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Office of the United States Trade Representative
600 17th Street NW
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SUBJECT: SAFE Public Comments related to the Office of the United States Trade Representative 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]

To whom it may concern:

On behalf of SAFE, please accept these comments related to the Office of the United States Trade Representative 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].

SAFE is an action-oriented, nonpartisan organization committed to transportation, energy, and supply chain policies that advance the economic and national security of the United States, its partners, and allies. SAFE works with its Energy Security Leadership Council—a peerless coalition of current and former Fortune 500 CEOs and retired 4-star admirals and generals—to support secure, resilient, and responsible energy solutions.

Since its launch in 2005, SAFE's work has expanded beyond energy policy to encompass critical minerals strategy, transportation innovation, and supply chain challenges. In supporting strengthened alliances, transparency, and reindustrialization, SAFE advances an ambitious vision from the first raw materials to the very last mile.

SAFE appreciates the opportunity to provide comments on the operation of the United States-Mexico-Canada Agreement (USMCA) in advance of the 2026 Joint Review. As an organization committed to strengthening American energy, economic, and national security, SAFE views USMCA as a key instrument for building resilient, regionally integrated supply chains that reduce strategic dependence on China. The agreement offers a unique opportunity to create a "Fortress North America," a secure,

competitive, and collaborative economic bloc capable of withstanding global disruptions and advancing shared prosperity. Applying and upholding robust transparency measures in the USMCA will be critical to ensuring that China does not circumvent and undermine the ability for USMCA to strengthen American business and create supply chains outside their influence. As geopolitical and economic pressures mount, the importance of leveraging USMCA to strengthen American businesses, reinforce North American industrial capacity, and create supply chain independence cannot be overstated.

Energy Security

North America's deeply interconnected energy systems present a strategic advantage that USMCA can help reinforce. The U.S.-Canada electricity grid is among the most integrated in the world, and the agreement provides a framework to further align standards, enhance coordination on cybersecurity, and support joint investments in grid modernization. Strengthening cross-border energy infrastructure and regulatory cooperation will help to bolster reliable power delivery and enable a more resilient energy future. USMCA can serve as a platform to deepen trilateral collaboration on energy security, reduce exposure to external disruptions, and promote shared innovation in advanced energy technologies.

Critical Mineral Security

Critical minerals are the backbone of modern manufacturing and advanced energy technologies, yet current supply chains remain heavily dependent on China and Chinese entities for extraction, processing, and refinement. As the U.S. government works to de-risk and build secure supply chains, North America's deeply integrated supply chains offer one of the most practical foundations for doing so. This integration is not only economically practical, but is further reinforced by the fact that, under the Defense Production Act and related defense authorities, Canada is treated as a "domestic" source. The close trade relationship enabled by the USMCA ensures the free flow of goods, components, and intermediate materials essential to the competitiveness of American companies and workers, and the strength of the defense industrial base.

Canada is not a competitor to U.S. efforts to expand critical mineral production, especially processing and refining capabilities. It complements these domestic efforts. Building new facilities across all stages of the supply chain requires significant capital investment and is very difficult to achieve simultaneously given the different lead times at each stage. Canada's established industrial base has the available capacity to serve as a bridge to help U.S. producers to enhance market stability and take advantage of regional efficiencies. In addition to supplying key material inputs to U.S. manufacturers, Canadian facilities also provide reliable offtake options for U.S. projects in earlier stages of the supply chain. In the absence of domestic offtakers, U.S. producers are more competitive selling to Canada or Mexico than to markets like Japan or South Korea. Without these nearby markets, producers would need to turn to China or more distant buyers in East Asia, where higher transportation costs reduce margins and

make it harder to compete with already cheaper material being produced in China or by Chinese entities in Southeast Asia. Such conditions would slow down investment in the United States.

Companies are already taking advantage of cross-border efficiencies. Nickel from Michigan's Eagle Mine, the only operating nickel mine in the United States, is shipped to Canada for smelting and refining, as the mine's scale of production does not justify a standalone U.S. smelter.[1] Canada's nickel smelting complex, in turn, produces refined materials that are re-exported to the United States, supplying both battery manufacturers and the defense industrial base. For example, Vale Base Metals provides roughly 50 to 60 percent of the high-purity nickel used in U.S. military applications.[2] Several U.S. nickel projects currently under development plan to follow the same model, sending concentrate to Canada for smelting and refining until domestic capacity is built.[3]

Similar dynamics exist for antimony and germanium. At Teck Resources' Trail Operations in British Columbia, lead-silver concentrates from Idaho's Silver Valley are processed to recover antimony, which is refined and sold to U.S. customers. This arrangement provides a number of mines in the Silver Valley region in Idaho with the offtake they need to stay in operation, and has created opportunities for Teck to invest directly to support these U.S. mining operations.[4] Likewise, zinc concentrates from Alaska's Red Dog mine are refined at Teck's Trail Operations in British Columbia, where germanium, a key input for semiconductors and fiber optics, is recovered as a by-product. The refined germanium and zinc products are then shipped to major U.S. manufacturers, including steel and electronics producers across dozens of U.S. states.[5] Maintaining this cross-border connectivity is vital for U.S. industries to retain access to reliable sources of primary antimony and germanium, especially in light of China's export bans.

Canada's existing critical minerals production capacity also offers practical opportunities to pilot and demonstrate emerging byproduct and waste recovery technologies. Leveraging this allied infrastructure allows industry players, including U.S. companies, to test and validate technologies in a nearby trusted environment, accelerating their eventual deployment within U.S. borders. For example, Rio Tinto's Vaudreuil alumina refinery in Québec is piloting indium extraction technology developed by the U.S.

