

October 27, 2025

Ambassador Jamieson Greer  
U.S. Trade Representative  
Office of the U.S. Trade Representative  
600 17th St. NW Washington, DC 20508

Re: [Docket Nos. USTR-2025-0004 and USTR-2025-0005]: Comments to the Operation of the Agreement Between the United States of America, the United Mexican States and Canada.

Dear Ambassador Greer:

The Personal Care Products Council (“PCPC”) and its members appreciate the opportunity to respond to the Office of the U.S. Trade Representative’s (“USTR”) request for comments regarding the review of the agreement between United States, Mexico and Canada (USMCA)<sup>1</sup>.

## Introduction

PCPC is the leading national trade association representing the global cosmetics and personal care products industry. Founded in 1894, PCPC now includes approximately 600 member companies that manufacture, distribute, and supply the vast majority of finished cosmetics and personal care products marketed in the United States. As the makers of a diverse range of products that millions of consumers rely on and trust every day—from sunscreens, toothpaste, and shampoo to moisturizer, lipstick, and fragrance—U.S. cosmetics and personal care products companies are global leaders committed to product safety, quality, and innovation. On average, individuals use between 6 to 12 personal care products each day and consider these products as essential to their well-being, hygiene and beauty routines.

PCPC strongly supports the trilateral framework of the USMCA and the mutually beneficial trade relationship it enables between the United States, Mexico, and Canada. The agreement has strengthened North American manufacturing, protected critical supply chains, and secured a level of regulatory cooperation that has made the region the one of the most innovation-forward cosmetics market in the world. Preserving these advantages—particularly the Cosmetics Annex—is essential to maintaining a stable, competitive, and investment-friendly operating environment for U.S. companies.

As the joint review begins, PCPC urges USTR to retain and reinforce the core elements of USMCA that underpin the competitiveness of the cosmetics and personal care sector:

- Maintain the trilateral framework to preserve seamless regional supply chains and

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<sup>1</sup> [Federal Register :: Request for Public Comments and Notice of Public Hearing Relating to the Operation of the Agreement Between the United States of America, the United Mexican States, and Canada](#)

avoid regulatory fragmentation within North America.

- Ensure zero tariffs for finished goods, packaging, ingredients, and raw materials essential to manufacturing and cross-border competitiveness.
- Preserve existing Rules of Origin for cosmetic finished products, packaging and raw materials to protect highly integrated regional supply chains.
- Safeguard Good Regulatory Practices to ensure transparency, predictability, and science-based decision-making—essential for rapid innovation and continued market access.
- Uphold and enhance the Cosmetics Annex commitments that enable international convergence and risk-based regulation, prohibit pre-market approvals, avoid unnecessary animal testing, and streamline labeling and notification—reducing costs and facilitating trade, particularly for SMEs.

These provisions provide regulatory certainty and manufacturing agility, and erosion of any of these commitments would undermine supply chain resiliency and jeopardize the gains realized since the agreement entered into force. The benefits of USMCA are already demonstrable: in 2024, trade in cosmetics and personal care products among the United States, Mexico, and Canada totaled \$10.1 billion—a 39% increase since 2020—with U.S. exports to Canada and Mexico reaching \$5.8 billion and exceeding total exports to China and Europe combined. Canada alone accounts for 29% of all U.S. cosmetics exports worldwide and represents a 99% trade surplus for U.S. companies—evidence of a thriving and strategically important market enabled by USMCA.

The comments that follow highlight the importance of maintaining and fully implementing USMCA commitments—especially within the Cosmetics Annex—to ensure the agreement continues to deliver meaningful benefits for the U.S. cosmetics and personal care products industry. While the agreement has delivered meaningful progress, we offer recommendations to strengthen the Cosmetics Annex further and highlight provisions within the broader agreement that could be enhanced to maximize its benefits for our sector.

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## I. Benefits of USMCA for the Cosmetics Sector

The Cosmetic Annex includes commitments to pursue international convergence and risk-based regulation; promotes international standards; disallows pre-market approvals for cosmetics; avoids animal testing requirements when validated alternatives are available; and lays out trade-facilitating labeling and notification obligations. In these and other ways, the Cosmetics Annex has reduced costs and facilitated trade and has been especially meaningful for small and medium-sized companies.

