list of industries that
5 receive investor protections and direct access to
6 international arbitration. The gap is already
7 affecting investor confidence and putting U.S.
8 mining companies at a disadvantage.

9 We've seen firsthand how political
10 decisions, such as the Mexican government's halting
11 of operations at U.S. mining facilities, how they
12 can jeopardize major investments. Without access
13 to investor stake dispute settlement or other
14 neutral arbitration, U.S. companies face prolonged
15 political, and often biased, domestic legal
16 processes.

17 To address this, we urge the USTR to
18 restore and strengthen investor protections by
19 extending national treatment to most favored nation
20 provisions and to mining investors, ensuring
21 protections against both direct and indirect
22 expropriation, guaranteeing free transfer of
23 capital across borders, restoring access to
24 international arbitration without fork-in-the-road
25 restrictions that unfairly penalize companies for

1 complying with mandatory domestic processes, and
2 designating the mining sector as a covered sector
3 under Annex 14-D to align with other strategically
4 important industries.

5 North America has world-class mineral
6 resources, but geology alone cannot overcome policy
7 risk. Strong investor protections will unlock the
8 capital needed to secure U.S. supply chains, reduce
9 reliance on foreign competitors, especially China.

10 A joint review also represents a critical
11 opportunity to elevate mining in the agreement
12 itself.

13 The USMCA could include a dedicated mining
14 chapter that recognizes the sector's strategic
15 importance and establishes commitments on
16 investment certainty, permitting transparency,
17 regulatory alignment, and collaboration on
18 processing and cross-border cooperation.

19 Such a chapter would allow the three
20 countries to more proactively use USMCA as a
21 foundation for a North American mineral supply chain
22 hub, leveraging regional resources, processing
23 capacity, manufacturing demand to reduce reliance
24 on non-market economy, and strengthen shared
25 economic national security.

1 The NMA also urges USTR to ensure that
2 USMCA qualified goods receive duty-free treatment
3 under all U.S. tariff regimes, including Sections
4 232. Many essential mining inputs from sulfuric
5 acid to quicklime mill liners, aluminum electrical
6 components and processing equipment come from
7 Mexico and Canada.

8 These inputs were previously duty-free
9 under USMCA, however, now, are subject to
10 overlapping tariffs, adding significant cost to
11 U.S. operations. We encourage the USTR to support
12 exemptions for USMCA compliant goods from Sections
13 232, 301, and reciprocal tariff measures,
14 prioritize USMCA-compliant trade of unilateral
15 tariff tools, and allow duty-free entry for all
16 equipment and materials necessary to construct and
17 operate U.S. mines. These measures would
18 strengthen the North American supply chains, lower
19 cost for U.S. producers, and promote deeper
20 integration across our closest allies.

21 The NMA also recommends negotiating the
22 removal of export and import restrictions on
23 critical minerals to ensure open and balanced trade
24 among the three countries, enhanced alignment of
25 investment screening practices, building on CFIUS

1 and the Investment Canada Act, and improving
2 transparency with the rapid response mechanism.

3 In conclusion, the USMCA is essential to
4 North America's economic future. But to maintain
5 secure, resilient, and strategically-aligned
6 supply chains, particularly for minerals that are
7 fundamental to everything from defense to advanced
8 manufacturing, mining must receive protections and
9 the market access it requires.

10 Strengthening investor protections,
11 ensuring tariff removal of USMCA compliant
12 goods, and enhancing transparency and alignment
13 across the agreement will allow USMCA to meet its
14 full potential. Thank you for the opportunity to
15 comment. I look forward to working with USTR
16 through the review to process and advance these
17 shared priorities. Thanks for saving the best
18 panel for last.

19 MR. OLIVER: Thank you for your testimony,
20 and now we'll move to the next witness.

21 MR. BRUCE: Members of the North American
22 Competitive Committee --

23 MR. OLIVER: Bring it a little closer,
24 thank you.

25 MR. BRUCE: There we go. Members of the

1 North American Competitiveness Committee, on behalf
2 of Westwin Elements, thank you for the opportunity.

3 Westwin Elements appreciates the opportunity to
4 testify on the operation of the USMCA. Westwin
5 Elements is building the U.S.'s first and only major
6 nickel refinery as a solution to America's critical
7 minerals crisis.

