



The Vehicle Suppliers Association

---

**Comments of  
MEMA, The Vehicle Suppliers Association  
to the  
Office of the U.S. Trade Representative  
on the  
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  
Docket Nos. USTR–2025–0004 and USTR–  
2025–0005  
November 3, 2025**

---

**I. Introduction**

MEMA, The Vehicle Suppliers Association, is the leading trade association in the U.S. for vehicle suppliers, parts manufacturers, and remanufacturers. The mobility sector depends on the resiliency and strength of suppliers, and MEMA has been the voice of the supplier industry since 1904. MEMA’s members design and manufacture the technology, components, and services that enable the production of new vehicles, as well as the essential maintenance and repair of the more than 295 million highway vehicles that are currently on the road in the U.S. The vehicle supplier sector shares the Administration’s objectives of strengthening the domestic manufacturing base, growing U.S. manufacturing jobs, and ensuring more opportunities for communities across the U.S. With more than 932,000 individuals employed across the nation, vehicle suppliers represent the largest sector of manufacturing jobs in the U.S.

MEMA and its member companies appreciate the opportunity to provide comments to the Office of the United States Trade Representative (USTR) on the benefits of the United States-Mexico-Canada Agreement (USMCA) to the motor vehicle supplier sector and to the country. Since its implementation in July 2020, the USMCA has enhanced U.S. job creation and the

overall economic footprint of the motor vehicle supplier sector. MEMA's more than 900 member companies, representing Original Equipment and Aftermarket, as well as Passenger Car and Commercial Vehicle, strongly support the continuation of this successful agreement in its current form. MEMA strongly supports the USMCA and worked diligently, in coordination with the Trump Administration, USTR, and Congress, to enable the passage and adoption of the agreement. During the renegotiation, MEMA members understood that the USMCA automotive goods trade provisions, particularly the preferential rules of origin (ROO), established a new and more stringent set of rules with concepts not found in any other U.S. or international trade agreement to date.

MEMA is grateful for the vision of President Donald Trump in creating the USMCA and strengthening the important economic, national security, and industrial connections between the three nations. MEMA further welcomed the strong mandate, provided by the bipartisan votes in the U.S. Congress, in favor of this vital agreement. MEMA believes that the overarching goal of the review should be to preserve and strengthen the USMCA, enabling additional growth by vehicle suppliers and other segments of the U.S. economy. Suppliers have consistently emphasized the significant benefits of the agreement in MEMA's internal surveys, adding that the stability and continuity afforded by the agreement are demonstrably valuable to the sector. MEMA acknowledges that some refinements or adjustments may be necessary to address new issues. However, the underlying foundation of the agreement and the provisions which have successfully driven business investment and planning should be maintained and reinforced through the upcoming review.

Recent data from the U.S. Department of Commerce indicates that one-third of U.S. exports go to Canada and Mexico, which remain the country's two largest global trading partners.<sup>1</sup> In 2024 the U.S. engaged in \$1.6 trillion worth of trade with Mexico and Canada, this figure represents 2.75 times the trade volume with China.<sup>2</sup> The disruptions caused by the COVID-19 pandemic and several natural disasters over the past few years have reinforced the importance of localization and a resilient regional supply chain. The supplier industry had already been moving to bring more of its activities into the region to support the North American operations of its customers. However, this transition was accelerated by the USMCA. MEMA believes there is additional opportunity in continuing to work with Mexico and Canada to coordinate in key areas such as the sourcing of critical minerals (*e.g.*, cobalt, copper, titanium, and uranium) and to build a strong North American network that will serve as a basis for U.S. global competitiveness and reduce dependencies on sources outside of North America. In fact, the

---

<sup>1</sup> "Top Trading Partners" 2024 Factsheet, The Bureau of the Census, U.S. Department of Commerce, February 2025; <https://www.census.gov/foreign-trade/statistics/highlights/top/top2412yr.html>

<sup>2</sup> *Ibid.*

USMCA region comprises almost one-third of global GDP.<sup>3</sup> The USMCA gives the U.S. additional leverage to counterbalance increasing Chinese influence over global trade.

## **II. Original Equipment and Aftermarket Supplier Operations Contribute to the Economic Health and Vitality of the U.S. Economy**

The vehicle supplier industry is an intrinsic and essential part of the U.S. economy. Automotive and commercial vehicle suppliers represent the largest sector of manufacturing jobs in the United States, directly employing more than 930,000 direct individuals. Suppliers operate facilities in all fifty states and in more than 350 Congressional districts, with significant concentrations in the Midwest and Southeast. The vehicle supplier industry continues to grow, adding 61,000 jobs in the U.S. since 2015 and encompassing new types of jobs and opportunities for Americans.

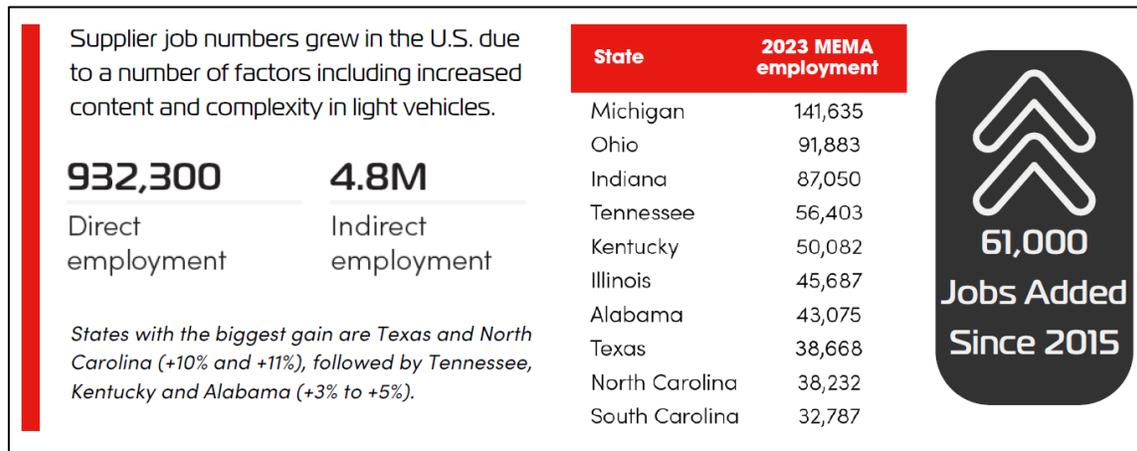
Vehicle suppliers conceive, design, and manufacture the Original Equipment (OE) components and technologies that make up two-thirds of the value in every new vehicle. An average vehicle can include 30,000 or more components, reflecting the inherent complexity and sophistication of the modern vehicle manufacturing sector. The industry also remains a significant avenue for investment in the U.S. A July 2025 International Trade Commission (ITC) report highlighted growth in the auto parts sector over the past few years, stating that U.S. parts production increased from \$311.8 billion in 2019 to \$349.0 billion in 2024.<sup>4</sup>