### A. Sectoral Annex on “Cosmetic Products” (Annex) on International Nomenclature Cosmetic Ingredient (INCI) Labeling

One of the most important commitments in the Annex has been the alignment on the use of INCI nomenclature to identify cosmetic ingredients on product labels. INCI names are internationally recognized nomenclature developed by an international group of experts, serving on the International Nomenclature Committee (INC). PCPC publishes INCI nomenclature in the online *International Cosmetic Ingredient Dictionary and Handbook* (wINCI).<sup>2</sup>

In the Annex, the Parties agreed to *align on INCI labeling, report to the Commission on their progress, and participate in the INC process*. In 2024, Canada updated its regulations to require the use of INCI on cosmetic labels and notifications, thereby fulfilling this part of their commitment in the Annex.<sup>3</sup> Both the United States and Canada have also continued their participation as members of the INC.<sup>4</sup> However, as discussed below, additional efforts by the Parties are critical to fully meet these commitments and realize the benefits of alignment around

<sup>2</sup> [incipedia.personalcarecouncil.org/](http://incipedia.personalcarecouncil.org/)

<sup>3</sup> [gazette.gc.ca/rp-pr/p2/2024/2024-04-24/html/sor-dors63-eng.html](http://gazette.gc.ca/rp-pr/p2/2024/2024-04-24/html/sor-dors63-eng.html)

<sup>4</sup> [personalcarecouncil.org/resources/inci/background-information/international-cosmetic-ingredient-nomenclature-committee-inc/](http://personalcarecouncil.org/resources/inci/background-information/international-cosmetic-ingredient-nomenclature-committee-inc/)

INCI labeling.

## **B. United States and Canada Appendix to the Annex (Appendix) on Re-testing and Quarantine**

Prior to USMCA, Canada’s requirement for quarantine and retesting served as one of the most significant barriers to trade for U.S. cosmetic and personal care exporters. In 2018, it was estimated that this added approximately 100 thousand USD per SKU per year to the cost of placing affected products on the Canadian market. These barriers were eliminated by the Appendix clause that *prohibits re-testing and quarantine for products at the interface of cosmetics and drugs*, which resulted in a saving for U.S. exporters of over 102 million USD in annual costs.

## **II. Areas to Strengthen**

### **A. Eliminate Duplicative and Inconsistent Requirements**

Since the USMCA entered into force, an increasingly complex web of duplicative and inconsistent regulatory requirements and activities with respect to cosmetics has become one of the most significant barriers to trade for the cosmetic and personal care industry. This trend persists despite commitments in the Annex and “Good Regulatory Practices” (GRP) chapter<sup>5</sup> to avoid such measures.

Eliminating these overlapping and contradictory requirements would offer multiple benefits: increased legal certainty for business; improved regulatory transparency; reduced administrative costs; enhanced global competitiveness; lower barriers to entry for small and medium-sized enterprises (SMEs); and more efficient enforcement.

We are particularly concerned about the following developments:

- While Environment and Climate Change Canada (ECCC) and Health Canada coordinate on cosmetic ingredient safety assessments, the administration of certain risk management activities that impact cosmetics, such as Significant New Activity (SNAc) Orders<sup>6</sup> and Ministerial Conditions,<sup>7</sup> are not handled by the agency best placed to oversee cosmetics. To ensure clarity and consistency, all communications and enforcement should rest with Health Canada, including the listing of applicable restrictions on the Cosmetic Ingredient Hotlist (Hotlist).<sup>8</sup> This would give companies a single, authoritative source for cosmetic requirements, making compliance clear, straightforward, and seamless.

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<sup>5</sup> [ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/28\\_Good\\_Regulatory\\_Practices.pdf](https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/28_Good_Regulatory_Practices.pdf)

<sup>6</sup> [canada.ca/en/health-canada/services/chemical-substances/chemicals-management-plan/initiatives/significant-new-activity-orders-notice.html](https://canada.ca/en/health-canada/services/chemical-substances/chemicals-management-plan/initiatives/significant-new-activity-orders-notice.html)

<sup>7</sup> [canada.ca/en/environment-climate-change/services/managing-pollution/evaluating-new-substances/canada-gazette-publications/ministerial-conditions.html](https://canada.ca/en/environment-climate-change/services/managing-pollution/evaluating-new-substances/canada-gazette-publications/ministerial-conditions.html)

