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Kevin M. Dempsey
President and CEO

October 31, 2025

The Honorable Jamieson Greer
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

RE: Request for Comments on the Operation of the Agreement Between the United States of America, the United Mexican States, and Canada (USMCA) [USTR-2025-0004]

Dear Ambassador Greer:

In response to a request from the Office of the United States Trade Representative (USTR),¹ the American Iron and Steel Institute (AISI) hereby submits comments regarding the operation of the Agreement Between the United States of America, the United Mexican States, and Canada (USMCA), including our recommendations on specific actions that USTR should propose ahead of the Joint Review of the USMCA. These recommendations promote balanced trade, new market access, and alignment with Mexico and Canada on economic security, as well as provide strategies for strengthening North American economic security and competitiveness through cooperation on issues related to non-market policies and practices of other countries.

AISI serves as the voice of the American steel industry in the public policy arena and advances the case for steel in the marketplace as the preferred material of choice. AISI's membership is comprised of integrated and electric arc furnace (EAF) steelmakers, steel pipe and tube manufacturers and steel processors and fabricators, reflecting the production and distribution of both carbon and stainless steels. These steels are critical to America's national and economic security, including roads and bridges, buildings, the electrical grid, cars and trucks and all energy technologies. AISI also represents associate member companies who are suppliers to or customers of the steel industry.

¹ Request for Public Comments and Notice of Public Hearing Relating to the Operation of the Agreement Between the United States of America, the United Mexican States, and Canada, 90 Fed. Reg. 44,869 (September 17, 2025).

I. Overall Comments on the Operation of the USMCA

The steel industry in the United States supported the negotiation and adoption of the USMCA, which modernized and strengthened several key aspects of the North American Free Trade Agreement (NAFTA). The NAFTA bolstered manufacturing supply chains in North America, particularly with key customer groups like the auto industry. But after being in effect for more than 20 years, the industry recognized that it needed to be modernized and strengthened to address more recent trade challenges.

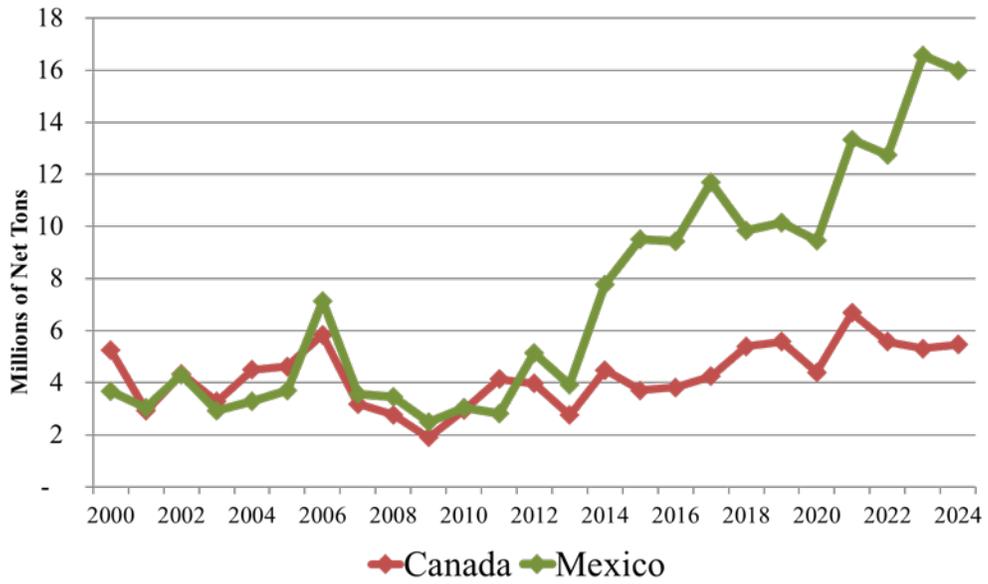
As discussed further below, one important improvement in the USMCA for American steel producers came from the adoption of strengthened rules of origin for automobiles and auto parts, including a requirement that 70 percent of the steel purchased by each automotive original equipment manufacturer (OEM) must originate within North America for its vehicles to be considered originating in the USMCA. The impact of these and other provisions of the USMCA on American steel producers has been positive, as these updates to the NAFTA have created additional incentives for the consumption of North American steel in key downstream industries like the auto industry, although many provisions, such as the melt and pour rule for the 70 percent North American steel OEM purchasing requirement, have not yet been fully implemented.