8 As China's market manipulation continues
9 to artificially depress nickel prices, resulting
10 in the lowest level of western nickel production
11 in over 30 years, Westwin Elements, along with our
12 Canadian allies, play a vital role in countering
13 China's nickel hegemony and strengthening America's
14 defense industrial basis.

15 Nickel is essential to U.S. national
16 defense and industrial strength. It is a core
17 component in stainless steel, armor plating,
18 nickel-based superalloys used in fighter jets,
19 naval platforms, missile casings, turbine engines,
20 and the list continues.

21 Class one nickel, classified by 99.8
22 percent purity or greater, is also essential in
23 advanced batteries powering energy storage systems
24 and next generation aerospace technologies.
25 Ensuring secure access to this material is not just

1 a strategic imperative, but it is an economic
2 objective.

3 Today, the U.S. remains entirely dependent
4 on imports for class one nickel, with Canada
5 supplying more than 50 percent of our total U.S.
6 imports. The USMCA provides a strong platform to
7 address this vulnerability by reinforcing
8 cooperation between allied North American
9 producers, as well as be a strategic lever to protect
10 western nickel access from direct dependence on
11 China, who dominates the global market. However,
12 to realize the full potential of the USMCA in
13 facilitating North American critical mineral
14 independence, two adjustments are crucial.

15 The first, a modernization of the TN visa
16 process to enable greater workforce access and
17 knowledge transfer for the emerging domestic
18 critical mineral midstream. And the second is the
19 establishment of a critical mineral chapter,
20 inclusive of targeted tariff regime for
21 USMCA-compliant nickel.

22 First, on workforce access, Westwin
23 utilizes the carbonyl refining process, which is
24 a vapor-metallurgical process. This technology,
25 while it has been commercialized for over a hundred

1 years within the industry, it has only been
2 commercialized in Canada for about 70 years, with
3 the largest being a Canadian operation owned by
4 Vale.

5 Given that this technology has not existed
6 in the U.S. at commercial scale, access to the
7 professionals, skills, and carbonyl operations is
8 imperative to commissioning facilities and training
9 American workers. Yet, current TN visa categories
10 remain too narrow, making it nearly impossible for
11 these technicians to enter the U.S. under this
12 program, which is intended to streamline the
13 migration process for temporary hires.

14 Although these roles are highly technical
15 and complex, they can be mastered without formal
16 college or technical degrees. In this industry,
17 practical experience is paramount. Many of the
18 most skilled operators possess minimal formal
19 education, but bring decades of hands-on experience
20 and expertise, which is critical to the
21 establishment of this sector in the U.S.

22 North America's ability to successfully
23 compete with China's critical mineral dominance
24 hinges on our ability to develop and sustain a
25 skilled workforce in the midstream refining

1 industry. We urge the Committee to recommend the
2 expansion of the existing engineer and scientific
3 technician employment categories to explicitly
4 include critical mineral process engineers as well
5 as critical mineral process technicians.

6 Additionally, we urge the Committee to
7 recommend specific language that directly allows
8 for years of experience to be equated to degree
9 levels attained. These administrative changes
10 would accelerate the domestic workforce, as well
11 as build America's midstream capacity by allowing
12 skilled trainers to cross into the United States
13 on temporary bases.

14 This will then fulfill the USMCA's
15 competitiveness goals under Article 26.1. Next is
16 tariff alignment and supply chain security. To
17 mitigate the economic and national security risk
18 from foreign dependence, the U.S. must expand
19 domestic production while maintaining secure supply
20 from allies.

21 Westwin therefore recommends the
22 establishing of a chapter on critical minerals
23 within the USMCA and implementing a dual-track
24 tariff strategy within this section to include, one,
25 either the duty-free or most favored nation rates

1 for USMCA-compliant class one nickel imports that
2 are verifiably non-Chinese and non-Russian
3 influenced.

4 And two, support for a 60 percent
5 supplemental tariff on all foreign entity of concern
6 influence on our own nickel imports from Canada and
7 Mexico. With domestic supply deficits for class
8 one nickel expected to be realized as early as 2029,
9 coordination with the U.S. and Canada in a critical
10 mineral regime within the USMCA is essential.

11 This approach will protect us against
12 adversarial market distortions, incentivize U.S.
13 investment, and establish a secure supply from
14 Canada until U.S. production is able to reach
15 capacity. These reforms will not only help the U.S.
16 build domestic capacity, but they will strengthen
17 our trilateral cooperations with our border
18 neighbors, reduce dependency on strategic
19 adversaries, and sustain our industrial base and
20 defense bases for decades to come. Thank you, and
21 I welcome your questions.