<sup>8</sup> [canada.ca/en/health-canada/services/consumer-product-safety/cosmetics/cosmetic-ingredient-hotlist-prohibited-restricted-ingredients.html](https://canada.ca/en/health-canada/services/consumer-product-safety/cosmetics/cosmetic-ingredient-hotlist-prohibited-restricted-ingredients.html)

- In 2022, ECCC notified its intent to regulate cosmetic labels<sup>9</sup> in a manner that is duplicative and inconsistent with Health Canada's Cosmetic Regulations labeling provisions<sup>10</sup> and the Hotlist. ECCC has repeatedly confirmed these plans<sup>11,12</sup> even after receiving stakeholder feedback that doing so could be in breach of Canada's USMCA commitments. ECCC also stated that their proposed requirements might be applicable even when there is no risk to the environment or human health, which could be in breach of Canada's commitment in the Annex to "apply a risk-based approach to regulating the safety of cosmetic products."
- Several Canadian provinces require the notification of cosmetic product packaging<sup>13,14,15,16</sup> in a manner that is duplicative and inconsistent with Canada's notification requirements for the Federal Plastics Registry.<sup>17</sup> We support pausing the advancement of the Federal Plastics Registry until provincial EPR programs are fully implemented and given time to stabilize. Once those frameworks are operational, Canada should focus on harmonizing requirements across provinces to reduce unnecessary burden and ensure the federal system is informed by consistent, reliable national data on plastics management.
- Divergent packaging labeling and material requirements across Canada and several U.S. states continue to create misalignment in the North American market. Greater alignment is needed to ensure companies operating integrated supply chains can meet compliance obligations efficiently and consistently.
- Several U.S. states have implemented requirements on cosmetic formulations, labeling, and packaging that are inconsistent with FDA's authority to ensure that cosmetics are not "adulterated" or "misbranded."

**Recommendations:** All Parties should renew and/or update their USMCA commitments to prevent the adoption or maintenance of duplicative or inconsistent requirements and regulatory activities between national regulators and across North America with respect to cosmetic products, including formulations, packaging, and notification procedures. Repeal the duplicative and inconsistent measures cited above.

## B. Advance INCI Alignment and INC Participation

<sup>9</sup> [canada.ca/en/environment-climate-change/corporate/transparency/consultations/labelling-toxic.html](https://canada.ca/en/environment-climate-change/corporate/transparency/consultations/labelling-toxic.html)

<sup>10</sup> [laws-lois.justice.gc.ca/eng/regulations/C.R.C.,\\_c.\\_869/page-2.html#docCont](https://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._869/page-2.html#docCont)

<sup>11</sup> [canada.ca/en/environment-climate-change/corporate/transparency/consultations/proposed-plan-priorities.html](https://canada.ca/en/environment-climate-change/corporate/transparency/consultations/proposed-plan-priorities.html)

<sup>12</sup> [canada.ca/en/environment-climate-change/services/canadian-environmental-protection-act-registry/implementing-modernized-cepa/plan-of-priorities-landing-page/plan-of-priorities.html](https://canada.ca/en/environment-climate-change/services/canadian-environmental-protection-act-registry/implementing-modernized-cepa/plan-of-priorities-landing-page/plan-of-priorities.html)

<sup>13</sup> [wastewatchottawa.com/epr/](https://wastewatchottawa.com/epr/)

<sup>14</sup> [environnement.gouv.qc.ca/matieres/reglement/recup-valor-entrepr/index-en.htm](https://environnement.gouv.qc.ca/matieres/reglement/recup-valor-entrepr/index-en.htm)

<sup>15</sup> [gov.bc.ca/gov/content/environment/waste-management/recycling/recycling-system-regulations#epr-system](https://gov.bc.ca/gov/content/environment/waste-management/recycling/recycling-system-regulations#epr-system)

<sup>16</sup> [alberta.ca/extended-producer-responsibility](https://alberta.ca/extended-producer-responsibility)

<sup>17</sup> [canada.ca/en/environment-climate-change/services/managing-reducing-waste/reduce-plastic-waste/federal-plastics-registry.html](https://canada.ca/en/environment-climate-change/services/managing-reducing-waste/reduce-plastic-waste/federal-plastics-registry.html)

While the United States allows the use of most INCI nomenclature, it only recognizes U.S.-specific INCI nomenclature for 57 ingredients.<sup>18,19</sup> When a company labels a cosmetic product with a U.S.-specific INCI nomenclature, they often become legally obligated to include international synonyms for these U.S.-specific INCI names or create different labels for international markets.