Further, vehicle suppliers manufacture aftermarket parts and other technologies and materials that are essential for the maintenance and repair of the vehicles on U.S. roadways. The aftermarket sector represents approximately \$557 billion in economic activity with more than 500,000 businesses, including 6,500 parts manufacturers. Please note below the results of the MEMA national employment study, completed in December 2024:

---

<sup>3</sup> “Global GDP (U.S. Dollars): Factsheet”, World Bank Group Annual Report, 2024

<sup>4</sup> U.S. International Trade Commission (ITC), USMCA Automotive Rules of Origin: Economic Impact and Operation, 123 (July 2025), [USMCA Automotive Rules of Origin: Economic Impact and Operation, 2025 Report](#)



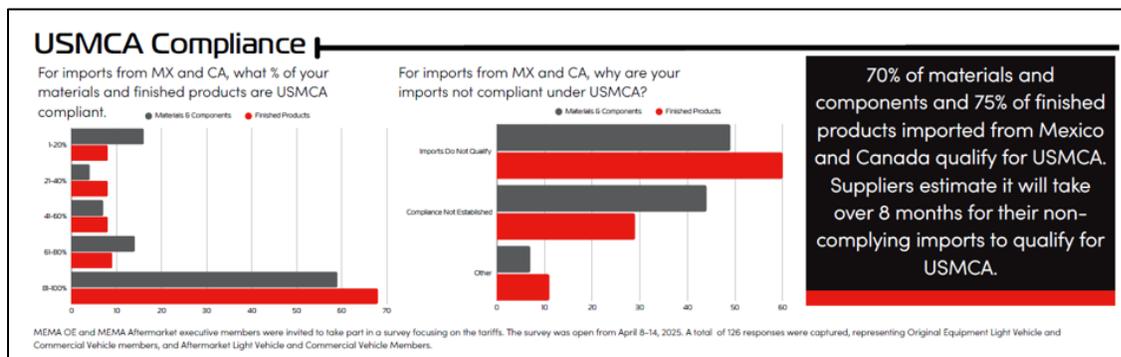
**Figure 1 – MEMA National Employment Study Results**

**III. Key Objectives**

The USMCA is a legacy achievement of President Trump. The President’s strategic goal of establishing a more comprehensive and modern framework has now been implemented as the most stringent automotive agreement in the world. Together with the Tax Cuts and Jobs Act (TCJA), the USMCA contributed significantly to enhancing the business climate in the U.S. and ensuring the U.S.’s global competitiveness.

MEMA and its members are committed to working with the Administration to identify and address potential improvements to the USMCA. The USMCA includes novel provisions for the industry, including the recognition of remanufactured goods.

Overall, MEMA members have expended significant effort and resources over the past few years to achieve USMCA compliance. The chart below reflects overall compliance with the USMCA requirements. A MEMA internal survey of members, conducted in early 2025, reflected a very high level of USMCA-qualifying items.



**Figure 2 – MEMA USMCA Compliance**

Of course, the agreement is still in its infancy, and the full benefits have yet to be fully realized. For example, passenger car and light-duty vehicle suppliers became subject to the highest RVC requirements as of July 2023, while commercial vehicle suppliers are still progressing toward a full phase-in of the USMCA requirements in July 2027. Further, the majority of the Alternative Staging Regimes (ASRs), which provided vehicle manufacturers delayed implementation of the full rules of origin for a subset of their production, expired in July 2025, impacting the benefits experienced by U.S. parts manufacturers as detailed later in this document.

Over the past five years, the supplier sector has adjusted significantly to meet the requirements of the agreement and to fully adopt the new rules, paperwork, documentation processes, and other business practices required to achieve the vision of the USMCA each day. Moreover, as MEMA has shared with the Administration, supply chain changes and shifts to new sub-suppliers often require a 3-5- year process in the vehicle sector. Therefore, many of these amendments may only be fully realized beyond 2026.

Consequently, MEMA's member companies urge the preservation of key provisions of the Automotive Chapter of the USMCA, including maintaining the current framework for the automotive rules of origin. For example, MEMA supports preserving the overall approach to qualification under the Regional Value Content (RVC) and Tariff Shift, where currently provided, as well as the categorization of parts as Core, Complementary, and Principal Parts. Further, the current parameters guiding compliance with the Labor Value Content (LVC) and the Steel and Aluminum requirements are appropriate and should not be amended to encompass suppliers.

MEMA notes that the current RVC percentages represent stringent targets for the industry, exceeding those of any other sector. In the case of light-duty vehicles, many suppliers are in the midst of re-aligning supply chains in order to fully meet the parameters for Core Parts, Principal Parts and Complementary Parts. In certain cases, it has not been possible to implement these changes within a five-year window, as new sub-suppliers and vendors had to be identified, validated and approved. The situation is even more critical for the commercial vehicle suppliers who are seeking to meet the full RVC requirements by July 2027. Any notable changes would negatively impact those efforts and create further volatility for a portion of the industry that has been facing a freight recession and other key challenges.

#### **IV. The Strength of the North American Sector**

MEMA has witnessed the growth of the U.S. vehicle supplier sector from 1904 to 2025. Throughout this period, suppliers have grown to encompass almost a million jobs and serve as the primary employers in communities across the United States.