One reason that the USMCA remains of importance to the American steel industry is that Mexico and Canada remain the two largest export markets for American-produced steel products, accounting for 93 percent of all steel exports from the United States in 2024, up from approximately 75 percent before the NAFTA went into effect. Strengthening North American manufacturing supply chains, especially those that are steel-intensive, thus remains a high priority for steel producers in the United States.

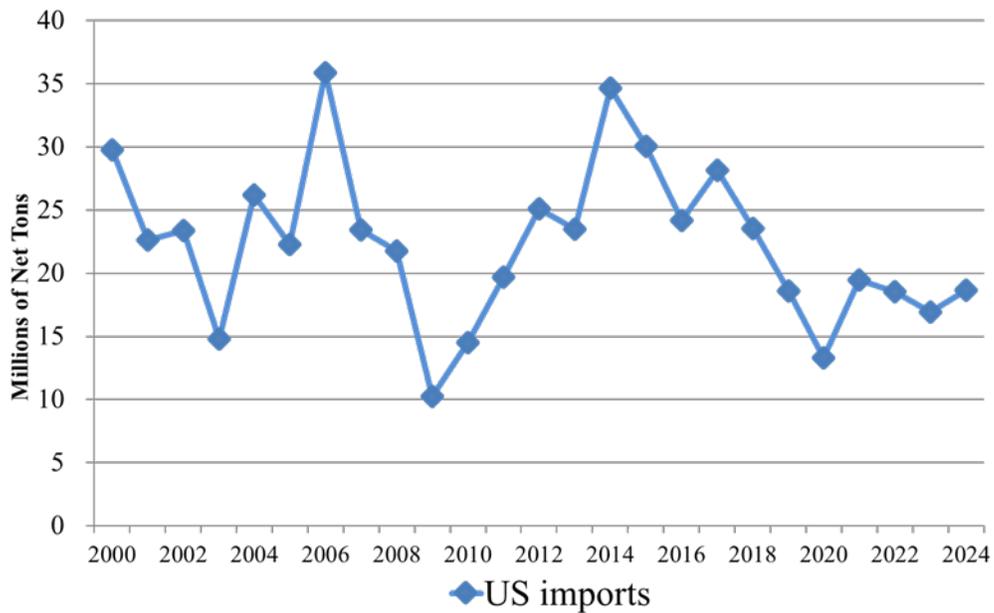
At the same time, AISI believes that any review of the operation of the USMCA should also take into account the volume of steel imported into North America from other regions of the world, which impacts steel producers in all three North American countries. AISI notes in this regard that steel imports from outside of North America into Mexico and Canada have significantly increased over the last ten years, with import tonnage into Mexico and Canada from outside North America growing from approximately 12.3 million net tons in 2014 to 21.5 million net tons in 2024, an increase of 75 percent in just ten years.

The most significant volume increase in non-North American imports has been to Mexico, but Canada has seen increases in non-North American steel imports as well. By contrast, due in significant part to the imposition of tariffs under Section 232 of the Trade Expansion Act of 1962 (Section 232), together with targeted antidumping and countervailing duty relief, non-North American steel imports into the United States have declined from 34.6 million net tons in 2014 to 18.6 million net tons in 2024.