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[1] See e.g., Kelly House, "Mining is Back in Michigan's Upper Peninsula. Here's How It Works," Bridge Michigan, October 29, 2024.
[2] James McKeigue, "Vale Base Metals Aiming to Join Top-Five in Copper, Nickel Production – CEO Shaun Usmar Says," *Fastmarkets*, June 12, 2025.
[3] See e.g., SAFE Center for Critical Minerals Strategy, "Public Comments on Section 232 National Security Investigation of Imports of Processed Critical Minerals and Derivative Products (XRIN 0694-XC124)," submitted May 16, 2025, at 25.
[4] Teck Resources Limited, "Comments on the Section 232 National Security Investigation of Imports of Processed Critical Minerals and Derivative Products (XRIN 0694-XC124)," submitted May 16, 2025, at 3; and see e.g., "Teck invests $40M to support historic Bunker Hill mine restart in Idaho," *Mining.com*, March 6, 2025.
[5] Teck Resources Limited, "Comments on the Section 232 National Security Investigation of Imports of Processed Critical Minerals and Derivative Products (XRIN 0694-XC124)," submitted May 16, 2025, at 2-3.

company Indium Corporation.[6] Rio Tinto also validated a technology its demonstration plant in Quebec to recover scandium from titanium dioxide production waste.[7] The plant was more recently identified by the U.S. Defense Logistics Agency as only available vendor of scandium outside of China capable of fulfilling the U.S. government's needs.[8]

USMCA is central to maintaining North American supply chains by reaffirming open trade between the two countries. It provides U.S. producers the ability to source inputs from Canada or sell into the Canadian market without barriers and serves as the policy signal to assure companies making long-term, capital-intensive investment decisions. The United States and Canada face the same global market distortions, cost pressures, and price manipulation challenges that constrain Western producers. Working together through an aligned trade framework ensures greater regional stability and resilience, and provides the platform to address these shared challenges more effectively. The attached report by SAFE's Center for Critical Minerals Strategy, *Trading Tensions: Navigating Policy Tools for a Diverse Critical Minerals Supply Chain*, explores the role trade agreements like the USMCA play in advancing shared supply chain security objectives.

Strategic Industrial Materials Security

Steel and aluminum are foundational metals for the industrial economy, energy technologies, and the defense industrial base. The sourcing and production of these materials has profound effects on America's national security and economic competitiveness. USMCA has been a useful mechanism to incentivize North American consumption of U.S. steel and aluminum through the melt and pour requirement of the strengthened automotive rules of origin. Fostering deeper cooperation among the United States, Mexico, and Canada can reduce reliance on adversarial nations, particularly China whose state directed industrial targeting and lack of market-oriented conditions have contributed to global excess capacity. Strengthening trilateral collaboration in steel and aluminum is an important tool available to support U.S. workers, reduce strategic dependencies, and enhance American industrial competitiveness.

Automotive Supply Chain Security

The automotive supply chain is a cornerstone of North American manufacturing and a key area where USMCA can deliver strategic value. Current rules of origin for automotive products pair high 75 percent regional value content with a labor-value requirement and 70 percent steel-aluminum sourcing rules that

[6] Indium Corporation, "Indium Corporation and Rio Tinto Announce Groundbreaking Milestone in Gallium Extraction Partnership," Press Release, May 7, 2025.
[7] Rio Tinto, "Extracting Scandium from Waste," September 12, 2023.
[8] See e.g., Mining Technology, "US Defence Agency Reportedly Seeks to Buy Scandium Oxide from Rio Tinto," September 23, 2025.

hardwire North American inputs into market access.[9] This supply chain involves multiple tiers of suppliers, integrators, with OEMs and Tier-1 suppliers centralizing component assembly. The result is Mexico and Canada are the largest auto-parts suppliers, first and second respectively, to the United States while also serving as the two largest export markets for U.S. manufactured vehicles.[10] USMCA nudges investment, tooling and supplier development in North America, and improves the traceability for the ICTS stack that defines all connected vehicles.

However, China's deepening role as a Tier-2/3 subcomponent supplier in the North American automotive supply chain is a growing concern. Chinese suppliers enter U.S. supply chains indirectly via parts manufactured or integrated in Canada and Mexico. These specialized components (rather than finished vehicles) deliver price and scale advantages, yet they also concentrate risks to geopolitical shocks, export controls, surveillance and data-integrity concerns in electronics, sensors, and other 'smart' components.[11] The USMCA can narrow this exposure while preserving competitiveness by clarifying and enforcing rules of origin for core components, aligning incentives to nearshore critical electronics and sensor assemblies in the long term, and harmonizing cyber and hardware security standards to reduce high-risk dependencies. USMCA can help reinforce supply chain linkages, promote regional competitiveness, and ensure the long-term resilience of the North American transportation sector. Continued trilateral cooperation in this space will be essential to maintaining leadership in advanced mobility and manufacturing.

If you have any questions on our comments or are interested in a further discussion on SAFE's perspective, we would welcome the opportunity to brief the USTR team on our current work and discuss specific areas where our policy expertise, industry networks, and analysis can complement USTR's mission. Please don't hesitate to reach out to Conrad LaJoie, SAFE, Senior Manager, Government Affairs (clajoie@secureenergy.org).

Sincerely,

Avery Ash
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Executive Director, Coalition for Reimagined Mobility
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ATTACHED:

[9] United States Trade Representative. "United States-Mexico-Canada Agreement." July 1, 2020.
[10] Coalition for Reimagined Mobility. "Securing the ICTS Supply Chain: Connected Vehicles-Comments to the U.S. Department of Commerce, Bureau of Industry and Security," April 30, 2024, at 4.
[11] Ibid.

REPORT - The Pillars of Power: A Strategy for Energy Security and Industrial Resiliency
REPORT - Trading Tensions: Navigating Policy Tool or a Diverse Critical Minerals Supply Chain