Member companies view much of this resilience as stemming from the unique relationship between the U.S., Mexico, and Canada, as well as from the USMCA framework. In MEMA’s internal USMCA survey, conducted in August-September 2025, one member noted that the USMCA is “the envy of the world.”

Three separate bilateral agreements, reflecting disparate commitments on major and minor issues between the U.S. and Canada, the U.S. and Mexico, and Canada and Mexico, would undermine regional integration and increase compliance burdens. The vehicle sector could face different automotive rules of origin provisions, varying tariff rates for the same items, as well as a breakdown of harmonized certification requirements and customs procedures. These outcomes, together with a myriad of other challenges, would divert MEMA members’ resources and burden the industry with complex new administrative tasks. New investment, research, and development, and the United States’ competitiveness vis-a-vis Europe and Asia, would be undermined.

Any movement toward bilateral agreements would diminish the vitality and power of the trilateral accord and lower the competitive benefits for companies operating in the U.S. Consequently, MEMA urges the Administration to affirm the trilateral accord as part of the review and to continue providing this essential certainty to the vehicle supplier sector.

#### **V. Benefits of the USMCA to the Vehicle Supplier Sector**

The USMCA entered into force on July 1, 2020, marking a demonstrable – and often difficult – period of change for the supplier industry and its thousands of large, medium, and small companies. However, as we assess the landscape of the past five years, it is clear that the parameters and requirements set forth in the Automotive Chapter of the agreement have achieved tangible gains. This success is manifest in MEMA’s own industry research, which reflects a clear growth in supplier jobs since 2020, as well as the most recent data released by the Administration.

In July 2025, the U.S. International Trade Commission (ITC) unveiled its “USMCA Automotive Rules of Origin: Economic Impact and Operation” report as required by statute. The report includes a broad compendium of analysis and data concerning the vehicle provisions encompassed by the USMCA. Overall, the ITC concluded that U.S. parts production increased from \$311.8 billion in 2019 to \$349.0 billion in 2024.<sup>5</sup> Again, MEMA notes that this period includes the COVID-19 pandemic, which disrupted U.S. domestic production as well as vehicle and parts production across the globe.

---

<sup>5</sup> *Id.* at 21.

As highlighted in the ITC's 2023 USMCA report and further confirmed in the ITC's 2025 report, "[i]n the United States, vehicle manufacturers and parts suppliers composed the country's largest manufacturing sector, accounting for nearly 10.9 percent of all manufacturing output and 1.6 percent of total U.S. output in 2024."<sup>6</sup>

The ITC report further highlights the reduction of parts imports from around the world during the years covered by the USMCA framework. The ITC reports indicates that the U.S. "imported nearly \$245.3 billion in vehicle parts"<sup>7</sup> in 2022 while "U.S. imports totaled \$182.9 billion"<sup>8</sup> in 2024, representing a more than 25% reduced reliance on imports in two years.

The ITC report determined that the "ROOs shifted some sourcing of parts and materials for U.S. vehicles from the rest of the world to USMCA countries. This reduced U.S. imports of parts from non-USMCA countries and increased U.S. revenues from parts production, as well as employment, wage payments, and capital expenditures on parts production..."<sup>9</sup> The ITC proceeds to state that "The model estimates that the ROOs reduced USMCA imports of core parts from non-USMCA countries in 2024, because sourcing these core parts from USMCA producers helped light vehicle manufacturers meet the ROOs (table 3.2). Most of the sourcing changes reported in the Commission's questionnaire were movements from non-USMCA countries to USMCA countries. A small number of engine-sourcing changes were intra-USMCA changes, made to meet labor value content requirements. The model estimates that 436,640 fewer engines were imported into USMCA countries from outside the USMCA region in 2024 and 210,977 fewer engines were imported to the United States from other USMCA countries in 2024."<sup>10</sup>

---

<sup>6</sup> *Id.* at 41. See also U.S. International Trade Commission (ITC), USMCA Automotive Rules of Origin: Economic Impact and Operation, 35 (July 2023), 2023 Report, <https://www.usitc.gov/publications/332/pub5443.pdf>.

<sup>7</sup> *Id.* at 38.

<sup>8</sup> USMCA Automotive Rules of Origin: Economic Impact and Operation, *supra* note 4, at 44.

<sup>9</sup> *Id.* at 98.

<sup>10</sup> *Id.* at 98-9.

**Table 3.2** Estimated impact on USMCA imports of core parts from non-USMCA countries, 2024  
 In number of parts.

Economic outcome	Change
Engines	-436,640
Transmissions	-607,478
Bodies and chassis	-246,719
Axles	-398,852
Suspension systems	-91,124
Steering systems	-258,699
Advanced batteries	0

Source: USITC estimates.

**Figure 3 – ITC USMCA Report**

In order to harness the impact of the agreement, the ITC issued questionnaires to vehicle manufacturers.<sup>11</sup> Ultimately, the data collected indicated that, “[f]or vehicle-model lines that were sold in the United States before the USMCA entered into force, 68 sourcing changes have been made across 31 vehicle-model lines that manufacturers attributed to changes in the ROOs. The core parts with the largest number of these sourcing changes were engines (19), followed by transmissions (8) (table 3.1).”<sup>12</sup> This data reflects the supply chain adjustments that were driven by the USMCA, resulting in greater parts production and sourcing in the region.

**Table 3.10** Estimated impact on parts production in the United States, 2024  
 In number of parts and metric tons.

Economic outcome	Change
Engines	451,764
Transmissions	392,023
Bodies and chassis	0
Axles (pairs)	288,648
Suspension systems	0
Steering systems	0
Advanced batteries	0
Steel (metric tons)	800,993
Aluminum (metric tons)	22

Source: USITC estimates.

**Figure 4 – ITC USMCA Report Impact on Parts Production<sup>13</sup>**

*Employment*

<sup>11</sup> U.S. International Trade Commission (USITC). *The USMCA Automotive Rules of Origin Motor Vehicle Producer Questionnaire*. 2024.  
[https://www.usitc.gov/research\\_and\\_analysis/documents/usmca/usmca\\_auto\\_roos\\_questionnaire.pdf](https://www.usitc.gov/research_and_analysis/documents/usmca/usmca_auto_roos_questionnaire.pdf).