Non-North American Steel Imports Into Canada and Mexico



Non-North American Steel Imports into the United States



In short, while the United States has taken significant steps to reduce non-North American imports, Canada and Mexico have yet to take adequate actions to stem the surge of global steel overcapacity into their respective home markets and thus into the USMCA economic zone. As a result, imports take a much larger share of the steel market in Mexico and Canada than they do in the United States. In 2024, steel imports from all countries took 64 percent of the Canadian market, 45 percent of the Mexican market and 22 percent of the U.S. market. The vast majority of these imports are from outside the USMCA region. Based on data provided by the Mexican and Canadian steel industries, AISI estimates that approximately 75 percent of the steel imports into Mexico are from outside North America, while about 60 percent of the steel imports into Canada are non-North American in origin.

The increase in non-North American steel imports into Mexico and Canada is one consequence of the global steel overcapacity crisis that has plagued the global steel industry in the years since the 2008-2009 global financial crisis. Foreign government subsidies and other forms of market-distorting policies and practices have fueled massive global overcapacity in steel. According to the 2025 OECD Steel Outlook, the current level of global steel overcapacity is 602 million metric tons (MMT) and this overcapacity is forecasted to grow to 721 MMT by 2027.² This overcapacity fuels surges in exports from one region of the world to another, as producers in countries with excess capacity seek to cover their fixed costs by increasing production and exporting the excess not needed by local demand to other markets. The 2025 OECD Steel Outlook report details, for example, that due to overproduction in China, Chinese steel exports to the world surged to a record level of 118 MMT in 2024, negatively affecting steel producers around the world.³

As noted above, the volume of non-North American imports into the United States has declined overall since the peak in 2014, due in large part to antidumping and countervailing duty actions taken by U.S. domestic steel producers during 2015-16 (that have largely remained in place) and the imposition of Section 232 tariffs and quotas on steel imports from virtually all countries in the spring of 2018. While several countries subsequently negotiated alternative arrangements, including tariff-rate quota and import monitoring arrangements, in lieu of the tariffs and quotas, President Trump earlier this year revised this program to provide for virtually universal tariff coverage on steel product imports, and extension of the tariffs to imports of a number of derivative steel products. The lack of equivalent trade relief on steel imports into

² OECD Steel Outlook 2025, available at https://www.oecd.org/en/publications/oecd-steel-outlook-2025_28b61a5e-en/full-report/executive-summary_3618ca77.html#execsumm-d1e603-c76bf6056c.

³ *Id.* at Section 1.

Mexico and Canada has allowed non-North American steel to take a larger and growing share of those two markets.

The increasing volume of imports of steel products from outside North America into Mexico and Canada has had several negative consequences for the American steel industry. First, to the extent these offshore imports have been utilized by downstream manufacturers in Mexico and Canada to build steel-intensive products, they have reduced opportunities for American steel manufacturers to increase their exports to these markets and undercut efforts at building stronger North American steel supply chains that would benefit all three North American countries. Second, these imports from outside North America have displaced a portion of domestic steel production within Mexico and Canada, driving Mexican and Canadian steel producers to increase their exports of steel products to the U.S. market to make up for lost sales in their home markets. Third, in at least some cases, the increased steel imports into Mexico and Canada from outside North America have been used not for further manufacturing in those markets but rather have been redirected after minor or no further processing to the U.S. market in order to circumvent and evade U.S. tariffs on steel from other regions of the world.

Addressing this situation regarding increasing steel imports from outside of North America into Mexico and Canada is a steel industry priority for the upcoming review of the USMCA, and we urge the administration to focus its efforts on addressing this issue with Mexico and Canada as soon as possible. AISI's specific recommendations on how best to address this issue are set forth below, together with a number of additional recommendations on actions to be taken in connection with the review of the operation of the USMCA.

II. Recommendations on Actions to Propose for the Joint Review of the USMCA

In order to promote balanced trade, new market access, and alignment on economic security with Mexico and Canada, AISI recommends that USTR propose the following actions ahead of the Joint Review of the USMCA.