These U.S. INCI nomenclature requirements prevent standardized labeling of cosmetic ingredients across North America and globally. During the USMCA negotiations, industry estimated that this discrepancy added an average 4% surcharge on cosmetics sold in the region—equivalent to approximately 152 million USD per year as of 2025.

In the Annex, the Parties agreed to *align INCI labeling, report to the Commission on their progress, and participate in the INC process*. We appreciate that Canada updated its regulations to mandate the use of INCI on cosmetic labels and notifications, and that both United States and Canada have continued their participation on the INC. However, to our knowledge, the Parties have not taken steps to seek closer alignment of ingredient labeling nor reported on any progress toward this goal to the Commission.

Recommendation: All Parties should report to the Commission on their progress towards alignment on INCI labeling. The United States should allow the sole use of international INCI nomenclature, and should encourage Mexico to actively participate in the INC.

### C. Alignment on Facts Table and Tamper-Evident Packaging Requirements

The United States and Canada agreed in the Appendix to consider cooperating on alignment of facts table requirements for products at the interface of cosmetics and drugs. In 2022, Canada updated their natural health products (NHP) requirements<sup>20</sup> and, in 2025, consulted on interchangeable terms to be more closely aligned with the U.S. However, there continues to be several differences and inconsistencies on fact table requirements, including, but not limited to:<sup>21,22,23</sup>

- Use of inconsistent terminology (e.g., “doctor” vs. “physician,” “active” vs. “medicinal,” “inactive” vs. “non-medicinal”), as well as differences in formatting allowances such as italicization;
- Divergences in required directions and warning statements outlined in U.S. and Canadian monographs; and
- Canada’s requirement to include a country-specific product number on the label,

<sup>18</sup> [fda.gov/cosmetics/cosmetics-labeling-regulations/cosmetics-labeling-guide#clgl2](https://www.fda.gov/cosmetics/cosmetics-labeling-regulations/cosmetics-labeling-guide#clgl2)

<sup>19</sup> [fda.gov/cosmetics/cosmetics-labeling/cosmetic-ingredient-names](https://www.fda.gov/cosmetics/cosmetics-labeling/cosmetic-ingredient-names)

<sup>20</sup> [gazette.gc.ca/rp-pr/p2/2022/2022-07-06/html/sor-dors146-eng.html](https://www.gazette.gc.ca/rp-pr/p2/2022/2022-07-06/html/sor-dors146-eng.html)

<sup>21</sup> [canada.ca/en/health-canada/services/drugs-health-products/natural-non-prescription/legislation-guidelines/guidance-documents/labelling-requirements-non-prescription-drugs.html](https://www.canada.ca/en/health-canada/services/drugs-health-products/natural-non-prescription/legislation-guidelines/guidance-documents/labelling-requirements-non-prescription-drugs.html)

<sup>22</sup> [canada.ca/en/health-canada/services/drugs-health-products/natural-non-prescription/legislation-guidelines/guidance-documents/labelling.html](https://www.canada.ca/en/health-canada/services/drugs-health-products/natural-non-prescription/legislation-guidelines/guidance-documents/labelling.html)

<sup>23</sup> [fda.gov/drugs/understanding-over-counter-medicines/over-counter-drug-facts-label](https://www.fda.gov/drugs/understanding-over-counter-medicines/over-counter-drug-facts-label)

which creates dissimilar labeling obligations – this should be optional for products at the interface of cosmetics and drugs, as defined in the Appendix, and as previously proposed by Canada as part of the Self Care Framework.

The United States and Canada also agreed in the Appendix to consider cooperating on alignment of tamper-evident packaging (U.S.) and security packaging (Canada) for products at the interface of cosmetics and drugs to improve harmonization without adding unnecessary regulatory requirements. These products are widely considered as essential to the health and well-being of most consumers and are low-risk. Yet, the differences between U.S. and Canadian requirements result in unnecessary costs to manufacturers and burden trade.

To our knowledge, the Parties have not taken any steps to advance commitments on alignment of their tamper-evident packaging requirements for over-the-counter drugs<sup>24</sup> and security packaging requirements for non-prescription drugs.<sup>25</sup>

**Recommendation:** The United States and Canada should cooperate on alignment of facts table and tamper-evident packaging requirements for products at the interface of cosmetics and drugs. They should remove tamper-evident packaging requirements for these low-risk products.

