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Testimony of Rory Heslington, Vice President, Government Affairs, Autos Drive America, in the Hearing on the USMCA 2026 Review

December 4, 2025

For the record, I'm Rory Heslington, Vice President of Government Affairs at Autos Drive America, the trade association representing the U.S. operations of 13 internationally headquartered companies. Together, they operate 32 manufacturing facilities across 14 states, where nearly half of all American-made vehicles are produced annually. Autos Drive America's member companies produce many of the vehicles that consistently top the Cars.com "Most-American" rankings, and our members are some of the largest automotive exporters by value. They directly employ over 162,000 Americans, 65 percent of whom work directly in manufacturing roles. In 2024, international automakers produced nearly 4.9 million American built vehicles and exported 795,000 of those to 130 countries.

Since NAFTA became law 30 years ago, international automakers have been committed to maintaining an integrated manufacturing platform and consumer base across North America. In the U.S. alone, they have invested more than $124 billion into their operations over the past 60 years, and since 2018 have brought three new automotive manufacturing facilities, several plant expansions, and many other investments that have expanded and improved their manufacturing operations, totaling around $35 billion.

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NAFTA and then USMCA were a critical prerequisite to all these investments by providing a stable and predictable trading environment. As you know, certainty in trade policy is vital for capital intensive industries like the automotive sector, which must make sourcing and investment decisions several years in advance of production.

USMCA's novel automotive rules of origin are the most stringent of any U.S. trade agreement, going well beyond those that the automotive industry had been operating under in connection with NAFTA. The new rules of origin requirements on labor value content, steel content requirements, and higher content percentage thresholds are all new requirements that have made meeting the content thresholds much more difficult than what was required under NAFTA.

Nevertheless, automakers have worked hard and largely succeeded in meeting these rules, making the additional investments needed both to comply and to keep the North American auto industry globally competitive and well positioned to attract future investment. This occurred despite unexpected developments over the past several years – the pandemic, supply chain disruptions, semiconductor shortages, and uncertainty in the interpretation of certain rules. Those developments only highlighted the need for adequate transition periods and to avoid overly prescriptive approaches to rule-of-origin implementation, areas where the USMCA could have used improvement.

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As the parties contemplate the rules in connection with the 2026 USMCA review, it is essential that they recognize that the current rules are already quite strict and that unrealistically strict rules can have unintended consequences.

We can see in the data that some automotive trade is taking place outside of USMCA preferential treatment. This is as much a reflection of the unrealistic transition periods built into USMCA as it is the stringency of the rules. But as noted, automakers have largely succeeded in and continue to work towards meeting the rules. The 2024 import data reflects this, showing that USMCA non-compliant imports from Mexico fell to 14.2% from the 2023 high of 22.6%. This is a result of automakers and their supplier's success in qualifying their parts under the USMCA.

Having said that, in some cases, imports are taking place outside of USMCA because some automakers have concluded that the resources required to meet USMCA rules for certain vehicle models are simply too great and are better spent on new investments. In other cases, though, automakers may simply stop offering more affordable or less profitable vehicle models because of the cost of meeting the rules.

This affordability issue must be considered when looking at making the already stringent rules even more stringent, especially today with the additional burdens automakers are facing. As such, and as we mentioned in our written submission, we don't believe any additional changes to the rules of origin are necessary or desirable at this time.

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Another issue that I'd like to underscore is that the automobile industry is currently undertaking massive investments to introduce alternative powertrain solutions for production here in the United States. In doing so, automakers are making every effort to localize production. But sourcing and planning require time to ensure that automakers can build locally in a cost-effective manner with high quality components that meet U.S. standards. While USMCA provided transition timing over the first five years, additional flexibility may be needed to ensure successful localization of new technologies and models. The addition of a provision similar to NAFTA Article 403.6 covering new facilities and models would be extremely helpful in this regard.

Any potential changes to the rules of origin should be considered carefully, with robust industry consultations. Any changes should reward and incentivize the massive investments now underway, rather than set unrealistic targets that cannot be met, which would force duty payments outside of USMCA that would unnecessarily divert resources from localizing production.

Finally, we wish to emphasize the importance of restoring full, duty-free trade for USMCA-compliant vehicles and auto parts. The fully integrated North American supply chains developed under NAFTA and USMCA underpin U.S. automotive competitiveness, and they are premised on duty-free treatment and the free circulation of parts within North America as they undergo multiple production stages.

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Thank you for the opportunity to testify today, and I welcome any questions you may have.