

**COURTESY TRANSLATION**

Mexico City, August 20<sup>th</sup>, 2021

**THE HONORABLE AMBASSADOR KATHERINE C. TAI**

United States Trade Representative  
Executive Office of the President  
600 17th Street Northwest  
Washington, D.C. 20508  
United States of America

Dear Ambassador Tai:

Pursuant to Article 31.4 (Consultations) of the Agreement between the United States of America, the United Mexican States and Canada (USMCA), the Government of the United Mexican States (Mexico) hereby requests consultations with the Government of the United States of America with respect to the application and interpretation of Article 3 (Regional Value Content for Passenger Vehicles, Light Trucks, and Parts Thereof) of the Appendix to Annex 4-B (Provisions Related To The Product-Specific Rules Of Origin For Automotive Goods) and Article 4.5.4 (Regional Value Content) of the USMCA. This request is made for the purpose of avoiding or settling a potential dispute regarding the manner in which the Government of the United States of America, by its interpretation, is imposing certain requirements on motor vehicle producers that are inconsistent with the text of the USMCA and the Uniform Regulations.

Mexico has identified a divergent position between our governments on the interpretation of the above-mentioned provisions on Rules of Origin for the automotive sector.



The Appendix to Annex 4-B of the USMCA contains certain requirements that passenger vehicles and light trucks must meet in order to qualify as originating. One of those requirements is a Regional Value Content (RVC) of 75% for passenger vehicles and light trucks. Likewise, there is a requirement for an RVC of 75% for “core parts” for a vehicle to be considered originating.

Mexico considers that the RVC's alternative calculation methodologies for core parts provided for in Article 3.8 and 3.9 (Regional Value Content for Passenger Vehicles, Light Trucks, and Parts Thereof) of the Appendix to Annex 4-B can be applied in the overall passenger vehicle's or light truck's RVC calculation.

In order for the core parts to be treated as originating, they must meet an RVC requirement that can be calculated under one of the methodologies provided for in Article 3.8 of the Appendix to Annex 4-B. Therefore, the methodology set forth in Article 3.8(a) or the methodology set forth in Article 3.8(b) can be used for purposes of calculating the core parts' RVC. The use of any of these methodologies is allowed to qualify the core parts as originating, and subsequently, for purposes of calculating the origin of the vehicle.

The Appendix to Annex 4-B provides an additional flexibility for a “super-core part” that allows the calculation of the RVC of all core parts as they were a single auto part. As provided for in Article 4.5.4 (Regional Value Content) of the USMCA, once a material (“core-part”) has qualified as originating and has been used in the production of a good, it must always be treated in the calculations as originating. Therefore, if a “super-core part” meets the RVC required percentage, all the core parts comprising the “super-core part” would be originating. The Uniform Regulations, adopted by the Decision No. 2 of the USMCA's Free Trade Commission, develop and reiterate this principle, particularly in sections 14(1) and 14(4).





Likewise, Article 3.7 (Regional Value Content for Passenger Vehicles, Light Trucks, and Parts Thereof) of the Appendix to Annex 4-B stipulates that once the core parts (materials) have satisfied the RVC percentage required in Article 3.2 of the Appendix to Annex 4-B, such core parts are originating. Consequently, for purposes of their use in the production of a subsequent good (vehicle), those core parts would be considered as originating.

We look forward to receiving your reply to the present request in order to discuss this matter with the appropriate officials of your government in a mutually convenient date for consultations.

Sincerely,  
The Secretary

**MTRA. TATIANA CLOUTHIER CARRILLO**

- c.c. The Honorable Mary Ng, Minister of Small Business, Export Promotion and International Trade, Canada.  
Álvaro Castro Espinosa, Mexican Secretary, Mexican Section of the T-MEC Secretariat.  
Vidya Desai, Acting United States Secretary, United States Section of the USCMA Secretariat.  
Sean Clark, Canadian Secretary, Canadian Section of the CUSMA Secretariat.