### III. Proposed Enhancements to the Cosmetics Annex

#### A. Commit to Adequate Transition Times for Ingredient Restrictions and Relabeling

Reformulating and relabeling cosmetics to ensure compliance, safety, and consumer acceptance is an intricate process that typically spans several years. This timeline encompasses ingredient research, compatibility testing, safety assessments, regulatory reviews, manufacturing modifications, marketing approvals, and consumer validation. Canada and Mexico do not consistently allow for the sell through of cosmetics that exist in retail or distribution channels, nor offer a transition period following changes to certain regulatory requirements, e.g.:

- Canada does not provide a transition period for its restrictions on cosmetic ingredients and offers only a limited time for labeling. Authorities should consider products already in inventory, pre-printed or ordered labels, and the time required for manufacturers and distributors to deplete their existing stock.
- Mexico does not consistently allow existing cosmetics to sell-through following changes to regulations. While there is sometimes an ability for companies to request individual extensions, this is not a transparent process nor a good regulatory practice.

**Recommendation:** Mexico and Canada should allow adequate transition times for the implementation of ingredient restrictions or relabeling. Like in the U.S., an indefinite sell through should be allowed for labeling changes that do not impact safety.

<sup>24</sup> [ecfr.gov/current/title-21/chapter-I/subchapter-C/part-211/subpart-G/section-211.132](https://www.ecfr.gov/current/title-21/chapter-I/subchapter-C/part-211/subpart-G/section-211.132)

<sup>25</sup> [laws-lois.justice.gc.ca/eng/regulations/C.R.C.,\\_c.\\_870/section-A.01.065.html?txthl=security%20package](https://laws-lois.justice.gc.ca/eng/regulations/C.R.C.,_c._870/section-A.01.065.html?txthl=security%20package)

### **B. Allow Digital Declarations to Improve Cosmetic Labeling Accessibility**

Digital labels can help improve accessibility for consumers and health practitioners via transparency and ingredient disclosure. As there are increased regulatory demands, and limited physical label space, digital labels allow the opportunity to optimize information according to the current consumers' needs and habits, while supporting e-commerce. Authorities should continue to require the information necessary for safe use on the physical label. Other regulatory initiatives, such as packaging, social or environmental labeling declarations, should be allowed to be on the physical and/or digital label. Progress in this area has already started—in 2024, Canada began to allow digital labeling of cosmetic ingredients for small products. In 2024, the International Cooperation on Cosmetic Regulations (ICCR) started a project on the consideration of e-labeling for cosmetics.

Recommendation: The Parties should build on recent initiatives and allow the use of digital declarations to improve the accessibility of cosmetic labeling for consumers. Digital labels could allow for flexibility with languages, reduce trade barriers, and enable more consumer-friendly labeling solutions. The U.S. cosmetics sector could benefit by fostering innovation, reducing costs and excess packaging. Regulatory cooperation to evolve digital labeling solutions within USMCA could support the growth and export of U.S. cosmetics across North America.

### **C. Commit to Eliminate Requirements for Notification of Allergen Concentrations**

In 2024, Canada communicated an expectation in guidance that cosmetic notifications must include the concentrations of allergens for any allergen that is required to be listed on product labels.<sup>26</sup> There is no international precedent for this requirement, including in the United States, Mexico, or the European Union. To comply with this Canadian-only requirement, notifiers must negotiate with ingredient suppliers to access proprietary concentration data. Canada's requirement therefore adds costs and complexities to placing cosmetics on the market in Canada that disproportionately burden U.S. and Mexican SMEs.

Recommendation: Canada should withdraw its expectation that allergen concentrations be included in cosmetic notifications. This would protect confidential business information, reduce unnecessary trade barriers, and maintain consumer safety—while supporting North American SMEs in accordance with USMCA objectives.

### **D. Commit to Consult on the Development of Test Methods**

In the past, Canada has not solicited industry feedback on certain test methods that it developed to support compliance activities.<sup>27</sup> In such cases, there has been no independent verification on

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<sup>26</sup> [canada.ca/en/health-canada/services/consumer-product-safety/cosmetics/notification-cosmetics/guide.html#a5](https://canada.ca/en/health-canada/services/consumer-product-safety/cosmetics/notification-cosmetics/guide.html#a5)

<sup>27</sup> [canada.ca/en/environment-climate-change/services/canadian-environmental-protection-act-](https://canada.ca/en/environment-climate-change/services/canadian-environmental-protection-act-)

whether test results are scientifically accurate or in conformity with legal requirements.