<sup>12</sup> USMCA Automotive Rules of Origin: Economic Impact and Operation, *supra* note 4, at 97.

<sup>13</sup> *Id.* at 102.

MEMA commissioned a national study of U.S. vehicle supplier employment, which was concluded at the end of 2024. The study found that suppliers employ more than 932,000 individuals across the country. We note that this growth is not limited to the passenger car and light duty segments. In fact, the MEMA national employment study found that U.S. employment in the medium and heavy-duty commercial vehicle supplier sector increased by 5.6% since 2019 due to growth in truck trailer and body manufacturing, as well as tires and telematics. Ohio, Indiana, Texas and Michigan saw the most significant increases in jobs for this segment of the supplier industry.<sup>14</sup>

The ITC report reinforces MEMA's position, noting that "Parts production in the United States expanded because more U.S. parts were used in vehicle production to meet the ROOs, leading to an increase in employment [...] The model estimates that effects on wage payments and capital expenditures in U.S. parts production were positive, reflecting the expansion of U.S. parts production because automotive manufacturers are shifting some core parts sourcing to U.S. sources."<sup>15</sup>

#### *Future Benefits*

MEMA underscores that this data reflects the beginning of the assessment of benefits under the USMCA agreement. As shared by the ITC: "[T]he model in this report focuses only on adjustments that have occurred in the four and a half years after the USMCA entered into force that are attributed to the ROOs and recognizes that a portion of the trade between USMCA countries is currently not using the USMCA tariff preferences. The economic impact of the ROOs will likely increase in future years as manufacturers further adjust their sourcing patterns."<sup>16</sup>

MEMA's own internal data reflects that suppliers have increased their USMCA compliance since early 2025. The new tariffs have accelerated company efforts to complete the documentation processes and to make any changes required to attain full USMCA qualifying status. In addition, the ITC report addresses the Alternative Staging Regimes (ASRs) which were provided to select vehicle manufacturers upon the conclusion of the USMCA negotiations. The ITC states that alternative staging ended in 2025 for most light vehicles. Although parts manufacturers were not part of these ASRs, they are impacted by these plans if they provide content and technology to the relevant vehicle manufacturers for the specific platforms. Therefore, additional regional sourcing could emerge as these plans conclude. Those benefits have not yet been realized given the tight timeline.

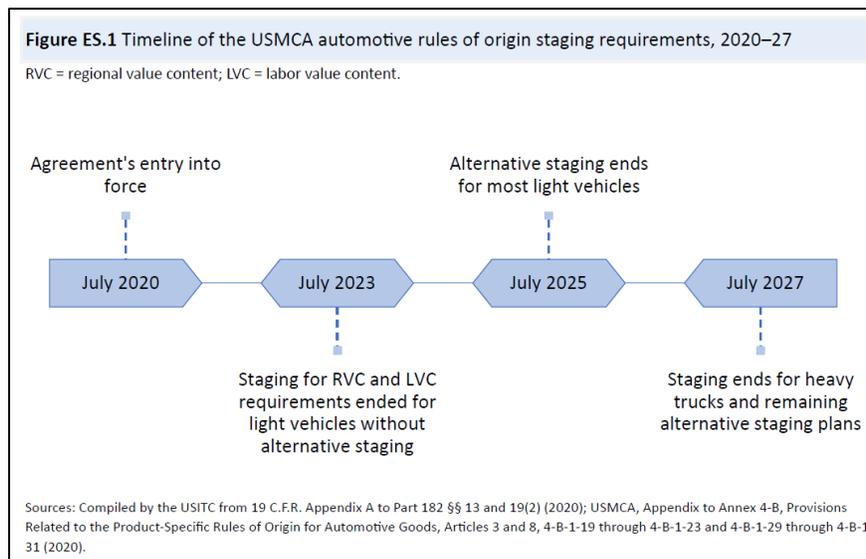
---

<sup>14</sup> MEMA Employment Study - December 2024.

<sup>15</sup> USMCA Automotive Rules of Origin: Economic Impact and Operation, *supra* note 4, at 100.

<sup>16</sup> *Id.* at 103 (emphasis added).

Further, the ITC report informs that certain ASR agreements will continue until 2027 per the specifications set between industry and government.<sup>17</sup> The ITC echoes MEMA’s observation, adding that, “[a]dditionally, alternative staging has allowed manufacturers to delay full implementation of the ROOs beyond the original staging period, until July 1, 2025, or later for certain vehicle models (figure 1.2). Figure 1.2 includes the original staging period, as well as alternative staging for both light vehicles and heavy trucks. The full extent of the effects of the USMCA will likely not be apparent until the agreement is fully implemented.”<sup>18</sup>



**Figure 5 – ITC USMCA Report Alternative Staging<sup>19</sup>**

## VI. USMCA and U.S. Competitiveness

The USMCA serves as the cornerstone of U.S. motor vehicle and parts global economic competitiveness. The USMCA framework has established a clear guide for the future, delivering the essential stability necessary for the large-scale investments completed and pledged by vehicle suppliers. Because the industry relies on multi-year, strategic product cycles, this stability is critical to capital planning. The USMCA has created the fertile ground necessary for capital investment. Any notable disruption to this intrinsic fabric of the agreement will put these gains, and future benefits, at risk.

Vehicle suppliers have openly communicated their multi-year efforts to shift their supply chains to North America. These movements demonstrate a significant commitment from suppliers to achieve the full vision of the North American market. MEMA members have affirmed that, to the extent possible, suppliers strive to serve the North American market with parts from North

<sup>17</sup> *Id.* at 19.

<sup>18</sup> *Id.* at 31 (emphasis added).

<sup>19</sup> *Id.* at 19.

America, and ideally will export more to other regions of the world. Nonetheless, as MEMA has shared with the Administration, there are select inputs and critical materials that are not available and/or produced in North America. The current USMCA framework allows for this reality and does not penalize manufacturers. MEMA urges the Administration to continue this delicate balance and to refrain from pursuing changes that would not account for these structural sourcing gaps.