22 MR. OLIVER: Thank you for your testimony,
23 and we'll now turn to our final witness.

24 MR. BERNSTEIN: Thank you. My name is
25 Jason Bernstein, I'm testifying on behalf of the

1 American Chemistry Council, representing America's
2 leading chemical and plastic companies. The
3 continued operation of the USMCA remains one of our
4 highest trade priorities. Not just for ACC, but
5 for our combined North American chemical industry
6 associations in Canada and Mexico.

7 Together, we have drafted some joint
8 recommendations for the USMCA review, which we hope
9 this Committee will consider and will implement,
10 but we will not go into detail here because of the
11 time. First, we should note that the USMCA has been
12 a success for the U.S. and North American chemical
13 industry.

14 Despite increases in imports from China,
15 the U.S. chemical industry continues to meet
16 significant trade surpluses with both Canada and
17 Mexico, and has in fact increased its trade surplus
18 since USMCA was implemented.

19 While a reliable supply of competitive
20 feedstock is a cause of this development, USMCA
21 provisions on market access, rules of origin, TBT,
22 good regulatory practices, and especially the annex
23 on chemical substances, also known as the chemical
24 sectoral annex, have facilitated this progress and
25 have caused new capital investments in the United

1 States.

2 ACC members are often the sole producers
3 of certain chemicals used in medications like
4 Ibuprofen, flame retardants, used in electric
5 batteries in cell phones, and polymers for food and
6 pharmaceutical packaging. To maintain these
7 investments, we rely on duty-free imports from
8 Canada and Mexico that are not available in the
9 United States.

10 Losing USMCA duty-free treatment, the
11 chemical sectoral annex, or other USMCA provisions
12 could lead to the outsourcing of chemicals, and
13 their downstream supply chains to other countries.

14 As chemicals are foundational to many supply
15 chains, the continued operation of the USMCA is
16 crucial to maintain and expand these domestic
17 chemical investments and critical manufacturing
18 supply chains that rely on chemicals.

19 A review of the chemical sectoral annex
20 and of the chapters in agreement that support U.S.
21 and North American chemistry market access and
22 regulatory cooperation is especially prudent for
23 several reasons we think in this review.

24 First, the USMCA can address recent
25 changes in global chemical production and trade

1 caused by overcapacity and overregulation of
2 chemicals that are creating new challenges and
3 opportunities for U.S. and North American
4 production. Second, the USMCA, especially the
5 chemical sectoral annex, has not been fully
6 implemented or enforced.

7 And key provisions of this annex could be
8 used to support value chains where North America
9 has a competitive advantage and address unfair trade
10 practices that are impacting U.S. and North American
11 production, jobs, and exports. I will add, one of
12 those practices are something Mr. Lall already
13 talked about.

14 As this annex has already been
15 established, we would not need to change the
16 agreement, but rather support it by establishing
17 a working group under the annex with modernized
18 priorities, which we describe in our
19 recommendations, that would help secure access to
20 key materials needed to maintain and expand these
21 North American manufacturing investments.

22 This will advantage U.S. and North
23 American chemical production, especially with
24 China, or competition with China, for years to come.

25 ACC encourages USTR to maintain other provisions

1 that are working for the U.S. and North American
2 chemical industry,] while reviewing some of the
3 provisions that may not be working as intended, such
4 as limitations on the use of duty drawback.

5 Maintaining neutral forums in trade
6 disputes and including digital trade provisions are
7 important for supporting cross-border trade data
8 sharing for chemical safety and compliance. So
9 it's not just digital trade, it's chemicals as well.

10 Besides the chemical annex, one USMCA rule
11 that was a notable improvement over NAFTA was the
12 inclusion of stronger rules of origin that provided
13 more flexibility for North American chemical
14 producers and better ensured that the benefits of
15 the agreement went to the intended parties. While
16 a review of these rules to reflect changing tariffs
17 and trade patterns can be in order, a change in the
18 process-based rules system for chemical and plastic
19 products would be problematic for industry.