Recommendation: Test methods used for compliance verification should be aligned with international standards and subject to formal public consultation and peer review to ensure legal defensibility, scientific accuracy, and regulatory consistency. Moving forward, all test methods should be transparent, evidence-based, and aligned with international norms to ensure fair treatment and support the goals of regulatory cooperation under the USMCA.

#### **E. Align on Stability Reporting Requirements**

Canada currently requires a 6-month pre-market stability report for cosmetic-like OTCs according to the ICH protocols, whereas the United States accepts 3 months with long-term monitoring conducted post-launch. This extended pre-market requirement delays North American product introductions, creates unnecessary costs, and places Canada out of step with proportional, risk-based product oversight.

Recommendation: Having Canada align with the U.S. 3-month standard would:

- Reduce avoidable delays in market entry,
- Better reflect the low risk profile of cosmetic-like OTCs, and
- Support USMCA objectives of regulatory cooperation and regional coherence.

This is a clear area where alignment would strengthen competitiveness without compromising consumer protection.

#### **F. Update Mexico's Prohibited and Restricted Substance List**

Mexico has not updated its list of prohibited and restricted substances since 2014,<sup>28</sup> creating a lack of transparency and regulatory certainty. This undermines a core objective of USMCA—to promote regulatory transparency, predictability, and cooperation across the region. Regular updates to the list are essential to ensure clear, science-based requirements that facilitate market access for U.S. cosmetics.

Recommendation: Mexico has committed, under the Pacific Alliance, to adopt the U.S. list of cosmetic ingredients and banned substances as a reference. In line with this commitment, Mexico should align its approach to prohibited and restricted ingredients with the United States, rather than the European Union or other countries, as the U.S. system is more risk-based and less trade-restrictive. Adopting this approach would facilitate greater market access for U.S. cosmetics, reduce unnecessary regulatory barriers, and strengthen the North American manufacturing and supply chain.

#### **G. Advance Non-Animal Test Methods in North America**

The cosmetics and personal care industry has long supported ending animal testing for cosmetics and related products, including those at the interface of cosmetics and drugs.

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[registry/publications/microbeads-in-toiletries-2023.html](https://www.fda.gov/registry/publications/microbeads-in-toiletries-2023.html)

<sup>28</sup> [salud.gob.mx/unidades/cdi/nom/compi/a1512991.html](https://salud.gob.mx/unidades/cdi/nom/compi/a1512991.html)

Significant progress has been made in recent years:

- In the Annex, the Parties agreed not to require animal testing for cosmetics.
- In 2021, Mexico banned animal testing (implementing regulations remain pending).
- In 2022, the United States enacted a law discouraging animal testing for cosmetics.
- In 2023, Canada banned animal testing for cosmetics.
- In 2025, Canada published a strategy to replace, reduce, and refine vertebrate animal testing.
- In 2025, the United States advanced efforts to phase out cosmetic animal testing through the Humane Cosmetics Act of 2025, while 12 states have already enacted bans on the sale of animal-tested cosmetics.

Recommendations:

- All Parties should enact a full ban on animal testing for cosmetics.
- All Parties should continue collaborating with industry and scientific stakeholders to advance and adopt acceptance of non-animal testing approaches, including new approach methodologies (NAMs).
- Ultimately, the Parties should commit to a global ban on animal testing for cosmetics.

#### **H. Promote Engagement with International Cooperation on Cosmetic Regulations (ICCR)**

Since its founding, the United States and Canada have been active members of the ICCR,<sup>29</sup> which is a global regulators and industry forum to discuss opportunities for improving the alignment of cosmetics regulations and regulatory activities. The ICCR mission is to provide for “a multilateral framework to maintain and enable the highest level of global consumer protection by working towards and promoting regulatory convergence, while minimizing barriers to international trade.”

Recommendations: In the Annex, the Parties agreed to *collaborate to improve the alignment of their respective regulations and regulatory activities for cosmetics through work in relevant international initiatives such as those aimed at harmonization*. To fulfill this commitment, Mexico should participate in the ICCR as the group has and continues to develop general principles on specific regulatory issues for cosmetic products and provides recommendations on certain specific regulatory and safety issues including acceptable levels, methodologies, etc.