The United States' embrace of a robust industrial policy, articulated through the Trump Administration and Congress' actions over the past few years, has sought to create a manufacturing renaissance. MEMA members are an essential partner to these efforts, reflecting the largest sector of manufacturing jobs in the country. The industry emphasizes that the USMCA is a critical piece of this endeavor, and its continuity will benefit the industry in the U.S.

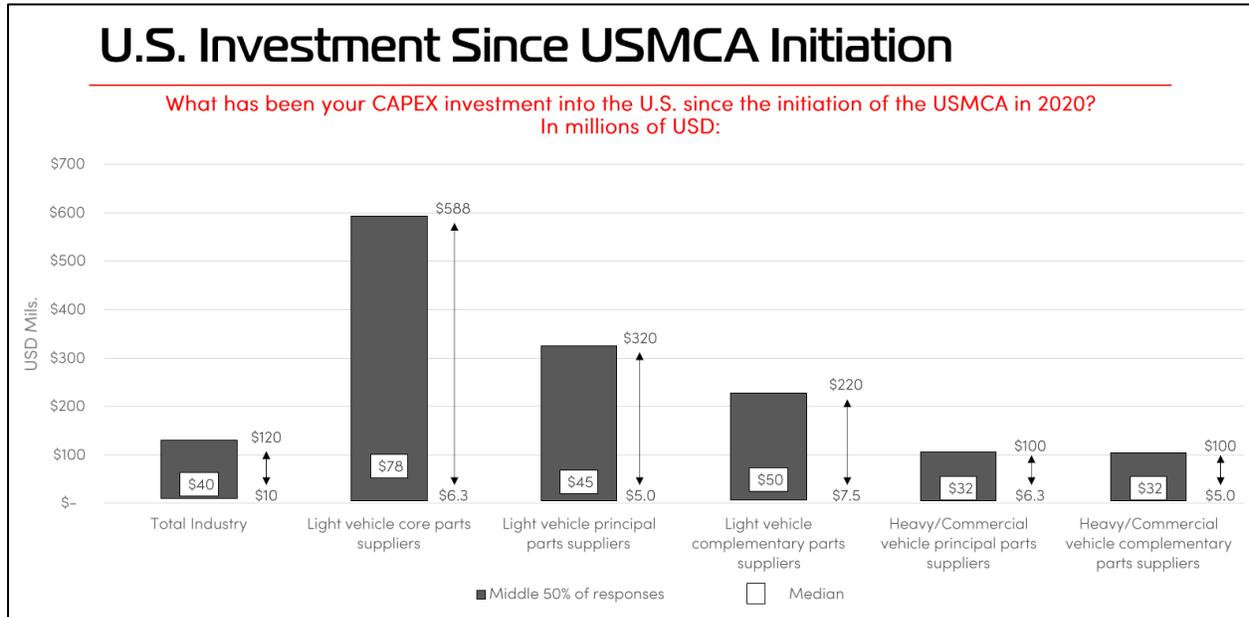
In August and September 2025, MEMA conducted an internal study of its members to properly capture the industry's sentiment with regard to the USMCA, its positive and negative attributes, as well as the potential areas that require improvement. Below are the highlights of the MEMA survey:

- Members believe that regional manufacturing has preserved U.S. jobs and afforded benefits for American consumers.
- Members expressed strong support for the current USMCA framework, emphasizing its effectiveness for their business and its critical role in creating cost-competitive, integrated regional supply chains.
- Over 70% of respondents to the MEMA internal survey identified North America as the core region for sourcing and manufacturing for their businesses. The figure rose to 83% for light vehicle core parts suppliers.
- Industry leaders emphasized that the stability and continuity of the USMCA are essential for future capital investment. The vehicle sector requires long time periods to enable these significant decisions – from inception to shovels in the ground.

### *Capital Investment*

The USMCA has encouraged and accelerated supplier investments in the United States. This trend is affirmed in the ITC July 2025 report as well as by MEMA's own internal data. The MEMA study, conducted in September 2025 with a broad group of member companies, reflected a high level of investment across various categories of suppliers – both passenger car and commercial vehicle. MEMA members view the stable foundation of the USMCA as the

means to enabling these long-term shifts of resources, capital equipment and future production plans to the United States.



**Figure 6 – MEMA Survey: U.S. Investment Since USMCA<sup>20</sup>**

Note: The \$40 million median figure for total industry reflects the responses from all the participating companies and is the mid-point across the five sub-categories. This figure serves as a proxy when multiplied by MEMA’s member base or expanded across the industry, reflecting billions in CAPEX since the USMCA went into effect.

### VII. Supply Chain Resiliency

MEMA’s members acknowledge the need to increase supply chain resiliency in the sourcing of key raw materials, technologies and parts to ensure a resilient U.S. domestic supply chain. MEMA welcomes the Administration’s efforts to enhance U.S. production particularly in the areas of key resources such as rare earth magnets. There is also notable potential for the U.S., Canada and Mexico to work in tandem to strategically increase regional production of inputs and to build the front and back-end supply chains for items such as semiconductors. Developing regional partnerships to jump-start this process could be a critical aspect of the USMCA review. MEMA also notes the Administration’s leadership in negotiating and successfully concluding

<sup>20</sup> MEMA Internal Survey of Members. The MEMA internal survey was conducted September 9 – 30, 2025, via invitation to an online survey. In total, seventy survey responses were collected.

critical minerals agreements with allied countries such as Japan.<sup>21</sup> Further, the U.S., Malaysia,<sup>22</sup> and Thailand<sup>23</sup> recently agreed to cooperate to diversify critical minerals.

MEMA urges the Administration to continue to work with Mexico and Canada to address critical concerns with respect to countries that embrace unfair trade practices, contributing to overcapacity in key sectors, resulting in the increased export of lower-cost goods to overseas markets. The U.S. has successfully utilized robust domestic policies and coordination with allies to remedy certain market disruptions and to stem the tide of unfairly priced imports into the domestic market. The Administration has further addressed national security concerns by promulgating regulations that restrict the use of select components in vehicles, such as the Final Rule on Securing the Information and Communications Technology and Services Supply Chain: Connected Vehicle.