20 Especially in combating forced technology
21 transfer, foreign investment restrictions, and
22 inadequate intellectual property protection.
23 Reverting the so-called tariff shift or value-based
24 rules could create new loopholes that would make
25 it more difficult to stop circumvention of North

1 American country tariff protections from non-market
2 economy practices and approaches.

3 First, we note that the USTR, we want to
4 thank the USTR for having this hearing, we know you
5 have a lot on your plate, but we ask that this hearing
6 not be the last opportunity for our engagement.

7 A review of the operation of the USMCA should be
8 an ongoing discussion with industry to identify
9 issues that can be addressed with other parties
10 before decisions are made.

11 Establishing a working group under the
12 USMCA annex on chemical substances is more likely
13 to successfully lead to better, more specific
14 recommendations for the USMCA review that could be
15 agreed to by all USMCA parties. Thank you for your
16 time, happy to answer any questions.

17 MR. OLIVER: Thank you, and thank you all
18 for your testimonies, it is greatly appreciated.

19 With that, we will now turn to our U.S. Government
20 officials on the dais to ask you a few questions.

21 Just as a reminder, each of you will receive one
22 question, and your response is limited to two
23 minutes. With that, we'll turn to Mr. Watson.

24 CHAIR WATSON: First, thank all of you for
25 coming here today and for sharing your testimony.

1 The first question is for Ms. DiDomenico. I think
2 in your written submission, you had included some
3 specific suggestions for rules of origin for
4 chemicals, and then of course you've talked about
5 some today, as well.

6 But wondering if you would like to
7 elaborate further on how the suggestions you
8 provided would be beneficial to U.S. manufacturers?

9 MS. DIDOMENICO: Sure. We just want to
10 make sure that rules of origin for chemicals in
11 particular, if they undergo a chemical reaction,
12 that the country of origin is where that chemical
13 reaction occurs and where the new product is
14 manufactured. And that's the way it exists today,
15 and we agree with that and support that. And we
16 just want to make sure that continues forward to
17 be part of the agreement.

18 MR. OLIVER: Thank you for your response.

19 Second question will come from Ms. Demirjian.

20 MS. DEMIRJIAN: Thank you. And this is
21 for Mr. Lall and following up on rules of origin.

22 You indicated in your testimony a proposal to use
23 a new HTS code to address the circumvention of
24 tariffs for spray foam resin. And could you
25 elaborate on what kind of a rule of origin you would

1 recommend for a new HTS code?

2 MR. LALL: Well, first of all, we have to
3 understand what the HTS code currently covers.
4 Where in our particular case for the chemicals that
5 we use, that HTS code covers a number of different
6 molecules. Hence, that creates a major problem for
7 CBP.

8 The certification, verification of those
9 materials of origin becomes so cumbersome that it's
10 very difficult for them to properly and adequately
11 verify these products' countries of origin.

12 So our suggestion here would simply be if
13 you can go out and instead of just checking every
14 ingredient that was placed inside on the bill of
15 lading as we used to do before under NAFTA, you can
16 go out now and get an HTS code. And that HTS code,
17 all the manufacturers have to comply with that, and
18 they know as to whether or not this is the country
19 of origin, whether it's duty-free, can come in
20 duty-free, or it's partially duty-free. So this
21 makes a major simplification in the verification.

22 Because, yes, we all understand the true
23 value of USMCA, but it is the implementation. We
24 find it is not being a levelized playing field that
25 we're currently working in, and that's penalizing

1 the American -- our industry, primarily.

2 MR. OLIVER: Thank you for your response.

3 The next question will come from Mr. Meakem.

4 MR. MEAKEM: All right, and this is for
5 National Mining Association. You identify
6 investor protections as critical for the effective
7 operations of the USMCA, and that explicit investor
8 protections for the mining industry should be
9 included to promote stronger investor confidence
10 and facilitate the large-scale investment outlays
11 that will be necessary for the United States.

12 Can you provide more details on how these
13 protections could benefit U.S. critical mineral
14 supply chains overall?

15 MS. SHIME: Thank you, John, for the
16 question. While our primary priority is to develop
17 resources in the United States, the more prospecting
18 and developing in the United States, the reality
19 is that our producers do need to look externally
20 when possible because of where the geological
21 deposits are located.

22 And that takes our companies to our allies,
23 and sometimes non-allied countries. So one would
24 expect that you could -- there is reduced risk in
25 operating in an allied country, especially one with

1 whom we share a border. And unfortunately, we have
2 companies operating currently in Mexico, I'm
3 thinking of two projects in particular, that are
4 currently being shut down or under certain
5 expropriation methods.

