ZERO EMISSION TRANSPORTATION ASSOCIATION

January 7, 2026

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Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508
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RE: Docket No. USTR-2025-0307
Request for Comments Concerning the Operation of the United States-Mexico-Canada Agreement With Respect To Trade in Automotive Goods

Thank you on behalf of the Zero Emission Transportation Association (ZETA) and our members for the opportunity to provide comments on the operation of the Agreement Between the United States of America, the United Mexican States, and Canada (USMCA or the "Agreement") with respect to automotive goods. ZETA is an industry coalition representing approximately 50 companies spanning the electric vehicle (EV) supply chain end-to-end, including critical mineral and material producers, cell and battery manufacturers, vehicle manufacturers, charging companies and electric vehicle supply equipment providers, utility companies, and battery recyclers.

ZETA shares the Trump Administration's commitment to promoting U.S. manufacturing and exports. The USMCA is essential to growth in the domestic mining, automotive, and battery manufacturing industries, thereby advancing both priorities. As a coalition, ZETA advocates for policy solutions that will unleash the full potential of American industry to compete globally, counter Chinese market dominance, and lead in next-generation manufacturing. Our membership is at the forefront of the resurgence in domestic mineral, battery material, and advanced vehicle production and recycling.

ZETA represents U.S. producers and processors of lithium carbonate and hydroxide, including the sole active domestic lithium project in the United States; the sole U.S. primary cobalt project; the only company in the United States planning to mine and process natural graphite; two U.S. copper projects, one of which will also be a major nickel producer, as well as a copper-specific industry coalition. ZETA members are also pioneering American capacity for cathode active material and anode active material. At the end of 2024, ZETA members represented nearly 70 percent of announced U.S. EV battery manufacturing operations–or over 300 GWh of battery production capacity.[1,2] In the first three quarters of 2025, ZETA members sold over 491,500 American-made battery-electric vehicles in the United States., representing approximately 47 percent of all new U.S. electric car sales last year.

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[1] Jenkins, J.D., "Potential Impacts of Electric Vehicle Tax Credit Repeal on US Vehicle Market and Manufacturing." March 2025. DOI: 10.5281/zenodo.15001499
[2] The Big Green Machine: Tracking North American Clean Energy Supply Chain, database accessed 2/13/2025 https://www.the-big-green-machine.com/

For our members, the U.S. investment incentive and business certainty provided by the USMCA have resulted in significant domestic investments by ZETA member companies since the Agreement entered into force. Since 2020, ZETA members in the EV, battery, and critical mineral and materials sectors have announced over $55 billion in private sector investments that are projected to yield nearly 70,000 direct jobs in the years ahead.[3] (See Appendix) Each of these investments helps to support U.S. manufacturing and jobs, in line with President Trump's priorities. Keeping the USMCA in place will maintain regulatory certainty and support strategic planning for the American automotive and battery manufacturing industries, resulting in more well-paying American jobs and continued economic growth.

A significant aspect of the USMCA that facilitates these investments is its trilateral nature, which enables North American integration and helps create a business case for U.S. investment, and creates a foundation for harmonized, reciprocal trade across the Western Hemisphere. For example, this trilateral agreement enables North American inputs to support good-paying U.S. jobs in downstream products and creates export opportunities for U.S. products in both Canada and Mexico. In the absence of this North American integration, the primary beneficiary would be China, as Chinese firms can control means of production in vertically integrated supply chains and artificially dictate prices and wages without being constrained by market forces. A North American trade model that operates as two bilateral agreements, instead of a trilateral agreement, increases compliance burdens for U.S. manufacturers and benefits China, not the United States, by limiting economies of scale and impacting the ability of U.S. manufacturers to vertically integrate.

Modernization of the USMCA automotive rules of origin in light of new technology and changes in the content, production processes, and character of automotive goods.

ZETA recognizes that the reconfiguration of the automotive supply chains around electric vehicles and advanced batteries could be a point of focus in the 2026 USMCA review. Our member companies are committed to ensuring that the United States is a global leader in the production of EVs, batteries, and their upstream components. An essential aspect of promoting U.S. manufacturing involves ensuring that the Agreement's stringent rules of origin (ROO) provisions reflect the sourcing realities of U.S. companies. The current auto ROO framework delivers overall clarity and predictability for long-term capital planning and sourcing while encouraging domestic value creation. By offering stability and clear expectations, the framework enables manufacturers to plan multi-year product cycles and develop supplier relationships with confidence. Automakers that entered the market since the Agreement entered into force have made significant efforts to reach compliance with the current framework.