The ability of the trilateral partners to coordinate strategies to address efforts by companies and countries to make investments in critical technologies is essential to supply chain resiliency. One approach could be the use of a harmonized CFIUS-style process across the three nations to analyze and review select foreign investments. Further, MEMA remains supportive of the Administration's strong enforcement posture with respect to transshipment<sup>24</sup> or any violation of the key requirements of the agreement. In particular, with respect to illegal transshipment, MEMA emphasizes that enforcing the existing rules of origin as they relate to third country content remains an effective way to address the issue without creating new and undue compliance burdens for businesses. Moreover, companies that invest to ensure complete and transparent compliance should not be placed at a disadvantage by entities that choose to blatantly disregard the established rules of the USMCA framework.

### **VIII. Harmonization of Tariff Rates Across the Three Nations**

As the USMCA review progresses, MEMA respectfully requests that the three nations address areas of disagreement and move toward removing tariffs within the region. MEMA is deeply

---

<sup>21</sup> The White House, [United States-Japan Framework For Securing the Supply of Critical Minerals and Rare Earths through Mining and Processing](#) (Statement, Oct. 27, 2025).

<sup>22</sup> The White House, [Memorandum of Understanding Between the Government of the United States of America and the Government of Malaysia Concerning Cooperation to Diversify Global Critical Minerals Supply Chains and Promote Investments](#) (Oct. 26, 2025).

<sup>23</sup> The White House, [Memorandum of Understanding Between the Government of the United States of America and the Government of the Kingdom of Thailand Concerning Cooperation to Diversify Global Critical Minerals Supply Chains and Promote Investments](#) (Oct. 26, 2025).

<sup>24</sup> See Customs Trade Partnership Against Terrorism (CTPAT) Alert – Illegal Transshipping, July 2025 ("Transshipping is the process of transferring goods from one mode of transportation to another (often from one vessel or port to another) during their journey from origin to destination. While transshipping itself is legal and common in global trade logistics, it becomes illegal when used deceptively to avoid duties, sanctions, or trade restrictions."), [CTPAT Alert - Illegal Transshipping - July 16, 2025](#).

grateful for the USMCA flexibilities that the Administration has provided to the industry and has extended over the past few months.

The industry hopes that this period of consultation and dialogue will yield consensus and allow for the long-term resolution of key concerns. The supplier sector would welcome a landscape in which the three countries collaborate to strengthen North America's position against countries engaged in unfair trade practices. Further opening the trilateral market to fair, stable trade by adjusting certain current regimes would be a valuable step toward realizing additional benefits from the USMCA.

#### **IX. Auto Rule of Origin and Tariff Shift**

MEMA and its members strongly support the current product-specific rules of origin (PSRO) for automotive parts, including those applicable to passenger vehicles, light trucks, and heavy trucks. The existing PSRO framework reflects the diversity and complexity of the automotive supply chain, recognizing the wide range of materials, components, and manufacturing processes involved in vehicle assembly. These rules have been carefully calibrated to require significant manufacturing and content in North America, thereby supporting robust U.S. production and investment. Preserving the current PSRO is essential to maintaining and enhancing the significant auto parts manufacturing footprint in the United States and across North America.

We also urge the Administration to maintain the current three categories of auto parts—core, principal, and complementary parts. This structure provides clarity and predictability for suppliers and manufacturers, ensuring that the rules of origin are appropriately tailored to the unique characteristics of different automotive components. Any changes to this categorization could disrupt established supply chains and create unnecessary complexity for companies striving to comply with the USMCA requirements.

MEMA further supports the continued availability of tariff shift provisions within the USMCA rules of origin, particularly as the industry transitions toward new technologies such as automation, connectivity, and advanced electronics and propulsion technologies. Tariff shift is a critical tool that enables suppliers to qualify innovative products for USMCA benefits, even when certain raw materials or subcomponents are not available at scale within the region. Maintaining this flexibility will help ensure that North American manufacturers remain at the forefront of next-generation vehicle technologies and can continue to grow new investment in domestic production.

Finally, we urge caution and careful consideration if any increases to the Regional Value Content (RVC) thresholds are proposed. The current RVC requirements are already among the

most stringent in the world and have required significant supply chain realignment and investment. Upsetting the delicate balance of these rules or making them overly restrictive could have the unintended consequence of incentivizing production outside of North America, undermining the very goals that the USMCA was designed to achieve. If any RVC increases are considered, a transition period of at least three years, as was implemented in the original USMCA agreement, would enable businesses to fully adapt and comply with new requirements. MEMA encourages the Administration to work closely with industry stakeholders to ensure that any future changes preserve the competitiveness and integration of the North American automotive sector.

#### **X. USMCA and Remanufactured Goods**

MEMA and its members strongly support the USMCA's forward-looking treatment of remanufactured goods. The agreement provides a clear, practical framework where a "recovered material" is treated as originating when it results from the disassembly of a used good, undergoes processing to restore it to sound working condition, and is then incorporated into a remanufactured good. This structure correctly recognizes the value-added manufacturing processes inherent in remanufacturing and gives suppliers a predictable pathway to qualify their goods, provided the final remanufactured good also satisfies its applicable product-specific rule of origin.

These provisions have delivered concrete benefits, promoting investment in North American remanufacturing, supporting high-quality U.S. jobs, expanding consumer choice, and advancing circular economy goals. Based on original data from the ITC and industry market information, MEMA projects that the estimated market size for remanufacturing in the U.S. is \$27.5 billion for 2025. The certainty of the USMCA framework has enabled suppliers to scale up remanufacturing for complex components, confident that their work in the region is recognized. MEMA appreciates the Administration's leadership in establishing these provisions and encourages their preservation to maintain the integrity of the rules of origin while fostering growth in this strategic and growing manufacturing segment.

MEMA would welcome the opportunity to engage with USTR as the review proceeds and to assess the need for select updates to the text in order to reflect the current status of the U.S. remanufacturing sector.

