

Weekly Government Relations and Industrial Policy Insights

Supply Chain & Operations Strategy | Executive Advisory

Clarity in Supply Chain & Operations.

Week Beginning October 11, 2026

The highest-value policy work this week is not predicting a rewritten USMCA. It is converting live consultation and enforcement into BOM evidence and site-level controls. The U.S. review process is open, and an automotive RRM case shows that customs cash flow can be affected before a final finding.

Policy status dashboard

Item	Legal status at October 11	Decision effect
USMCA joint review	Public consultation open; comments due January 12, 2027.	Build evidence now; no new origin rule is effective.
GLM Components RRM	Review requested October 8; liquidation suspended for unliquidated entries from the Puebla facility.	Map facility-specific customs and continuity exposure.
Connected Vehicle Security Act	Reported by Senate committee; floor action delayed. Not enacted.	Screen ownership and hardware/software exposure without treating the bill as law.
Advanced-compute exports	Current EAR license exceptions and accounting duties remain operative.	Control facility, consignee, parent ownership and six-month records.

Investigation 1 USMCA Review Becomes a BOM Evidence Window

Question. What should manufacturers do before the 2027 USMCA joint review?

Bottom line. Submit product-specific evidence and build internal origin models now. The October 2 consultation is an opportunity to shape the record, not a new content rule. A company that waits for final text will have too little time to quantify qualification lead times and cost consequences.

Evidence

- USTR opened consultation on October 2 and set January 12, 2027 as the deadline for comments, hearing requests and testimony summaries.
- Existing USMCA preference, customs origin, Section 301 or other trade-remedy origin and customer procurement eligibility remain separate determinations.
- CBP continues to provide binding rulings for prospective USMCA treatment. That mechanism can reduce uncertainty when the actual imported configuration and process are defined.
- Electronics risk is concentrated below final assembly: boards, semiconductors, optical modules, firmware operations and power systems can drive tariff or eligibility consequences under different regimes.

Causal mechanism. Consultation evidence becomes negotiating input; negotiated language becomes product-specific rules; customs applies those rules to component value and transformation; and suppliers must produce records. Broad reshoring claims do not show the cost of a specific threshold or process requirement.

Executive implications

- Identify the ten part-route combinations where an origin change would alter duty, customer eligibility or plant economics.
- Quantify regional alternatives, qualification time, uncommitted capacity and delivered-cost consequences before January 12.
- Use the Buyer Action Register S01 and R01 fields to collect manufacturer, site, process, origin basis and unknowns.
- Seek a binding ruling where the imported configuration is stable and the commercial consequence is material.

Inference. The review is more likely to tighten evidence and strategic-sector treatment than to impose one universal North American rule across all electronics.

Unresolved. The U.S., Mexico and Canada negotiating positions and product scope are not final.

What would change our view. A narrow notice that preserves current product rules would reduce redesign risk. Draft text that introduces new strategic-sector thresholds, ownership tests or component tracing would raise it.

Investigation 2 RRM Enforcement Can Interrupt Customs Cash Flow Before Final Resolution

Question. Why does a labor petition belong in sourcing and import controls?

Bottom line. Because the U.S. can suspend liquidation of unliquidated entries from a named Mexican facility while the review proceeds. The immediate exposure is not only labor compliance; it is facility-specific customs uncertainty, working capital and continuity.

Evidence

- On October 8 USTR requested Mexico review alleged denial of collective-bargaining rights at GLM Components in Puebla.
- USTR directed Treasury to suspend liquidation of unliquidated entries from that facility. Mexico has 10 days to accept the review and, if accepted, 45 days from the request to complete it.
- The action is based on sufficient credible evidence to invoke the mechanism; it is not a final determination that the allegations are true.
- The facility manufactures auto parts, making the practical unit of risk the factory and its entries, not Mexico as a country.

Causal mechanism. A petition triggers interagency review; a credible-evidence threshold enables a bilateral review; customs treatment changes for affected entries; and the supplier/customer must manage records, cash and continuity while remediation is negotiated.

Executive implications

- Add facility-level RRM representations, notice obligations and access to remediation records for consequential Mexico sources.
- Map open entries, inventory coverage and alternate qualified output by facility rather than supplier name.
- Separate country diversification from facility labor risk. A second Mexican plant can still be a valid alternate if it does not share the same exposure.
- Do not terminate or blacklist a supplier solely on an allegation; use defined triggers, evidence and proportional remedies.

Inference. RRM risk is a working-capital and continuity issue before it becomes a final legal finding.

Unresolved. The scope of affected entries, GLM response and Mexico review outcome are not yet known.

What would change our view. A rapid remediation agreement and resumed liquidation would reduce exposure. An adverse panel process, entry expansion or production interruption would increase it.

Investigation 3 Ownership Rules Are Becoming Product Eligibility Tests

Question. How should buyers treat the proposed Connected Vehicle Security Act?

Bottom line. Treat it as a scenario to cost, not a current prohibition. The reported bill would reach connected vehicles and related hardware/software associated with foreign adversaries, but Senate action has been delayed and ownership treatment is still contested.

Evidence

- S. 4429 was reported from committee on September 22 and would prohibit specified connected vehicles and related hardware/software linked to foreign adversaries.
- The ownership threshold created unintended exposure for companies with passive Chinese shareholders, prompting efforts to protect manufacturers such as Mercedes-Benz.
- The Senate did not complete fast-track passage before recess. Existing connected-vehicle regulations and tariffs remain separate from the introduced legislation.
- The dispute demonstrates why ownership/control, production country, component source, software provenance and customer eligibility must be tested separately.

Causal mechanism. Security policy begins with data and control risk, expands into ownership thresholds, then reaches finished-product eligibility. Corporate ownership can therefore matter even when assembly and component origin are outside China.

Executive implications

- Maintain an ownership/control record alongside origin and production-site evidence for connected products.
- Model customer eligibility under current rules and the reported bill separately.
- Preserve qualified outside-China production from unrestricted Chinese-owned suppliers where lawful; do not treat outside-China production as an automatic safe harbor.
- Use S01, S05 and R03 to control ownership, firmware and material changes after award.

Inference. Security-driven procurement rules will increasingly test control and provenance in addition to physical origin.

Unresolved. Final ownership thresholds, waivers and legislative timing remain unsettled.

What would change our view. Enactment of a bill with a defined ownership threshold would convert scenario work into a legal gate. Further delay or a narrow hardware definition would reduce immediate scope.

Buyer Action Register connection

This week adds a USMCA consultation action and a facility-level RRM control. The register distinguishes effective customs actions from proposed legislation and carries the evidence, owner and trigger needed at award review.

Sources and verification notes

Evidence, management statements, market estimates and BK Consulting judgments are separated in the text. Sources were accessed October 11, 2026. Legal status should be checked again at the transaction or award date.

- [1] USTR USMCA consultation, October 2 - <https://ustr.gov/about/policy-offices/press-office/press-releases/2026/october/ustr-seeks-public-comment-2027-joint-review-usmca>
- [2] USTR GLM Components RRM action, October 8 - <https://www.ustr.gov/about/policy-offices/press-office/press-releases/2026/october/united-states-seeks-mexicos-review-alleged-denial-workers-rights-glm-components-mexico>
- [3] S. 4429 reported text - <https://www.govinfo.gov/content/pkg/BILLS-119s4429rs/xhtml/BILLS-119s4429rs.html>
- [4] BIS Export Administration Regulations Part 740 - <https://www.bis.gov/regulations/ear/740>
- [5] CBP USMCA binding-ruling guidance - <https://www.help.cbp.gov/s/article/Article-1866>