A. Common External Steel Tariff

In order to promote balanced trade in the steel sector, new market access, and improved alignment on economic security with Mexico and Canada, AISI recommends that USTR propose that Mexico and Canada each adopt a special steel tariff regime equivalent to the current U.S. Section 232 national security steel tariffs. Such action by Mexico and Canada to mirror the U.S. Section 232 steel tariffs will create in effect a common external tariff for all three North American countries on all steel products imports from outside

North America. This is the most effective way to prevent the negative impacts of global steel overcapacity on steel producers throughout the North American region. It is the one measure that can address the problem of increased steel imports into Mexico and Canada that are undermining the expected benefits of the USMCA for producers throughout North America. A common external tariff is also the most effective mechanism to prevent transshipment, circumvention and evasion of existing national trade and tariff actions on steel.

To be effective, the Mexican and Canadian steel tariffs must be fully consistent with the Section 232 steel tariffs in terms of tariff level (50 percent on an *ad valorem* basis) and in terms of product and country coverage. In particular, it is essential that there not be carveouts from the tariffs for selected countries due to existing free trade agreements or similar arrangements. Any country exemptions from the tariffs will render the overall system ineffective, as imports from those countries as well as third countries will quickly flood through the gaps in the system. It is also critical that the Mexican and Canadian steel tariff regimes cover all the same steel products and derivative steel products subject to the Section 232 tariffs. Any differences in product or country coverage will only facilitate efforts by foreign producers and exporters to circumvent or evade the tariffs, undermining their effectiveness for all three North American countries and economies.

B. Melt and Pour Rule of Origin for Steel under the USMCA and for Section 232 and Equivalent Tariff Regimes in Mexico and Canada

In order to ensure that the benefits of the USMCA and the common external tariff regime discussed above flow only to steel made in North America and to prevent granting these benefits to steel made elsewhere that is only finished or “rolled” in one of the three North American countries, the rule of origin for steel under the USMCA and the steel tariff regime should be that only steel “melted and poured” in one of the USMCA countries qualifies as originating in one of the North American countries. At present, the rules of origin for steel products under the USMCA are based on specific tariff shift rules that vary for different categories of steel products. The current rules of origin do provide, in the case of carbon flat products, that origin can be conferred by rolling an imported semifinished slab into a hot or cold rolled flat product in one of the USMCA countries.

In the steel industry, steel is “melted and poured” where raw steel is first produced in a steelmaking furnace in a liquid state and then poured into its first solid shape, either a semifinished or a finished steel product. Steel that is melted and poured in one country may then be shipped to a second country for further processing into another steel

product. In some cases, the resulting steel product may be shipped to yet another country or countries for additional processing.

Identification of where the steel is originally melted and poured is critical to understanding steel trade and addressing transshipment, as a very significant share of the cost of producing steel products occurs in the initial melting and pouring process where the raw steel is made. This stage of production requires very substantial investments in steelmaking equipment and accounts for a substantial share of the employment in the industry. Thus, from an economic perspective, often the largest value added in the production of steel products is made where the steel is melted and poured, not where the final processing may occur.

In recognition of the importance of identifying the origin of steel based on the country of melt and pour (in addition to the country where the last substantial transformation took place), the Department of Commerce in 2020 amended its Steel Import Monitoring and Analysis (SIMA) licensing system to require collection of information on the country where the steel is melted and poured. The Government of Canada also collects data on the country of melt and pour under its steel import monitoring system.

For purposes of the USMCA, it is critical not only that all steel products have their origin determined by the country of melt and pour but that this origin rule flow through to any regional value content (RVC) requirements for goods made of steel, such that only steel melted and poured in North America can count toward the RVC requirements for autos and auto parts and other steel-containing goods subject to such content requirements.

