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Kevin M. Dempsey
President and CEO

October 1, 2026

Via Electronic Filing

Ms. Lisa Barton, Secretary
U.S. International Trade Commission
500 E Street SW
Washington, DC 20436

RE: Prehearing Statement for USITC Hearing on USMCA Automotive Rules of Origin:
Economic Impact and Operation, 2027 Report (Inv. No. 332-608)

Dear Secretary Barton:

Attached is the pre-hearing statement of the American Iron and Steel Institute in the U.S. International Trade Commission Investigation No. 332-6080, USMCA Automotive Rules of Origin: Economic Impact and Operation, 2027 Report.

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 steelmakers, and associate members who are suppliers to or customers of the steel industry.

Should you have any further questions regarding my testimony, please do not hesitate to contact me by email at jhekhuis@steel.org. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "J L Hekhuis".

Jeremy L. Hekhuis
SVP Public Policy and General Counsel



**Pre-Hearing Statement of Jeremy Hekhuis
Senior Vice President for Public Policy and General Counsel
American Iron and Steel Institute**

For the Hearing on Investigation No. 332-608
“USMCA Automotive Rules of Origin: Economic Impact and Operation, 2027 Report”
United States International Trade Commission
Washington, DC

October 1, 2026

In advance of the October 14, 2026, hearing at the U.S. International Trade Commission (ITC), the American Iron and Steel Institute (AISI) submits these comments on the economic impact and operation of the USMCA Automotive Rules of Origin on the U.S. steel industry. 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, stainless, and electrical steels. These steels are essential to America’s national and economic security, including roads and bridges, buildings, the electrical grid, cars and trucks and all clean energy technologies. AISI also represents associate members who are suppliers to or customers of the steel industry.

The American steel industry serves as the backbone of the U.S. manufacturing sector and is essential to America’s national defense, national economic security and homeland security. U.S. national defense requirements for military systems and U.S. national security requirements for critical infrastructure are both dependent on the availability of U.S.-produced steel products. The domestic steel industry is also proud to be the cleanest of the leading steel industries in the world, producing steel with lower carbon dioxide emissions intensity than major competing steel industries.

I. Introduction

After having been in effect for more than 20 years, the American steel industry recognized that the North American Free Trade Agreement (NAFTA) needed to be modernized and strengthened to address more recent trade challenges. Accordingly, the American steel industry strongly supported the passage of the United States-Mexico-Canada Agreement (USMCA), which modernized, strengthened and updated NAFTA.

The USMCA's most important improvement for American steel producers dealt with the automotive rules of origin (ROO). NAFTA's ROO for automotive goods lacked clear incentives for North American automotive producers and parts producers to source steel products from U.S. and North American steelmakers. The USMCA adopted new, strengthened ROO for automobiles and auto parts, which established enhanced regional value content (RVC) requirements for steel-intensive products and incentivized the use of North American steel by original equipment manufacturers (OEMs). In addition, another key provision of the USMCA automotive rules of origin is the separate requirement that 70 percent of each OEM's purchase of steel and aluminum must originate within North America for its vehicles to be considered originating.

While it is not possible to quantify the exact economic impact of the USMCA automotive rules of origin, the impact of these rules on American steel producers has clearly been positive. Our North American partners remain the two largest export markets for American-produced steel products, accounting for 93 percent of all steel exports from the United States in 2025, up from approximately 75 percent before the NAFTA went into effect. Furthermore, while many factors play into the volume of our exports of steel to Canada and Mexico, the USMCA ROO have played a role in the increasing levels of American steel sheet exports to these two markets over the last three years – a significant portion of which goes to automotive production.

II. The USMCA Automotive Rules of Origin (ROO)

The USMCA adopted new ROO for automobiles and auto parts with enhanced regional value content (RVC) requirements for steel-intensive products. From a steel industry perspective, USMCA's RVC and automotive ROO are significantly stronger than the NAFTA provisions. Particularly significant are the requirements that passenger vehicles and light trucks, as well as the "core parts" of these vehicles, must have at least 75 percent RVC using the net cost method. Furthermore, it is important to note that all "core parts" must meet the RVC requirements for the vehicle itself to be considered originating under the USMCA. The new automotive rules of origin define "core parts" to include such steel-intensive components as the engine, transmission, body and chassis, axles, suspension and steering systems.

