November 3, 2025

Submitted electronically

Jamieson Greer
U.S. Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Re: Request for Comments on the Operation of the Agreement between the United States of America, the United Mexican States, and Canada, (Docket No. USTR-2025-0004)

Dear Ambassador Greer,

The National Restaurant Association appreciates the opportunity to provide comments on the agreement between the U.S., Mexico, and Canada (USMCA).

Founded in 1919, the National Restaurant Association is the leading business association representing the U.S. restaurant and foodservice industry, which encompasses over 1 million establishments and a workforce of 15.7 million employees. In 2025, the industry generated $1.5 trillion in sales, making it a cornerstone of the American economy and one of its most critical sources of employment—employing one in every ten U.S. workers.

Additionally, nearly 90% of restaurants employ fewer than 50 people, underscoring the sector's role in driving local economies. Today, restaurants serve nearly every county in the U.S. and rank as the nation's second-largest private employer.

PRESERVING USMCA FOR THE FOODSERVICE INDUSTRY

The restaurant and foodservice industry strongly supports the continued implementation and strengthening of the United States-Mexico-Canada Agreement (USMCA). Since its enactment under the Trump Administration in 2020, USMCA has proven to be a vital framework for ensuring the affordability, reliability, and sustainability of the U.S. food supply chain. It is essential that policymakers preserve the stable, transparent trade rules that have underpinned the success of the restaurant and foodservice industry.

Currently, many products from Canada and Mexico remain duty-free under the 2020 USMCA, thanks to compliance with its provisions. Preserving these exemptions is vital to maintaining affordability, supply chain reliability, and the economic stability of restaurants and their suppliers nationwide.

The restaurant industry depends on highly integrated North American supply chains made possible by USMCA, which facilitates seamless movement of goods across borders and ensures year-round access to essential products. According to Association research, Mexico and Canada are among the top sources of imported food, beverages, and supplies for restaurant operators—making the preservation of USMCA's trade provisions essential. In many cases, sourcing from these neighboring countries is necessary due to seasonal limitations, specialized growing conditions, or gaps in domestic supply. At the same time, Mexico and Canada are also leading export markets for U.S. food and agricultural products, reinforcing USMCA's role in supporting regional food security, supply chain resilience, and economic stability.

A successful review is critical to providing businesses with certainty, particularly in light of recent tariffs among US, Canadian and Mexican trade that have disrupted trade relations and increased costs for consumers. These tariffs have already created uncertainty for operators, and any removal of existing exemptions would further exacerbate financial pressures across the industry.

STRENGTHENING NORTH AMERICAN SUPPLY CHAIN RESILIENCE

USMCA is not only a trade agreement; it is a strategic framework for supply chain resiliency. By enabling shorter transportation distances between suppliers, distributors, and restaurants, USMCA reduces logistics costs, improves delivery times, and strengthens the industry's ability to withstand global disruptions. This regional approach also supports efficiency by reducing long-haul transport and reducing dependence on distant, less predictable overseas supply chains.

Restaurants across the country rely on a diverse and dependable supply of products to offer healthy, affordable meals to millions of Americans every day. The USMCA has been instrumental in facilitating billions of dollars in food and food-related products crossing our northern and southern borders at reduced costs, enhancing supply chain efficiency and reliability. A fully operational USMCA framework is essential for maintaining low food costs, especially as restaurants and food distributors operate on razor-thin margins and remain highly sensitive to inflationary pressures.

While much of the food served in U.S. restaurants is sourced domestically, imports from Canada and Mexico are indispensable for resilience and ensuring availability of product for consumers year-round.

In fact, Canada and Mexico are the top two sources of food/beverage imports for the restaurant industry:

- **Canada**: $22.8 billion in 2024, including baked goods, cereals, canola & cooking oil, frozen potatoes, seafood, beer/liquor, maple syrup, meats, frozen fruits and vegetables.
- **Mexico**: $27.8 billion in 2024, including fresh produce, frozen fruits and vegetables, beverages and spirits, agave, sugar, chocolate, and beef.

Thanks to USMCA, the food supply chains connecting the U.S., Canada, and Mexico have become deeply interconnected—forming a localized, integrated North American network that supports the restaurant industry's ability to deliver consistent, high-quality offerings to consumers.