Finally, the USMCA marking rules for steel products, which are a regulatory carry-over of the pre-USMCA North American Free Trade Agreement (NAFTA) marking rules, must be amended to reflect the updates proposed to USMCA rules of origin to prevent steel not melted and poured in the region from evading tariffs or accruing other benefits under the USMCA. The USMCA marking rules currently permit many steel products that are melted and poured outside of the region to be marked as made in North America as a result of minor processing in the region. Differences between USMCA rules of origin and the USMCA marking rules cause confusion in the marketplace and encourage foreign producers to dump low-priced steel into Canada and Mexico, perform minor processing on the imported product, and then export the final product to the United States as a product of Canada or Mexico. AISI therefore urges that the USMCA marking rules be updated to align with the proposed new melt and pour USMCA rule of origin in order to prevent steel not melted and poured in North America from benefiting under the agreement.

C. Stronger Rules of Origin to Incentivize Use of North American Steel in Manufactured Products, such as Automobiles and Light Trucks

As noted earlier, the USMCA modernized the NAFTA by adopting strengthened rules of origin for automobiles and auto parts, which established enhanced RVC requirements for steel-intensive products and other rules to incentivize the use of North American steel by automotive OEMs. The USMCA sets forth specific RVC requirements for various parts and components of an automobile. These parts and components are divided into three different categories, with a minimum RVC for each as follows:

- Core parts and components (engines, axles, batteries, chassis, transmissions, and suspensions): RVC of 75 percent.
- Principal parts and components (brake systems, air conditioners, fuel systems, and exhausts): RVC of 70 percent.
- Complementary parts and components (switches, valves, wire harnesses, lighting, and locks): RVC of 65 percent.

In addition, another key provision of the USMCA automotive rules of origin is the separate requirement that 70 percent of the purchases of steel (and aluminum) by each OEM must originate within North America for its vehicles to be considered originating. The USMCA uniform regulations on the rules of origin issued in June 2020 provided a specific list of which steel products should be counted for purposes of determining this 70 percent North American purchasing requirement.

While each of these rules have helped to incentivize the use of North American steel in the automotive supply chain in North America, the lists of products for each of the RVC categories and the North American purchasing requirement were developed at one point in time and reflect the priorities of the steel and automotive industries at that time. AISI urges that USTR evaluate what updates may now be necessary to respond to changes in automotive markets and technologies. Specific areas for evaluation include the following:

1. Updates to the Lists of Core, Principal and Complementary Parts Subject to RVC Requirements

USTR should undertake a thorough process to consider whether the current lists of core and other parts that were agreed to in 2020 are still accurate today in light of current technology. One area where technological change may suggest changes will need to be made to the USMCA automotives rules of origin concerns the shift to electric vehicles (EVs). While the USMCA rules of origin did seek to incorporate the EV transition in the

new rules of origin, for example by including advanced batteries as a core part, other aspects of the rules of origin may still need adjustment, such as the treatment of EV traction motors, motor cores and non-oriented electrical steel (NOES), among others, to ensure the rules remain effective as EV production grows as a share of total North American automotive production. This is particularly true as EV production continues to evolve, and new systems are regularly being developed that were not significant features of automotive production only a few years ago.

As noted above, it is also essential that the adoption of a melted and poured rule of origin for steel flow through to the various RVC requirements for autos and other steel-containing goods. To count as North American for any regional value content requirement, a part made of steel should be made of steel melted in North America. This is critical to ensuring that imported steel products are not reclassified as North American when transformed into an automotive part.

2. Update List of Steel Products and the Percentage Threshold for the OEM North American Steel Purchasing Requirement

USTR should also review the list of steel products counted for purposes of the 70 percent North American steel purchasing requirement for automotive OEMs to ensure that the key steel products used today in automotive production are included in the list. Steel products used more extensively in EVs and hybrid vehicles, such as various electrical steels, should be considered for possible inclusion in the list of steel products. In addition, to the extent that the list of steel products is expanded, USTR should raise the 70 percent threshold to a higher level to account for the additional steel products to be procured for automotive production going forward.

