



OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

[Docket Number USTR-2023-0013]

Request for Comments and Notice of Public Hearing Concerning the Operation of the United States-Mexico-Canada Agreement with Respect to Trade in Automotive Goods

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

ACTION: Request for comments and notice of public hearing.

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

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

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

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

deadline at (202) 395-2990 or Justin.D.Hoffmann@ustr.eop.gov.

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

SUPPLEMENTARY INFORMATION:

I. USMCA Background

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

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

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

II. Report to Congress

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

- a) To the extent practicable, a summary of actions taken by producers to demonstrate compliance with the automotive rules of origin, use of the alternative staging regime, enforcement of such rules of origin, and other relevant matters.
- b) Whether the automotive rules of origin are effective and relevant in light of new technology and changes in content, production processes and character of automotive goods.

USTR submitted its first report to Congress on June 30, 2022. No later than July 1, 2024, USTR will submit the results of the second biennial review to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives and post a public version of the report to its website at <https://www.ustr.gov>. The 2022 report is available on USTR's website at <https://ustr.gov/sites/default/files/2022%20USMCA%20Autos%20Report%20to%20Congress.pdf>.

III. Request for Public Input

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

1. The overall operation of the USMCA with respect to automotive goods.
2. Actions taken by automotive and parts producers to demonstrate compliance with the USMCA automotive rules of origin, including:
 - a. The applicable RVC requirements for passenger vehicles, light trucks, heavy trucks, other vehicles and parts thereof.

- b. The North American steel and aluminum purchase requirements.
 - c. The LVC requirements.
3. The use of alternative staging regimes by vehicle producers to meet the USMCA automotive rules of origin.
4. Enforcement of the USMCA automotive rules of origin, including the alternative staging regimes and the automotive certification process for steel and aluminum content, LVC and RVC.
5. Whether the current USMCA automotive rules of origin are effective in light of new technology and changes in the content, production processes and character of automotive goods. In particular, whether the rules of origin remain effective for:
 - a. The large-scale transition towards electric and other clean-energy vehicles;
 - b. The transition away from internal combustion and diesel vehicles;
 - c. The automotive parts applicable to electric and clean-energy vehicles and internal combustion or diesel vehicles; or
 - d. Any other vehicle and part subject to the USMCA automotive rules of origin.
6. Whether the USMCA rules of origin are effective in supporting the competitiveness of the North American automotive industry in light of global challenges, such as excess capacity of electric vehicles.
7. An update on the supply chain challenges identified in the 2022 report (*e.g.*, semiconductor shortage, war in Ukraine) and the impact the USMCA had on overcoming those supply chain challenges.
8. The impact of the 2022 Inflation Reduction Act and similar legislation, *e.g.*, the CHIPS and Science Act of 2022, and the Infrastructure Investment and Jobs Act, on the overall trade in automotive goods under the USMCA and those goods' ability to meet the USMCA rules of origin.

9. Specific issues faced by producers of heavy-duty trucks and other automotive goods not specifically addressed above.
10. Any other topics relevant to the trade in automotive goods under the USMCA.

IV. Hearing Participation

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

V. Procedures for Written Submissions

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

To make a submission via Regulations.gov, enter Docket Number USTR-2023-0013 in the 'search for' field on the home page and click 'search.' The site will provide a search results page listing all documents associated with this docket. Find a reference to this notice by selecting 'notice' under 'document type' in the 'refine documents results' section on the left side of the screen and click on the link entitled 'comment.'

Regulations.gov allows users to make submissions by filling in a 'type comment' field, or by attaching a document using the 'upload file' field. USTR prefers that you provide

submissions in an attached document and, in such cases, that you write ‘see attached’ in the ‘type comment’ field. USTR prefers submissions in Microsoft Word (.doc) or Adobe Acrobat (.pdf). If you use an application other than those two, please indicate the name of the application in the ‘type comment’ field.

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

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

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

If you ask USTR to treat information you submit as BCI, you must certify that the information is business confidential and you would not customarily release it to the public. For any comments submitted electronically containing BCI, the file name of the

business confidential version should begin with the characters 'BCI.' You must clearly mark any page containing BCI with 'BUSINESS CONFIDENTIAL' at the top of that page. Filers of submissions containing BCI also must submit a public version of their submission that will be placed in the docket for public inspection. The file name of the public version should begin with the character 'P.'

USTR will post written submissions in the docket for public inspection, except properly designated BCI. You can view submissions at [Regulations.gov](https://www.regulations.gov) by entering Docket Number USTR-2023-0013 in the search field on the home page.

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