USMCA has also facilitated the growth of our own domestic industries through many pathways. For example, the domestic avocado industry has flourished in part due to the availability of avocados from Mexico that allows for year-round supply to meet substantially increasing demand. Access to items that do not grow abundantly in the U.S. or provide alternative growing seasons has also allowed restaurants to pursue business models or include items on menus that would have been difficult or much more expensive for both businesses and consumers, without USMCA.

EFFICIENCY IMPROVEMENTS

To further enhance the benefits of USMCA, the restaurant and foodservice industry urges policymakers to consider improvements in border infrastructure and processing systems. Efficient border operations are essential to the timely and cost-effective movement of food and supplies across North America.

Strategic investments in joint infrastructure at key border crossings such as expanding rail and road capacity would help alleviate congestion and reduce costly delays. Additionally, modernizing customs procedures would streamline inspections and expedite product movement.

Timely delivery is paramount to the restaurant industry, where many restaurants depend on just-in-time delivery and do not have substantial storage capacity. Delays at border crossings can lead to the degradation or spoilage of ingredients that can negatively impact restaurants and their customers.

These enhancements would significantly improve trade efficiency and supply chain reliability without altering the fundamental structure of the agreement.

AVOIDING DISRUPTIONS TO THE FOOD SUPPLY CHAIN

Imposing tariffs or increasing costs on food and beverage imports currently covered under USMCA would result in tens of millions of dollars in added expenses for restaurants—threatening affordability, squeezing already tight margins, and disrupting the supply chains that keep menus diverse and prices stable for consumers.

This is especially important in the current economic climate, where food costs have gone up by 40% in the last five years. Therefore, maintaining the current exemptions under USMCA is essential to protecting the restaurant and foodservice industry. These exemptions help operators manage costs in an environment already strained by inflation and supply chain volatility. For example, one large restaurant company estimates that applying a 25% tariff to currently exempt products would result in over $61 million in additional costs.

Another restaurant company projects that a 20% tariff on produce imported from Mexico would increase costs by $36.2 million. These figures highlight the disproportionate impact cost changes can have across the industry. Removing USMCA exemptions would not only burden businesses financially but also disrupt access to essential ingredients and supplies. This would ultimately lead to higher prices for consumers and fewer choices on menus nationwide.

PRESERVE RULES OF ORIGIN

The restaurant and foodservice industry also urges the federal government to preserve the current Rules of Origin (ROO) framework under the 2020 USMCA and pursue opportunities to streamline compliance processes. These rules are essential for ensuring that food and supply imports from Canada and Mexico qualify for tariff-free treatment, helping operators maintain low costs and avoid unnecessary trade barriers.

ROO provisions provide the predictability and clarity that restaurant operators and distributors need to plan sourcing strategies and manage supply chains efficiently. Simplifying documentation and harmonizing procedures across borders would reduce administrative burdens and facilitate smoother trade flows, especially for small and mid-sized businesses that may lack the resources to navigate complex customs requirements.

In an industry where margins are tight and supply chain reliability is paramount, maintaining and improving ROO standards is critical to sustaining the affordability and accessibility of food for millions of American consumers.

BALANCED TRADE

Finally, while the restaurant industry supports fair trade and enforcement against anticompetitive practices, these actions should be addressed on a case-by-case basis. Broad changes to USMCA would risk destabilizing the food supply chain and harming small businesses and consumers.

For example, the suspension of the U.S.-Mexico Tomato Agreement has led to the imposition of new antidumping duties on Mexican tomato imports, significantly increasing costs for U.S. restaurant operators who rely on these products for year-round supply. This abrupt policy shift underscores how fragile and cost-sensitive our food supply chains are and why preserving stable, predictable trade frameworks like USMCA is essential to protecting affordability and access for the foodservice industry.

Additionally, many restaurant brands operate across North America, with locations in Canada and Mexico, and rely on seamless cross-border supply chains to maintain consistency, affordability, and quality. Continued access to products like dairy and poultry is not only vital for operations, but also for the farmers and producers who supply them. A balanced and transparent trade framework which honors and strengthens enforcement of existing commitments while also addressing barriers in dairy and poultry market access would provide broad supply chain benefits for foodservice operators across North America.

CONCLUSION

The USMCA has been a foundational element of food supply chain stability, affordability, and resilience for the U.S. restaurant industry. We urge the federal government to preserve and strengthen this agreement, maintain current trade provisions, and invest in improvements that will enhance its benefits. Doing so will ensure that American consumers continue to enjoy access to healthy, affordable food while supporting the competitiveness of U.S. businesses and the millions of jobs they sustain.

Respectfully submitted,

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