D. Reform of Temporary Importation, Duty-Drawback and Duty Deferral Programs within North America

In order to ensure that import duties collected on non-North American steel have their desired market impact, all programs that effectively allow the waiver or refund of duties collected on imported goods upon reexport of the goods (whether further processed or simply reexported) must be further scrutinized and tightened with respect to steel and steel-containing product exports within North America. The USMCA limited the operation of temporary importation, duty drawback and duty deferral programs within North America. But with a higher external tariff on steel products expected to be in place for all three North American countries, programs that permit temporary importation, duty drawback and duty deferral to avoid payment of tariffs on imports must be reformed to ensure that they are not used to circumvent tariff measures.

Among the programs that must be reformed to ensure that they are not used as vectors for circumvention include the following programs currently operating in Mexico:

1. The Decree for the Promotion of the Manufacturing, Maquiladora and Export Services Industry (IMMEX Decree) in Mexico, which allows the temporary importation free of tariffs and VAT into Mexico of materials, parts and components, among other items necessary for the manufacture of finished products and their subsequent export, including machinery and equipment required for said production processes.
2. PROSEC (Sectoral Promotion Program), which is a Mexican government program that allows companies to import raw materials, components, and machinery at reduced or zero tariffs for use in manufacturing goods, regardless of whether the final products are sold domestically or exported.
3. Rule 8, which was established in the General Rules and Criteria on Foreign Trade issued by Mexico's Ministry of Economy, allows domestic producers in Mexico to import certain inputs or goods under preferential tariff treatment, as long as those goods are essential for their production processes. Under this rule, companies authorized under the PROSEC program may obtain a prior import permit for the tax-exempt importation of certain inputs used in the manufacture of finished products authorized under the PROSEC program, when their importation is necessary to diversify sources of supply, due to the lack or insufficiency of national production, or to comply with international trade obligations, among other criteria.

Similar such programs in the United States and Canada should also be reviewed and reformed as needed.

E. Enhanced and Transparent Import Monitoring by all North American Governments

A challenge facing all three North American governments are efforts by traders and importers to circumvent and evade trade remedy measures and other tariffs, such as the Section 232 steel tariffs. Often these efforts involve transshipment of steel and steel-containing products through third countries. A critical tool needed by both government officials and industry to combat these practices is detailed and transparent import data from multiple countries, which allows for tracking of steel trade flows. AISI

recommends the following key steps to ensure adequate import data are made available to the public so that industry can assist government officials in identifying transshipment, circumvention and evasion of trade measures, as well as misclassification of imports and undervaluation of goods to undermine the effectiveness of tariffs and other trade measures.

1. Publication of import data on all steel products from all countries into each of the North American countries

Given the high level of integration among the three North American countries, it is particularly critical that all three North American governments collect and publish for public review timely trade data (on both imports and exports) for all steel products imported from all countries. In the past, Mexico has not always made all import data public. Collecting but not making the data public undermines the value of the data for enforcement purposes. To the extent they are not currently doing so, Mexico and Canada should be encouraged to provide similar complete and detailed steel trade data for industry and other governments' use.

2. Collection and publication of data on the country of melt and pour for all steel products

In the case of steel products, it is essential that trade data be collected and published not only on the country of origin based on the last substantial transformation, but also on the country of melt and pour, as the United States has done through its SIMA system since 2020. As detailed above, AISI believes the USMCA rule of origin for steel products must be based on the country where the steel was originally melted and poured, given that a very significant share of the cost of producing steel products occurs in the initial melting and pouring process where the raw steel is made. This stage of production requires very substantial investments in steelmaking equipment and accounts for a substantial share of the employment in the industry. Thus, from an economic perspective, often the largest value added in the production of steel products is made where the steel is melted and poured, not where the final processing may occur.

To effectively enforce a rule of origin based on country of melt and pour, as well as to monitoring transshipment of steel from outside the North American region, it is therefore essential that information on the country of melt and pour be collected and reported for all steel product imports.

3. Expansion of steel import data collection and publication to derivative steel products covered by Section 232 tariffs and equivalent measures in Canada and Mexico

The enhanced steel data collection systems should apply to all steel products subject to North American steel tariff measures, including the expanded list of derivative steel products now covered by Section 232 tariffs in the United States, and all equivalent tariff measures established in Canada and Mexico.

