October 31, 2025

Daniel Watson
Assistant U.S. Trade Representative for the Western Hemisphere, Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

Re: Public Comments on the Operation of the USMCA, Docket No. USTR–2025–0004

Dear Mr. Watson:

The Border Trade Alliance (BTA), representing trade community stakeholders in the public and private sectors in the United States, Mexico, and Canada, respectfully submits these comments in response to Docket No. USTR–2025–0004 Relating to the Operation of the Agreement Between the United States of America, the United Mexican States, and Canada.

For nearly 40 years, our organization has served as a forum to advocate for policies that enhance secure and efficient trade in North America. Our members range from border-area municipalities and counties to private businesses in fields like manufacturing, logistics, transportation, infrastructure, food and beverage manufacturing, agriculture, and more, as well as economic development agencies and chambers of commerce.

The BTA appreciates the opportunity to contribute to this process, and we urge the United States Trade Representative and its interagency partners to adopt revisions and implementation strategies consistent with the BTA's long-held principles—measures that support the U.S. trade community and broader economy, and that enable thriving trinational trade.

The BTA strongly supported the adoption of the United States-Mexico-Canada Agreement (USMCA), just as we were vocal proponents for the adoption of the North American Free Trade Agreement that preceded USMCA. During the formulation of USMCA, we argued that the new agreement offered an opportunity to modernize the trade agreement with our neighbors to better reflect the realities of today's economy. We said the negotiation of USMCA should do no harm; it is a position we maintain today as the six-year review of the agreement gets underway.

Our comments are defined by an overarching belief that the U.S. benefits immensely from its trade relationship with neighbors and allies Canada and Mexico, and that the USMCA review period offers an opportunity for all three parties to recommit to the promise of prosperity that the accord provides.

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Guiding principles for the review process

To guide policymakers as they undertake the six-year review, the BTA reiterates its core principles for ensuring USMCA's continued success:

- A post-review USMCA should preserve trilateral, tariff-free trade. Any erosion of the benefits of USMCA risks potentially irreparable harm to supply chains and the economic competitiveness of the North American marketplace.

- The member nations should focus on improving trade within the region and streamlining processes to eliminate both non-tariff and tariff barriers.

- Tariffs have resulted in increased costs on inputs for manufacturers and places upward pressure on consumer prices.

- Any tariff should be narrowly applied and consistently enforced.

- The import component of trade is as vital to a member country's economic health as exporting. Imports provide meaningful benefits for manufacturers and the economy by providing necessary inputs to manufacturing processes, which boosts competitiveness.

    - Benefits include access to products that are not available or manufactured domestically; to consumers by increasing choice and putting downward pressure on prices; and for food security, by ensuring a wide variety of healthy foods at plentiful volumes and competitive prices regardless of season.

- No article or provision in an updated agreement should benefit one region or industry to the detriment of another region or industry. This includes "seasonality" language related to trade patterns in fresh produce, reflecting efforts to limit market access around production cycles.

- The review process in each country should encourage input from a broad cross-section of stakeholders.

- USMCA's dispute resolution mechanism is the preferable method for settling disagreements between parties rather than unilateral actions by member governments.

- Manufacturing operations performed in a Foreign Trade Zone (FTZ) that meet the tariff shift or Regional Value Content rules should receive duty-free treatment.

- The principle underlying the FTZ program closely mirrors Mexico's IMMEX (Industria Manufacturera, Maquiladora y de Servicios de Exportación) program, which allows goods imported on a temporary basis to undergo processing or assembly for re-export without incurring duties, provided they meet applicable value content and origin requirements.

    - The USMCA review should recognize the equivalency of the FTZ and IMMEX programs to advance regulatory harmonization and ensure that manufacturers throughout North America operate under equivalent, competitive conditions.

- The three nations should pursue greater harmonization in areas such as labeling, the definition of "essential industries," elaborate on what constitutes hazardous materials, and outline items that qualify as organic.