#### **XI. Support for Small Suppliers**

Small and medium-sized entities represent over 60% of the MEMA membership. These are main street companies with deep roots to their local communities. They represent a legacy of U.S. leadership, innovation and growth. It is essential to note that significant changes to the USMCA, particularly if they are imposed in a short timeframe, will jeopardize the business

operations of smaller suppliers. These entities do not have abundant resources and will be vulnerable to rule changes and compliance shifts. When smaller suppliers survive and thrive that benefits the entire supplier sector.

Small suppliers have expressed interest in certain adjustments that could help them grow their operations. These include:

- Simplified documentation requirements.
- Clearer guidance and training on RVC.
- Exemptions or simplified rules for low-volume suppliers.
- Standardized digital compliance tools.
- Centralized regulatory support.

MEMA would be pleased to provide further information on these points as the USMCA review process moves forward.

## **XII. Labor Value Content (LVC)**

MEMA supports the underlying goals of the Labor Value Content (LVC) provisions and recognizes their significance within the USMCA framework. As the Administration undertakes its review, we encourage a collaborative approach to assessing the LVC requirements. We believe that any potential modifications should be carefully considered to ensure that they continue to support the competitiveness of the U.S. automotive and commercial vehicle sectors and the stability of the highly integrated vehicle supply chain.

MEMA also believes that the current compliance structure, where the certification obligation for LVC rests with the vehicle manufacturers (OEMs), has proven to be a balanced and effective approach that should be maintained. While suppliers are integral partners in providing the necessary data to their OEM customers, shifting the formal compliance burden to the diverse supplier base could introduce significant administrative complexities and hinder the efficiency the agreement seeks to foster. Preserving the existing framework provides essential stability and predictability for the entire regional sector.

## **XIII. Labor Rapid Response Mechanism**

MEMA members strongly support the labor rapid response mechanism (RRM). Based on the experience of the past few years, MEMA recommends that the RRM be aligned with its original intent, ensuring the vital core right of association.

The RRM should only be initiated when there is a party with a good faith belief that “workers at covered facilities are being denied the right of free association and collective bargaining.” This form of enforcement creates a structural mechanism, which can be relied upon by parties in the

industry in order to address concerns in an effective manner. It also provides an expedited process with the ability for remediation.

#### **XIV. Technical Improvements**

##### *Elimination of the USMCA “Lesser Of Duty” Rule for Duty Drawback and Duty Deferral*

Duty drawback and duty deferral programs are critical tools that help North American manufacturers remain globally competitive by neutralizing duty costs on exported goods. First established under NAFTA, and carried forward largely unchanged in the USMCA, the “lesser of duty” rule limits refunds, waivers, or reductions to the lesser of the duties paid in the country of importation or those paid in the USMCA export market. This construct was introduced more than three decades ago to address “export platform” concerns in an era with far less data, less robust rules of origin, and limited enforcement visibility. Since then, Congress has modernized drawback through the Trade Facilitation and Trade Enforcement Act of 2015, USMCA established the most stringent automotive ROO in the world, and CBP dramatically expanded traceability and compliance tools. The original rationale for “lesser of” has been overtaken by these safeguards and today it functions as an anachronistic penalty on North American production and trade.

No other U.S. trade agreement imposes a comparable “lesser of” limit on drawback or duty deferral. As a result, companies operating in North America face a unique disadvantage: when exporting to non-USMCA markets, they can recover up to 99 percent of U.S. duties (including trade remedy measures like Sections 301 and IEEPA reciprocal tariffs), but exports to Canada or Mexico trigger the “lesser of” cap tied to generally lower Canadian or Mexican duty rates. This distortion diverts exports away from USMCA partners, discourages the use of regional distribution hubs and Temporary Import Bonds, and undermines the very integration that the USMCA is designed to promote. Eliminating the “lesser of duty” rule for drawback and duty deferral programs would align USMCA with global norms, remove a singular barrier that disadvantages North American—and specifically U.S.—manufacturers, and strengthen regional supply chains without weakening enforcement or ROO integrity.

#### **XV. Conclusion**

MEMA appreciates this opportunity for stakeholders to share their perspective on the USMCA. MEMA views the trilateral agreement as one of the many tools that the Administration can use to enhance and expand U.S. manufacturing. We are grateful for Ambassador Greer’s leadership and the Administration’s recognition of the USMCA’s importance.

Suppliers, and the 932,000 employees represented in communities across the U.S., stand prepared to work with USTR and the Trump Administration to advance U.S. manufacturing. We

urge the Administration to continue its dialogue with vehicle suppliers as the USMCA review proceeds, and to chart a path forward that will provide stability for suppliers and enable greater investment in the United States. Please contact Ana Meuwissen, Senior Vice President of Government Relations, at [ameuwissen@mema.org](mailto:ameuwissen@mema.org), or Bill Frymoyer, Vice President of Public Policy, [bfrymoyer@mema.org](mailto:bfrymoyer@mema.org), with any questions.

# **Attachment 1**



## Employment Resiliency

Vehicle suppliers are the backbone of American transportation, maintaining the entirety of a vehicle's lifecycle - from the assembly line to replacement parts. Suppliers enable not just the production of, but also the essential maintenance and repair of more than 295 million vehicles that are currently on the road. From everyday commutes to critical emergency response, the products and technologies developed by suppliers ensure that Americans can get where they need to go safely, efficiently and reliably.

With over 932,000 Americans directly employed across the country, vehicle suppliers are the largest manufacturing employer in the U.S. In many communities, supplier facilities are the top employers, providing high-quality jobs that sustain local economies and families. Despite headwinds, the vehicle supplier industry has demonstrated remarkable resilience, leading the way in advanced manufacturing and research, innovation and driving transformative trends in automation, connectivity, safety and powertrain technology.

Supplier job numbers grew in the U.S. due to a number of factors including increased content and complexity in light vehicles.

