

July 1, 2020

The Honorable Wilbur Ross  
Secretary of Commerce  
1401 Constitution Avenue NW  
Washington, DC 20230

Dear Secretary Ross:

As Chairman of the Advisory Council on Supply Chain Competitiveness (ACSCC) and as Chair of the USMCA Subcommittee of the ACSCC, and on behalf of the ACSCC, we are writing to congratulate you on the successful entry into force of the United States – Mexico – Canada Agreement (USMCA).

As you know, the economies of the North American countries are deeply intertwined. Our continent has become stronger as a region competing in the global economy by removing barriers to trade and investment within the region, leading to integrated supply chains that are designed to improve the overall performance of the North American industries, consolidate manufacturing and drive down costs.

The members of this Committee represent a large part of U.S. industry, and we are both grateful for and enthusiastic about the new USMCA, which will improve the competitiveness of U.S. domestic and international supply chains, facilitate new job growth within the United States, and increase U.S. exports.

The Committee would like to make the following recommendations for your immediate review and consideration at the outset of implementation of the USMCA.

#### **Merchandise Processing Fees Error**

The Department of Commerce should support the immediate passage of S.3876, the bill to make a technical correction relating to the treatment of refunds of merchandise processing fees (MPF) under the United States-Mexico-Canada Agreement (USMCA) Implementation Act (“Implementing Legislation”). S.3876 will correct the problem caused by the insertion of the parenthetical language (“except with respect to any merchandise processing fees”) into the Implementing Legislation. This language created a requirement to request an exemption from the MPF at time of entry, which would represent a major and infeasible departure from current practice regarding the preferential treatment of the MPF. No language in USMCA itself requires requesting an exemption for MPF at time of entry, which would contradict the advances the USMCA will make in the areas of customs simplification and trade facilitation. The effect of the language in the Implementing Legislation is to eliminate the current automatic exemption from the MPF for North American-qualifying goods and the ability for filers to request MPF refunds in post-importation claims as is currently allowed. This would generate an enormously increased administrative burden for both the Government and entry filers and severely impact the international logistics system.

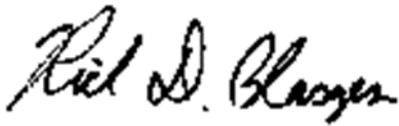
#### **USMCA Review Process Facilitation**

From the beginning of the USMCA entry into force on July 1, 2020, all stakeholders – federal government agencies, state and local governments, and industry - must work to ensure the six-year review is not a disruptive process. Constant communication, collaboration and a streamlined and

facilitated review process must be established to prevent major disruptions to the USMCA agreement and North American supply chains.

Again, congratulations on the long-awaited entry into force of the USMCA. We appreciate the dedication of the Department of Commerce and the Trump Administration during the negotiations, and we wish you all the best with the implementation. As always, we thank you for your support of this important advisory body and we stand ready to assist you and your team in any way.

Sincerely,

Handwritten signature of Rick D. Blasgen in black ink.

Rick D. Blasgen ACSCC Chairman

Handwritten signature of Tiffany Melvin in black ink, enclosed in a thin black rectangular border.

Tiffany Melvin, USMCA Subcommittee Chair