F. Enhanced Cooperation between North American Customs Authorities

In addition to enhanced and transparent import monitoring, one strategy for strengthening North American economic security and competitiveness would be to further enhance cooperation between the three North American customs authorities, especially with regard to coordinated customs enforcement efforts against transshipment, circumvention and evasion of national trade measures, such as the Section 232 steel tariffs and antidumping and countervailing duty measures.

1. Coordination of North American customs enforcement efforts

The USMCA currently includes provisions intended to promote greater trade and tariff enforcement by the three North American governments, but the ongoing global steel overcapacity crisis and repeated efforts by many importing interests to circumvent and evade U.S. and other North American trade enforcement measures highlights the need for a more concerted effort in this area. This could include expanded provisions to facilitate the sharing of confidential information between customs authorities for the purpose of enforcing trade and customs measures, as well as provisions to permit cooperation between the governments in customs compliance verification efforts.

2. Additional actions to address customs misclassification and undervaluation schemes

In addition to the enhancements in official government import and export statistics published by the three North American governments discussed above, AISI recommends that the three governments take additional actions to ensure that each of their customs authorities are making available to industry relevant information collected from vessel manifest data and bills of lading submitted in connection with import shipments.

Under U.S. law (19 CFR §103.31), certain parts of ocean vessel manifests are made public once a vessel arrives at a U.S. port. This includes the name and address of the consignee (party receiving the goods), the shipper (party sending the goods), a

description of the goods (as declared to the carrier), the country of origin, quantity and weight of the goods, ports of loading and discharge, vessel name and voyage number. Not included in the public manifest data are air cargo, truck, and rail manifests (only ocean manifests are public) or information on the value of the goods, tariff classification, or duty information.

In Mexico, AISI understands that import and export declarations (pedimentos) containing similar information on imports and exports are filed electronically with SAT (Servicio de Administración Tributaria) and processed by ANAM (Agencia Nacional de Aduanas de México). SAT and ANAM authorize release of aggregated or anonymized data from these sources to licensed data providers for statistical, analytical, and transparency purposes. Importantly, the data made available on imports in Mexico can include data on the declared tariff classification and valuation for imported goods. These additional data are extremely valuable to governments and industries seeking to monitor for misclassification and undervaluation of imports to avoid paying the full amount of tariffs due on importation.

AISI urges the three North American governments to collaborate on development of a common standardized approach to collecting and publishing such detailed data (including on tariff classification and value) on imports into all three countries covering all modes of transportation (ocean, air, truck and rail). Making such import information available will enable both government and industry experts to ensure the data being reported are accurate and goods are being properly classified under the Harmonized Tariff System and that tariffs and other import duties are being accurately assessed and collected.

III. Conclusion

AISI appreciates this opportunity to present the views of the steel industry in the United States with regard to the review of the operation of the USMCA. As indicated at the outset of our comments, steel producers in the United States strongly supported the negotiation and adoption of the USMCA, which modernized and strengthened several key aspects of the North American Free Trade Agreement (NAFTA). The joint review of the USMCA by the three North American governments provides a critical opportunity to further strengthen the market for steel in the North American region by promoting greater coordination and cooperation between the three governments on critical trade enforcement efforts that will benefit the entire North American steel industry.

As discussed above, addressing the challenge presented by increasing steel imports from outside of North America into Mexico and Canada is an American steel industry priority for the upcoming review of the USMCA, and we urge the administration to

The Honorable Jamieson Greer

October 31, 2025

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focus its efforts on addressing this issue with Mexico and Canada as soon as possible. AISI looks forward to continuing to engage with USTR and the entire administration on how best to address this and the other recommendations that are set forth in these comments.

Sincerely,

A handwritten signature in black ink that reads "Kevin M. Dempsey". The signature is written in a cursive, slightly slanted style.

Kevin M. Dempsey
President and Chief Executive Officer