- The member countries should develop a single manifest for carriers operating among the three member countries in English, Spanish, and French.

- A trilateral mechanism to consistently fund modernized border infrastructure and technology and increase personnel levels to facilitate trade should be included in a revised USMCA.

- Supply chain resilience should be an area of focus for the member countries during the review process. Special consideration should be given to unique inputs required for essential industries.

- The USMCA should promote policies that allow workers to move efficiently across borders to meet the dynamic labor demands of an integrated North American economy. This includes expanding and modernizing the TN nonimmigrant visa classification, the H2 programs, and other legal pathways to move labor between the three countries.

- Commercial trucks should be able to haul freight from point of origin to point of destination throughout the USMCA marketplace.

Against that backdrop, the BTA offers the following perspectives to illustrate how the USMCA has delivered measurable benefits and where targeted improvements can further strengthen North American competitiveness.

Cross-border manufacturing integration and workforce efficiency

Complex cross-border manufacturing operations are a defining strength of the North American economy. In many industries, production lines are distributed across the three nations. Components could begin their journey in Canada, move to Mexico for intermediate processing, and finish in the U.S. for final assembly and testing. These supply chains have evolved over decades, enabling companies to leverage specialized facilities, regional strengths, and a skilled, locally based workforce.

Preserving this integrated production model under USMCA is essential to North America's competitiveness. Policies that ensure predictable customs procedures, efficient logistics, and consistent rules of origin allow manufacturers to deploy resources where they are most productive. Allowing companies to capitalize on an existing, experienced workforce to produce high-quality goods at competitive prices benefits consumers, sustains export markets, and reinforces the region's shared prosperity.

USMCA benefits exporting agricultural producers

The USMCA has materially benefited U.S. manufacturers and agricultural producers by ensuring tariff-free access to the Mexican and Canadian markets. Barley producers, for example, are one such beneficiary.

In addition to duty-free market access, USMCA has provided barley producers with regulatory stability and improved market confidence. Mexico is the leading foreign market for U.S. barley and barley products, accounting for more than 75 percent of U.S. barley and barley-product exports in the 2021-22 marketing year (323,500 metric tons)[1]. More recently, Mexico accounted for nearly 80 percent of U.S. barley and barley malt exports in 2022-23.[2]

Moreover, in 2024, the U.S. exported approximately $352 million worth of barley and barley products to Mexico, making Mexico a top destination for U.S. barley exports.[3]

These figures underscore USMCA's central role as a market stabilizer for U.S. barley and other agricultural producers, giving producers confidence to invest, expand yields, and innovate, while also guiding planting decisions and driving long-term production.

Agricultural risks and recommendations

To preserve and enhance that success, BTA urges USTR to consider the following in the USMCA review:

- Ensure robust and unhindered market access
    - The agreement must resist insertion of any quotas or windowing provisions that could limit agricultural trade under the guise of protecting domestic producers.
    - Any sanitary or phytosanitary measures must adhere strictly to science-based standards and avoid measures that function as covert protectionism. For example, any changes to pesticide regulations not rooted in sound science will have significant implications not only for domestic growers but also for U.S. international trade partners. Incongruent standards among the three parties could result in supply chain disruptions, reduced market access, and unintended economic harm to U.S. importers, retailers, and consumers.

- Strengthen dispute resolution for agricultural trade
    - USTR should propose pre-review reforms to ensure that U.S. agriculture can bring timely claims through the USMCA panel process without undue procedural delay or technical barriers.

- Support market diversification through capacity building
    - The U.S. and partner nations must coordinate technical assistance and market access alignment (for example, on pesticide residues, maximum residue limits, fumigation standards) to lower barriers.
    - BTA recommends that the USMCA's Competitiveness Committee address cooperative grain-quality calibration, traceability standards, and sanitary protocols.