Core Parts Additions

USMCA Auto ROO provisions should reflect the current sourcing opportunities available in the market. Any changes should be phased in under timelines defined through industry engagement to avoid shock to existing supplier networks while promoting achievable, deeper North American integration over time. As such, in order to maintain the economic proposition created

[3] Atlas Public Policy, Clean Economy Tracker. April 2025. https://cleaneconomytracker.org/about/.

by USMCA, any modification should be assessed through the lens of the industry's operational realities and integrated supply chain structure, and be paired with transitional periods to allow for compliance with new rules.

If the government considers additions to the core parts list, we encourage a targeted approach that reflects the evolution of the automotive industry and vehicle technology. ZETA recommends that USTR work closely with industry to understand the makeup of an electric vehicle in comparison to internal combustion engine (ICE) vehicles. For example, acknowledging the value of domestic electric drive unit (EDU) production through the USMCA Automotive Rules of Origin would encourage further U.S. innovation and manufacturing in the automotive industry and beyond, but should also be carefully crafted to reflect American advantages and North American sourcing dynamics. ZETA welcomes conversations with USTR to discuss in greater detail the USMCA's treatment of EDUs.

Treatment of Batteries in the Core Parts List

With regard to batteries and their components, the current USMCA rules of origin are among the most ambitious of any trade agreement. Given the inherently global nature of sourced battery components, such as electrodes, separators, and electrolytes, and the existing policy frameworks that address the battery supply chain, ZETA cautions against substantial changes to the list of advanced battery parts and components for determining regional value content (RVC). Beyond USMCA, battery supply chains are undergoing intensive analysis in order to improve supply chain resiliency and to comply with sourcing requirements in § 45X Advanced Manufacturing Production Tax Credit concerning prohibited foreign entities.[4] Today, battery and vehicle manufacturers are engaged in a myriad of qualification partnerships, offtake agreements, and MOUs with potential alternative domestic suppliers wherever they exist. Supporting these partnerships is a national security imperative.

As the Administration engages with stakeholders regarding modernizing the Auto ROO core parts list, ZETA urges the Administration to engage with battery and electric vehicle manufacturers to understand the alternative supply qualification process. The chemical specificity of EV and battery components is distinct from the mechanical nature of ICE parts. Because specification requirements for battery materials—including processed minerals, cathode-active-material (CAM) and anode active material (AAM)—are highly specific, each unique formulation must go through qualification. The ability of a battery to integrate an alternative material into its supply chain for commercial production entails qualification timelines that vary by commodity. For well-established suppliers, this process might take one year. For new suppliers, this process can take two to three years. Automakers also typically require suppliers to complete validation processes for automotive materials, battery cells, and packs, which can take up to three to four years.

Many U.S.-based suppliers do not have the capacity, experience, or labor expertise to serve as immediate, commercially viable battery-grade materials alternatives for these inputs. The U.S. automotive battery landscape is evolving quickly in the context of an industry that has existed for 125 years. However, additional time is required to adequately develop the U.S. supply base.

[4] 'Prohibited foreign entity' is defined in § 7701(a)(51)

ZETA urges the Trump Administration to work with industry to ensure that the 2026 USMCA review adequately supports the domestic market without compromising the value of the Agreement.

Specifically, the USMCA should avoid subjecting manufacturers to tariffs when there is no domestic alternative and while they are already working to identify alternative domestic and allied suppliers. The supply chains of U.S. companies must be promoted and advantaged by the ROO in a manner that insulates them and the USMCA from non-market competitors. In addition to supporting American companies, doing this effectively means not boxing out critical U.S. allies, like Australia, Japan, and South Korea, from contributing to final products and investments that advance the United States's USMCA goals.

Conclusion

Thank you for the opportunity to comment on the operation of the USMCA with respect to automotive goods. ZETA is aligned with the Trump Administration's goals of promoting U.S. manufacturing and exports. Continuing the USMCA on a trilateral basis is essential for the ability of U.S. industry to achieve both of these goals and compete with non-market economies such as China. We look forward to continuing to support the Trump Administration in crafting a trade policy that serves American interests and benefits American workers and industry.

Sincerely,

Albert Gore
Executive Director

Appendix

- In 2020, Tesla announced Gigafactory Texas, a 10 million square foot state-of-the-art factory that sits on 2,500 acres along the Colorado River, and today serves as its global headquarters near Austin, Texas. Since the announcement, over $16 billion in capital expenditures have been invested in the site, and over 40,000 jobs have been created. Gigafactory Texas is actively manufacturing Model Y—the best-selling vehicle in the world—and Cybertruck, as well as cathode active materials, lithium-ion battery cells, battery packs, drive units, vehicle seats, stampings, and castings. It will also be home to Tesla's next-generation vehicle assembly line and production of the fully autonomous Cybercab.