6 And so, with an industry that has such long
7 timeline horizons for a return on your investment,
8 is so politically at risk for changes in
9 administrations and is so important to national
10 security, when investors cannot see a return on
11 their investment, they will not continue investing
12 in those countries.

13 And for the United States to reduce those
14 viable projects internationally, it will harm our
15 domestic supply chains, since many of the products
16 come to the United States to shore up our resources
17 here.

18 MR. OLIVER: Thank you for your response.

19 The next question will come from Mr. Wesch.

20 MR. WESCH: Mr. Bruce, good afternoon.

21 You argue for the creation of a USMCA chapter
22 dedicated to critical minerals, to include tariff
23 exemptions for non-Chinese and non-Russian nickel.

24 Beyond the tariff exemptions, what other issues
25 would such a dedicated critical minerals chapter

1 cover?

2 MR. BRUCE: So a dedicated critical
3 minerals chapter, in addition to the tariffs, will
4 also play a huge role in helping workforce
5 development, which is a large part of the
6 competition chapters in Article 26 in the USMCA.

7 We also, in conversations with industry, have had
8 a lot of interest in a critical mineral chapter that
9 focuses on facilitating technology transfer and
10 greater access for technologies to be implemented
11 across the countries.

12 And then another large part is it would
13 help facilitate incentives for investment.
14 Whether it's through replicating a sort of EB-5 type
15 program to incentivize domestic investment, or
16 expansion within that of the TM process, there is
17 a lot of significant opportunities that a critical
18 mineral annex within and of itself can address
19 beyond just the tariffs.

20 But on the tariffs specifically, the
21 critical mineral annex can recommend certain
22 tariffs be put in place. So not just the duty-free
23 side, but also it serves a purpose in protecting
24 domestic and overall western nickel production from
25 the market manipulative tactics of China.

1 Whereby creating a sort of bifurcated
2 market where U.S. and Canadian production is not
3 only protected, but it is incentivized, and it
4 incentivizes domestic producers, OEMS to purchase
5 from USMCA-compliant partners. So there is a
6 plethora of opportunities within it, but I think
7 those are the most important.

8 MR. OLIVER: Thank you for your response.
9 And the final question will come from Ms. Nelson.

10 MS. NELSON: Thank you, and good
11 afternoon. This question is for Mr. Jason
12 Bernstein. You refer how the USMCA's chemical
13 substances annex has not been implemented. The
14 annex is intended to enhance regulatory
15 compatibility, data and information exchange, and
16 conformity assessment procedures among competent
17 authorities.

18 In your view, what issues have you
19 encountered that the annex could have addressed?

20 Thank you.

21 MR. BERNSTEIN: Thank you. We think
22 there are certain areas of the annex, specifically
23 in 12A-46, that talk about areas of regulatory
24 cooperation, such as safety data sheets,
25 confidential business information, chemical

1 inventories, and risk assessment. We think these
2 can be used actually for further cooperation, to
3 develop further cooperation instilling new critical
4 chemical investments.

5 This is a growing area, of CBI especially,
6 and safety data sheets we think can be used on that
7 one. The second area also is since the annex is
8 done, one of the issues is Mexico, we were hoping
9 to adopt a chemical management system that would
10 help identifying work on these three areas.

11 So far, that has not happened, so working
12 with them to develop a system based on these areas
13 of regulatory cooperation would be very helpful on
14 how we could use that to facilitate further
15 cooperation.

16 MR. OLIVER: Thank you for your response.

17 And thank you all for not only your testimonies,
18 but your responsiveness to the questions, we greatly
19 appreciate it. And with that, this panel is
20 concluded. And before we release you all, I'm going
21 to turn it back over to Mr. Watson for closing
22 remarks.

23 CHAIR WATSON: Very quickly, just to say
24 thank you to all of you for coming out today and
25 sharing your views. I also want to thank the ITC

1 for their help with the venue, and all the support
2 they've given to us during this hearing, to my staff
3 who have been keeping things running, and I think
4 we're actually a little bit ahead of time, which
5 is great.

6 And then also our interagency colleagues
7 who participated on the panel. So it's been a
8 really interesting experience, and we've learned
9 a lot from all of you, so thank you for coming.

10 (Whereupon, the above-entitled matter
11 went off the record at 5:55 p.m.)

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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

James Cordes