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1 https://grains.org/2022-annual-report/panels/mexico-represents-more-than-75-of-total-u-s-barley-product-exports-in-my-2021-22/

2 https://mexicocomovamos.mx/wp-content/uploads/2024/12/20241213_US-Mexico-Agroindustry_Insights.pdf

3 https://grains.org/markets-tools-data/tools/top-u-s-export-customers/

- Safeguard against retaliatory tariffs or non-USMCA import surcharges
    - Codify exempting USMCA-compliant imports from sectoral tariffs (e.g. under Section 232 or under emergency tariff regimes) so long as they satisfy the agreement's rules of origin.

By affirming duty-free, stable, and nondiscriminatory access for agricultural goods, USMCA can reinforce the U.S. agricultural sector's competitiveness and support rural economies.

Logistics industry a linchpin of trilateral trade

The transportation, trucking, warehousing, freight forwarding, customs brokerage, and logistics sectors are the circulatory system of North American commerce. They ensure time-sensitive delivery, cost containment, and supply chain reliability. Every additional minute of delay adds cost, whether in inventory carrying costs, spoilage, additional handling, problem-solving, or production disruption.

Delivery delays alone can lead to a 2.6 percent decrease in output and a 0.4 percent increase in input prices for manufacturing.[4] Bottlenecks, border friction, or capacity constraints reduce competitiveness and increase consumer prices.

Within the USMCA region, seamless freight movement directly determines whether integrated supply chains can operate profitably. Congestion, regulatory misalignment, and redundant manifesting or document processing impose significant delays, while also placing additional fiscal expenses on cross-border trade. Meanwhile, a strong, integrated North American supply chain enhances both economic and national security, reducing reliance on non-USMCA sources for critical inputs while ensuring continuity in times of global disruption. To help address inefficiencies, the member nations should establish trilateral committees focused on regulatory alignment, customs modernization, and process streamlining.

Logistics sector outcomes under USMCA

Since USMCA began, the transportation and logistics sectors have seen:

- Better certainty of cross-border operations leading to investment in fleets, intermodal terminals, and cross-border trucking networks.

- Growth in cross-border trucking that allows origin-to-destination freight movement across the full USMCA territory, reducing redundant handling or customs rework.

- Increased utilization of harmonized documentation and electronic manifesting.

- Expansion of freight volumes. As cross-border trade deepens, logistics firms in border regions have captured more cross-border freight flows and ancillary services (warehousing, transloading, customs logistics).

These outcomes benefit not only logistics firms, but also the U.S. export sector, which depends on fast, predictable delivery and cost control.

[4] https://arxiv.org/abs/2501.08728

Recommendations for additional logistics sector improvements

To reinforce and expand these gains, BTA recommends:

- Codify comprehensive trucking and freight rights
    - Explicitly reaffirm that U.S. commercial trucks may haul freight from point of origin in the U.S. through Mexico and Canada (and vice versa) to final destination, without forced transfer at the border.
        - The BTA reiterates its opposition to cabotage, which blurs the line between international and domestic transport markets and raises concerns about labor, safety standards, and regulatory parity.
    - Permit cross-border trucking corridors, established by mutual consent, leveraging technology-enabled monitoring rather than burdensome physical inspections.

- USMCA review board to review classifications and qualifications
    - Create a USMCA review board to conduct qualification and classification reviews in each country.
    - Review board members should reside in the country in which the qualification and classification reviews are done.
    - Having in-country reviews will expedite the review process and avoid language and travel barriers.

- Single manifest and streamlined customs procedures
    - Align U.S., Mexican, and Canadian manifesting, customs classification, and document procedures under a unified approach in English, Spanish, and French to reduce redundant data entry, error, and inspections.
    - Maximize data sharing across customs agencies and ensure interoperation of electronic systems to reduce delays.
    - Prioritize comprehensive and consistent customs training across all three countries to ensure that personnel have the technical expertise required to implement modernized systems effectively. Professional ongoing development for U.S., Mexican, and Canadian customs personnel will further promote consistency and coordination across the North American supply chain.