- In 2021, LG announced a new EV battery factory would be built in Spring Hill, Tennessee. The factory is expected to create 1,300 new manufacturing jobs. Tennessee Governor Bill Lee described it as "the largest single investment activity in the state's history."[5]

- In 2023, Samsung SDI announced a new set of EV battery and stationary storage factories in Indiana. The two factories will represent billions of dollars in investment and around 2,800 jobs to be created.[6] Samsung has partnered on facilities with both Stellantis and GM, aiming to supply their EVs over time.[7] When the GM facility was first announced, Governor Holcomb stated: "I couldn't be more excited to again see GM alongside one of Indiana's newest world-class companies, Samsung SDI, take this giant leap and make this $3 billion commitment that will transform the automotive industry, aided by our proud Hoosier workforce."[8]

- In 2024, Lucid finalized a major expansion to its state-of-the-art Advanced Manufacturing Plant (AMP-1) in Casa Grande, Arizona. AMP-1 is the first purpose-built EV production facility in North America. The 2024 expansion added approximately 3 million square feet—bringing the facility's footprint to more than 3.85 million square feet and enabling new capabilities, including in-house stamping and advanced powertrain manufacturing. This vertically integrated facility supports more than 3,000 jobs and is the largest employer in Pinal County, delivering substantial economic benefits to the local community through job creation and regional investment. Lucid recently secured

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[5] The Tennessean, *General Motors announces electric vehicle battery factory in Spring Hill*, April 16, 2021, available from https://www.tennessean.com/story/money/2021/04/16/general-motors-second-electric-vehicle-battery-factory-spring-hill/7244645002/?gnt-cfr=1&gca-cat=p&gca-uir=true&gca-epti=z115925e001400v115925b0066xxd116665&gca-ft=232&gca-ds=sophi&sltsgmt=0154_D.

[6] Clean Economy Tracker. October 2025, available from: https://cleaneconomytracker.org/

[7] Stellantis and Samsung announce new electric vehicle battery plant. October 2023, available from: https://www.cbtnews.com/stellantis-and-samsung-announce-new-electric-vehicle-battery-plant/

[8] Gov. Holcomb announces largest EV investment in state history attracting a more than $3B battery plant. June 2023, available from: https://iedc.in.gov/events/news/details/2023/06/13/gov.-holcomb-announces-largest-ev-investment-in-state-history-attracting-a-more-than-3b-battery-plant

additional facilities in Coolidge and Phoenix, Arizona, increasing the company's impact in the region.

- In July 2025, Panasonic commenced operations at its 4.7 million square foot battery manufacturing facility in DeSoto, Kansas.[9] The facility has seen $4 billion in investments, expecting to create 4,000 jobs to power Panasonic's second domestic battery facility. The De Soto plant is expected to be the world's largest battery facility, with an annual production of 32 gigawatt-hours (GWh). Senator Jerry Moran stated as a part of the facility's formal opening: "Panasonic's new state-of-the-art facility in De Soto is a milestone for our state and a testament to Kansas' talented workforce and leadership in energy production and innovation. I commend the leadership of Panasonic for choosing the Sunflower State for its U.S. manufacturing site, creating thousands of quality jobs for Kansans and drawing new people to the Midwest."[10]

- In August 2025, LG Energy Solution's Queen Creek facility reached 60% of its construction, with a scheduled production launch date of Summer 2026.[11] The battery maker expects that if fully built out, the facility will generate around 2,800 jobs as a part of a $5.5 billion investment in batteries with a focus on stationary storage.[12]

- In September 2025, Rivian became the first car company to break ground on an automotive facility in the U.S. during President Trump's second term when it broke ground at its facility in Social Circle, Georgia. The facility is expected to create 7,500 direct jobs and nearly 8,000 indirect jobs. As Georgia Governor Brian Kemp said at the groundbreaking, "Today is another milestone in bringing quality, good-paying jobs to Georgians in this part of the state. With today's groundbreaking, this innovative company is further delivering on its commitment to the people of Georgia, and the thousands of hardworking Americans who will work at this facility will see generational benefits for their families."[13] The Georgia groundbreaking comes in addition to Rivian's ongoing $1.5 billion expansion of its automotive factory in Normal, IL.

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[9] Powering progress: Panasonic's new EV battery facility in De Soto, Kansas. July 2025, available from: https://energy.na.panasonic.com/news/powering-progress-panasonics-new-ev-battery-facility-in-de-soto-kansas

[10] Ibid.

[11] LG Energy Solution's Queen Creek battery plant nears completion, hiring ramps up. August 2025, available from: https://www.abc15.com/news/business/lg-energy-solutions-queen-creek-battery-plant-nears-completion-hiring-ramps-up

[12] Clean Economy Tracker. October 2025, available from: https://cleaneconomytracker.org/

[13] Rivian, Rivian Holds Kickoff Ceremony for Georgia Plant, Accelerating American Manufacturing Growth, September 16, 2025, available from https://rivian.com/newsroom/article/rivian-holds-kickoff-ceremony-for-georgia-plant-accelerating-american-manufacturing-growth.