#### **I. Launch U.S.-Mexico-Canada Cosmetics Dialogue**

The U.S. and Canada have recently updated their cosmetics regulations—MoCRA in the U.S. and revised Cosmetic Regulations in Canada—aiming to improve safety, support innovation, and maintain product quality. But without coordination, diverging rules could create trade barriers, raise costs, and disrupt supply chains.

A structured, trilateral dialogue—including Mexico—is essential. As a major manufacturing base and consumer market, Mexico’s alignment is critical to avoid regulatory fragmentation and ensure

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<sup>29</sup> [iccr-cosmetics.org/](https://iccr-cosmetics.org/)

smooth cross-border trade.

This dialogue should:

- Address regulatory discrepancies before they become trade barriers,
- Align timelines and approaches across all three countries,
- Promote science-based, risk-proportionate regulation,
- Streamline labeling, formulation, and notification requirements, and
- Advance shared goals like digital labeling and non-animal safety testing.

Bringing together regulators and industry now ensures that regulatory modernization strengthens, rather than complicates, North American trade.

#### **IV. Other Barriers Impacting Cosmetics**

##### **A. Advocate for and Maintain Existing Tariff Exemptions for USMCA-Compliant Cosmetics and Personal Care Products**

A strong and growing North American manufacturing and trade in cosmetics and personal care products depend on open markets and tariff-free access. Broad use of tariffs disrupts integrated supply chains, raises production costs, and weakens the global competitiveness and resilience of USMCA-based manufacturing.

We urge the Administration to maintain existing tariff exemptions for USMCA-compliant cosmetics and personal care products. We also encourage extending similar relief to other regimes—particularly the Section 232 tariffs on steel and aluminum—that continue to drive up costs for critical inputs used in U.S. cosmetic manufacturing.

##### **B. Strengthen e-Marketplace Oversight to Combat Retail Theft**

The escalating issue of retail theft has been widely reported in the media and confirmed by retailers. Incidents of theft are frequently followed by the appearance of the same products on online marketplaces, offered at significantly discounted prices by unverified third-party sellers. These platforms are increasingly being exploited as easy avenues for the resale of stolen goods.

This activity directly impacts the sales of cosmetics and other consumer products through both physical and online channels. It also indirectly affects product cost and accessibility. Many physical retailers are responding by placing products behind the counter or in on-shelf “lock boxes,” which limits consumer access. Some are also turning to suppliers to help fund these increased security measures. Additionally, the widespread availability of stolen goods puts downward pressure on the pricing of legitimate products.

Recommendation: The Parties should adopt aligned regulations on online marketplaces to prevent the resale of stolen goods across the region. Each country should require online platforms to ensure that third-party sellers verify the legitimacy of their product supply.

### **C. Enhance USMCA Customs Procedures and Cooperation**

Customs authorities in all Parties should strengthen cooperation and work toward greater harmonization of COO verification procedures. This effort should include tangible steps to improve transparency, provide clear and consistent guidance, and increase engagement with the private sector.

Specifically with Mexico, the tax authorities (Servicio de Administración Tributaria, or SAT) have reportedly challenged NAFTA- and USMCA-era certificates of origin (COOs) required to qualify products for preferential tariff treatment under the agreements. According to our member companies, SAT has increased both the number of audits and the documentary requirements for importers to demonstrate compliance with USMCA rules of origin. We believe that the recommendations listed below will help resolve this concern.

#### Recommendations:

- Publishing annual enforcement reports, using aligned metrics, to track and share progress on USMCA verification activities, disaggregated by country and sector;
- Issuing joint guidance for North American businesses outlining current USMCA audit and verification procedures. This should include detailed information on acceptable documentary evidence, verification timelines, and procedures to support compliance;
- Providing practical, regularly updated guidance that includes best practices (“dos and don’ts”) to help the trade community navigate COO requirements and respond to verification inquiries. Ideally, this guidance should be reviewed and updated on an annual basis in consultation with industry stakeholders.

### **Conclusion**

The Personal Care Products Council appreciates this opportunity to present information and viewpoints for consideration during the Administration’s review of USMCA. We would be pleased to provide additional information and clarification of any of the points raised. We look forward to additional opportunities to discuss the impact of U.S. policies on our industry and to support initiatives that would strengthen and create new global market opportunities for our member companies.

Sincerely,



Natalie Obermann  
Vice President Global Strategies