- Infrastructure and technology funding mechanisms
    - The revised USMCA should commit to a trilateral financing mechanism for border infrastructure, including inspection facilities, waiting-lane expansion, and digital scanning systems, and border workforce modernization.
    - USMCA should promote greater use of and investment in pre-inspection zones, expedited lanes, non-intrusive inspection (NII) technologies, trusted-trader programs, and automated clearances.

- Cross-border labor mobility
    - USMCA should institutionalize short-term visa or mobility pathways for workers across the three nations.
    - A post-review USMCA should reiterate that a valid B1/B2 Border Crossing Card is adequate for cross-border truck drivers from Mexico to the U.S. and that border region drivers should be exempted from the more stringent English Language Proficiency (ELP) rules that apply to drivers in the U.S. interior. Trilateral

coordination on training, certification recognition, and safety protocols makes operations more efficient.

- Dispute resolution access specific to logistics constraints
  - The USMCA panels should maintain the ability to adjudicate logistics-related claims such as unjustified border inspections, manifest delays, or infrastructure bottlenecks that unduly impede trade.
  - Workgroups should then use the recommendations of these panels to develop resolution strategies

By strengthening the logistics backbone of USMCA, the agreement will deliver lower costs, greater predictability, and more efficient commerce across the region.

Natural resources and quality of life

USMCA must prioritize the modernization, funding, and maintenance of border environmental infrastructure.

- Reduce sewage flows from Mexico into communal bodies of water, making the region more attractive to long-term business opportunities and investment.
  - A post-review USMCA should strengthen coordination on transboundary water management, ensuring adherence to the 1944 Water Treaty and the regular delivery of Mexico's apportioned water to the United States.

Energy investment and regulatory cooperation

The USMCA review presents an opportunity for the three member nations to strengthen cooperation in the energy and clean-technology sectors, ensuring that the agreement supports regional competitiveness, sustainability, and climate goals. Mexico holds significant potential for renewable generation, including solar and wind, but progress will depend on permitting clarity and openness to private and cross-border investment.

The BTA encourages greater U.S. and Canadian participation in Mexico's energy infrastructure development, especially in renewable transmission and distribution, where private capital and technical expertise can accelerate decarbonization. Reducing the current permit backlog and providing timely, transparent responses to investors would advance the environmental objectives of USMCA while creating new economic opportunities across the region.

The nations should adopt a trilateral oversight or advisory group to evaluate the unintended environmental or competitiveness impacts of trade provisions and ensure that climate and energy policies complement, rather than conflict with, USMCA commitments. A clear, predictable regulatory environment is essential to foster investor confidence, promote innovation, and secure North America's position as a global leader in energy production.

USMCA: The cornerstone of the globe's most economically competitive trade bloc

In making these recommendations, we reemphasize that they also reflect the BTA's broader principles:

- Trade facilitation, market access: We reiterate that any review of USMCA should not erect tariffs or unjustified barriers and instead strive to promote efficiency and market access.

- Balanced benefits: U.S. manufacturers, growers, exporters, importers, and logistics operators should all gain in any revised USMCA; no region or industry is privileged at the expense of another.

- Broad stakeholder input & technical committees: We urge USTR to coordinate with border-region businesses and industry associations to inform drafting and implementation.

- Preferential use of dispute mechanisms: Where conflicts arise—regardless of sector or cause—USMCA dispute panels should be positioned in the agreement as the proper first and preferred forum for resolution, not unilateral measures.

- Harmonization and consistent standards: The U.S. and its USMCA partners should strive for regulatory alignment to strengthen North American competitiveness.

The Border Trade Alliance strongly supports a USMCA review that deepens trade facilitation, reinforces fairness, and enhances trilateral cooperation.

Our organization stands ready to provide additional technical input, sector-level data, border-region insights, and stakeholder perspectives.

Thank you for your attention and consideration.

Sincerely,

Pete Sepulveda, Jr.
Chairman

Britton Mullen
President