



**AmericanCoatings**  
ASSOCIATION<sup>SM</sup>

February 26, 2026

The Honorable Mike Crapo  
Chair, Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Ronald Wyden  
Ranking Member, Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, D.C. 20510

Re: United States Senate Hearing on The U.S.-Mexico-Canada Agreement: Evaluating North American Competitiveness, conducted on February 12, 2026

From: Heidi K. McAuliffe, Esq., Senior Vice President, American Coatings Association, Inc,  
901 New York Avenue, NW Suite 300 W, Washington, D.C. 20001

Dear Chair Crapo and Ranking Member Wyden,

On behalf of the American Coatings Association (ACA) and the more than 312,000 employees in the paint and coatings industry in America, I write to express ACA's thanks for the Committee's commitment to the USMCA joint review process and maintenance of America's competitiveness within this relationship. The American Coatings Association supports the USMCA and the process articulated in Article 34.7 which provides for a Joint Review of the operation of the Agreement, an evaluation of recommendations for further action, and a decision upon appropriate actions.

The American Coatings Association agrees with you – our industry strongly supported the USMCA and continues to do so today. The U.S. paint and coatings industry has enjoyed the benefits of a well-developed trade infrastructure, including tariff-free markets as well as new digital trade provisions, a streamlined import-document submission procedure and higher de minimis shipment values. These and other benefits of the USMCA have helped to ease some of the regulatory burdens associated with an integrated North American supply and manufacturing chain.

Canada and Mexico are the two largest trading partners for the coatings industry. The United States paint and coatings industry exports to Canada (\$1.3 billion) and Mexico (\$815 million) in 2023 totaled \$2.1 billion combined. These USMCA partners have consistently been the two largest export markets for the U.S. industry, accounting for 70% of all US paint and coatings industry exports in 2023.

As you may know, ACA is the premier trade association dedicated to advancing the interests of the coatings industry and represents paint and coatings manufacturers, suppliers, distributors, and technical professionals. Many of today's paints and coatings may go unnoticed by the consumer, but they play increasingly valuable roles in delivering safe and efficient medical equipment, high-quality foodstuffs, durable goods, housing, furniture, and thousands of other products to market.

ACA supports this Committee's goals of maintaining a robust agreement with Canada and Mexico that is not hampered by extraneous requirements. The value of the USMCA to our industry is key as there are several important raw materials necessary for the production of paint and coatings are not available in the United States. Canada and Mexico are important trading partners, as demonstrated by our trade data. The USMCA provides a reliable and predictable trade environment to obtain certain raw materials and component parts that cannot be sourced in the United States. Consistency in the implementation of these trade requirements will best serve the US coatings industry. Consequently, ACA recommends that the USMCA be extended for 10 to 16 years. Further to that point, ACA encourages the United States to focus on continued implementation of the USMCA, rather than a broad renegotiation of its elements. Preservation of the key tax and tariff provisions are paramount in this Joint Review effort.

ACA also recommends several improvements to the USMCA which will provide U.S. manufacturers the flexibility and efficiency to manage operations in a globally competitive manner.

1. Simplified Rules of Origin

Under the USMCA, if a raw material cannot be produced in the United States, Canada or Mexico, it may still be able to be classified as "originating" if it meets the requirements of any of the Section-specific rules in Annex 4-B. The rule on mixtures and blends (Rule 3) could be a good option for paint and coatings products; however, goods of Chapter 32 (which includes paints and varnishes) are excluded by the rule's parameters.

Even if a product cannot meet the requirements of Rule 3, another option exists for paint and coatings products if it can successfully accomplish a tariff transformation from "any other chapter" for materials classified under heading 32.07 through 32.15 (except for any such pigments or materials based on titanium dioxide). This requirement of a tariff change from "any other chapter" requires more transformation

than a change from “any other subheading” (which was the previous requirement under NAFTA). Paint products classified under HTS 3208, 3209, and 3212 often contain pigments classified under 3204, 3206, and 3212. Note that pigments classified under 3206 and 3212 can be “disregarded”. Pigments classified under 3204 cannot be “disregarded”. In many cases, these pigments are not commercially available within the United States or the USMCA region. Consequently, even though the manufacturing takes place within the USMCA region, it is impossible to classify them as “originating.”

ACA recommends several changes to ease the regulatory burden on coatings manufacturers:

- a. Allow manufacturers to use Rule 3 Mixtures and Blends Rule to qualify paint products as originating;
- b. Revise the rules of origin to allow for transformation from “subheading,” rather than “chapter”; and
- c. Include HTS 3208 in Section VI, Chapter 32 as an exclusion from the preferential origin calculation and treat it the same as HTS 3206 and 3212.

## 2. Article 4.12 De Minimis

The USMCA provides that a good may be an originating good if the value of the non-originating materials is not more than 10 percent of the total transaction value adjusted for international shipment or the total cost of the good. This provision is important for the coatings industry. As explained above, several key raw materials essential for coating manufacturing cannot be obtained in the USMCA region. For non-originating materials that cannot meet the requirements of the Mixtures and Blends rule or accomplish the tariff transformation, the de minimis rule in Article 4.12 provides another avenue for classification to an originating material and preferential tariff treatment under the USMCA.

ACA urges retention of this option and believes that this de minimis threshold of 10 percent should be increased to 12 percent in order to ease this regulatory burden on the U.S. coatings industry.

The \$32 billion coatings industry is a vital part of the US economy, providing paints and coatings that support and sustain our modern built economy. The ability to source certain raw materials and critical minerals, when not available in the United States, is critical to the success of our industry and our ability to continue to innovate and bring better, safer, and more effective coatings to the American people. Indeed, it is critical to the competitiveness of America. These preferential tariff provisions are key elements and should be preserved in the Agreement.

If you have any questions regarding the impact of the USMCA on the coatings industry, please do not hesitate to reach out to me at [hmcauliffe@paint.org](mailto:hmcauliffe@paint.org).

Best Regards,

A handwritten signature in blue ink, reading "Heidi K. McAuliffe", enclosed in a thin black rectangular border.

Heidi K. McAuliffe  
Senior Vice President, Government Affairs  
American Coatings Association