**932,300**

Direct  
employment

**4.8M**

Indirect  
employment

*States with the biggest gain are Texas and North Carolina (+10% and +11%), followed by Tennessee, Kentucky and Alabama (+3% to +5%).*

State	2023 MEMA employment
Michigan	141,635
Ohio	91,883
Indiana	87,050
Tennessee	56,403
Kentucky	50,082
Illinois	45,687
Alabama	43,075
Texas	38,668
North Carolina	38,232
South Carolina	32,787



### MEMA Members



Over 60% of the members of MEMA are small and mid-sized businesses.



MEMA members come from all 50 states.



MEMA members are represented by more than 350 Congressional districts.

Vehicle suppliers are the largest manufacturing employer in the U.S. and the backbone of our nation's manufacturing industry. Their perseverance during challenging times has kept the industry turning since 1904.

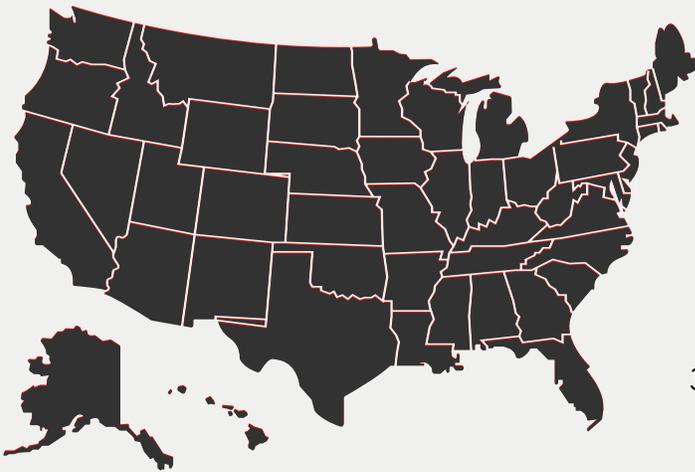
<sup>1</sup> S&P Global Mobility Vehicles in Operation as of January 1, 2024. This figure includes passenger cars, light trucks as well as medium and heavy duty trucks. \* 2019 results restated based on actual data that was not available during the 2020 study. Source: S&P Global Mobility, BMI

## **Attachment 2**

# U.S. Aftermarket Vehicle Supplier Industry

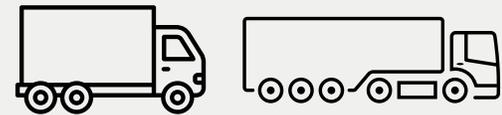
\$516.6 Billion • 557,000+ Businesses • 4.97M Jobs

Aftermarket Vehicle Suppliers Operate Facilities in all 50 States



Light Vehicle

291 Million Vehicles<sup>4</sup>  
\$432 Billion Market<sup>1</sup>  
3.7 Trillion Miles Driven<sup>1</sup>

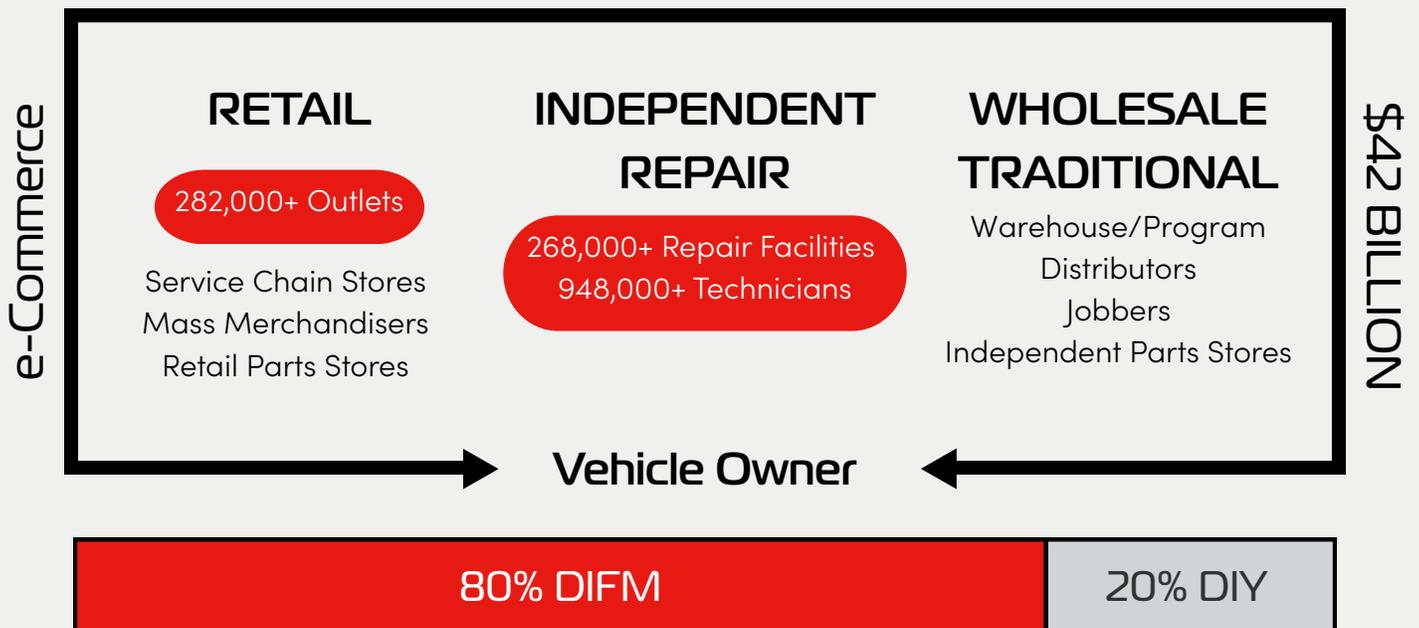


Medium Duty + Heavy Duty

10.9 Million Vehicles<sup>3</sup>  
\$125.4 Billion Market  
331.2 Billion Miles Driven<sup>2</sup>

## Parts Manufacturers

6,500+ Businesses



<sup>1</sup>2024 Joint Channel Forecast commissioned by MEMA Aftermarket Suppliers and Auto Care Association. <sup>2</sup>ATA Economics and Industry Data. <sup>3</sup>MacKay & Co. 2025. <sup>4</sup>S&P Global Mobility Vehicles in Operation as of January 1, 2024.