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Kevin M. Dempsey
President and CEO

January 7, 2026

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

RE: Request for Comments Concerning the Operation of the United States-Mexico-Canada Agreement with Respect to Trade in Automotive Goods [USTR-2025-0307]

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 concerning the operation of the Agreement Between the United States of America, the United Mexican States, and Canada (USMCA) with respect to trade in automotive goods. These comments are consistent with the comments filed by AISI on October 31, 2025, with regard to the overall operation of the USMCA (submission ID: USTR-2025-0004-00121292), which are incorporated here by reference in their entirety.

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.

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

¹ Request for Comments Concerning the Operation of the United States-Mexico-Canada Agreement with Respect to Trade in Automotive Goods, 90 Fed. Reg. 56,247 (December 5, 2025).

American Free Trade Agreement (NAFTA). Given that the NAFTA had been 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 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. While the impact of these and other provisions of the USMCA on American steel producers should be positive and create additional incentives for the consumption of North American steel in key downstream industries like the auto industry, 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. Additionally, use of alternative staging regimes by OEMs means the full extent of the changes to the automotive rules of origin have not likely been fully realized. As such, it is imperative that these strengthened rules of origin, especially the melt and pour rule for the 70 percent North American steel OEM purchasing requirement, be maintained and, where possible, strengthened (as described further below).

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 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. Import surges to the United States from Canada and Mexico undermine the intent of the USMCA.

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. Mexico and Canada must not simply become staging grounds for circumvention in the form of imported steel further manufactured and exported to the United States to evade tariffs.

II. Recommendations Regarding Improvements to the USMCA with Respect to Trade in Automotive Goods

AISI recommends that USTR pursue the following improvements to the USMCA with respect to trade in automotive goods in conjunction with the upcoming Joint Review of the USMCA.

A. Melt and Pour Rule of Origin for All Steel Products under the USMCA

In order to ensure that the benefits of the USMCA 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 should be that only steel “melted and poured” in one of the USMCA countries qualifies as originating in one of the North American 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.

The USMCA as adopted in 2020 took an important step toward implementing a “melted and poured” rule of origin for steel by requiring that, beginning in 2027, only steel melted and poured in the three USMCA countries would be considered as originating in North America for purposes of the 70 percent North American steel purchasing requirement for automotive OEMs. AISI urges that this “melted and poured” rule of origin be expanded to all origin determinations for steel under any provision of the USMCA. These expanded steel melt and pour requirements should take effect immediately. In addition, 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.

B. 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) and hybrid-electric vehicles. 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 and hybrid production grows as a share of total North American automotive production. This is particularly true as EV and hybrid 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

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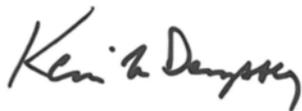
electrical steels, should be considered for possible inclusion in the list of steel products. In addition, to the extent that the list of steel products is expanded, USTR should raise the 70 percent threshold to a higher level to account for the additional steel products to be procured for automotive production going forward.

III. Conclusion

AISI appreciates this opportunity to present the views of the steel industry in the United States concerning the operation of the USMCA with respect to trade in automotive goods. As indicated at the outset of our comments, steel producers 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 joint review of the USMCA by the three North American governments provides a critical opportunity to further strengthen the market for U.S. steelmakers in the North American region by promoting greater coordination and cooperation between the three governments on critical trade issues.

AISI looks forward to continuing to engage with USTR and the entire administration to address the issues and recommendations set forth in these comments with regard to trade in automotive goods and in our earlier comments on the review of the operation of the USMCA more generally.

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