As of July 1, 2027, the USMCA will further require that for steel products to be considered originating and qualify under the steel purchasing requirement, the steel must be "melted and poured" in North America. This should prevent semifinished steel imported from outside North America that is simply finished in the region from qualifying as North American steel.

III. Experience of Domestic Steelmakers with the Automotive Rules of Origin

It remains difficult to quantify the impact of the USMCA automotive ROO, or even to evaluate them separately from the many other trends underway in the automotive and steel industries in recent years. The regional "melted and poured" rule for the 70 percent North American steel content requirement is scheduled to take effect in 2027 and should provide clarity for industry about the automotive ROO's impact.

AISI has and will continue to consult with member companies who report that the automotive ROO provisions in the USMCA have led to enhanced sales opportunities. The minimum 70

percent North American steel purchase requirement that vehicle manufacturers must meet to maintain duty-free access to the United States market has been cited as a particularly important factor driving customer inquiries.

AISI has long advocated for stringent melted and poured rules and our steel producer members report that the “melted and poured” rule scheduled to take effect in 2027 has stimulated sales inquiries. This rule will require that the finished steel products embodied in vehicles be manufactured regionally and themselves be made of raw steel produced within the region. Although this requirement has not yet come into force, domestic steelmakers report they expect this requirement could also drive increased sourcing from the region.

IV. Potential Updates to be Considered Due to Technological Change

Given the spectre of Chinese automobiles entering portions of the USMCA market, it is imperative that Chinese automakers do not use entry into the market as a way to benefit from the USMCA. Neither Chinese vehicles nor Chinese automotive technology should benefit from the USMCA. It is of particular importance, that the USMCA not become a means to evade U.S. laws and regulations, including prohibitions on connected vehicle technologies. To this end, strengthening automotive ROO and RVC -- including the melt and pour rule -- is essential to meet the USMCA’s promise.

One area where technological change may suggest changes is the expansion USMCA automotives ROO to new automotive technologies, including but not limited to electric vehicles (EVs). The rapid development and global adoption of EV technology was not anticipated when the USMCA was written six years ago. As such, the USMCA rules of origin did not seek to incorporate the EV transition in its ROO. To ensure that the automotive ROO remain relevant they must evolve to address these changes in automotive technology, including EVs. Updating the ROO to include more “core parts” -- with at least 75 percent RVC on a net cost method -- ensures the list’s continued relevance.

Increasing North American purchasing requirement for steel content could also be met by expanding the “melt and pour” requirement to cover more products including those made with stainless, grain oriented electrical, or non-grain oriented electrical steels. If more steel products are used in calculating the percentage of North American steel content, then the percent of steel originating with North America should also be increased. This increase would avoid unintended consequences that come from increasing the covered steel products.

An increasing number of jurisdictions have called for the adoption of more stringent melt and pour requirements as a means to address excess capacity and overproduction. The USMCA helped initiate this approach and every effort should be made to ensure that the USMCA continues to lead on the imposition of significant, quantifiable melt and pour criteria.¹

¹ *Commission sets type of evidence to be provided by importers to prove country of ‘melt and pour’ of steel products subject to EU Steel Regulation; EUROPEAN COMMISSION (Aug. 31, 2026); available at: https://policy.trade.ec.europa.eu/news/commission-sets-type-evidence-be-provided-importers-provecountry-melt-and-pour-steel-products-2026-08-31_en*

Ms. Lisa Barton, Secretary

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These issues require further investigation as this administration continues to engage with the Mexican and Canadian counterparts.

V. Conclusion

From a steel industry perspective, the USMCA automotive rules of origin remain a significant improvement over the prior NAFTA rules of origin for automotive goods, since the NAFTA rules did not provide clear incentives to source steel from U.S. and North American steelmakers. The USMCA automotive rules of origin set forth higher RVC requirements for auto parts and components, alongside a steel purchasing requirement for North American steel, and by 2027, a “melted and poured” standard, which will prevent semifinished steel imported from outside North America to qualify for originating treatment under the USMCA.

To ensure that domestic steelmakers see demand for steel produced in North America to increase as a result of these rules, it is imperative that steps are taken to ensure that Mexico and Canada do not provide a backdoor means by which Chinese vehicles or Chinese vehicle technologies can either enter the United States or benefit from the USMCA.
