



USMCA

UNITED STATES – MEXICO – CANADA CENTER

United States – Mexico – Canada Agreement (USMCA)

May 2021



What is USMCA?



The **United States-Mexico-Canada Agreement (USMCA)** is a trade agreement between the named partner countries that replaces the NAFTA, and is the most utilized trade agreement by the United States with two of its largest trading partners

- USMCA is referred to differently in Canada and Mexico
 - CA Title - “Canada-United States-Mexico Agreement (CUSMA)”
 - MX Title - “Tratado entre México, Estados Unidos y Canadá (T-MEC)”
- Modernizes **the 25-year old NAFTA trilateral trade pact for the 21st century**:
 - ✓ Reflects **developments in technology and trade practices**; and
 - ✓ Adding **new criteria** to certain commodities, including automotive goods
- **NAFTA’s tariff structure** and **zero-tariffs policy** on most manufacturing and agricultural goods will remain under USMCA
- **USMCA entered into force (EIF) on** **July 1, 2020**

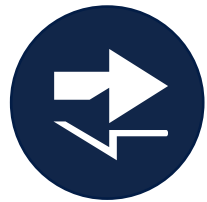
General Overview of Changes in USMCA



Below are some notable changes from NAFTA in the new USMCA –



Creation of new SPI of “S” for USMCA claims, which is reflected in the “Special” subcolumn of Column 1 of the HTSUS. **A SPI of “S+”** also available for certain agricultural goods subject to tariff-rate quotas (TRQs) and textile goods subject to tariff preference levels (TPLs).



USMCA allows the certification of origin to be completed by the importer, exporter, or producer – CBP can engage the importer directly for the Certification of Origin and any supporting documentation



A good does not need to qualify to be marked as a good of Canada or Mexico to be eligible for USMCA preferential treatment – in addition, **U.S. will also be accepted as a country of origin**. 19 CFR 102 and 19 CFR Part 134 marking rules will continue to apply.



MPF exemption on post-importation claims and reconciliation filings – the *Consolidated Appropriations Act of 2021* provided technical corrections to allow for refunds retroactively to July 1, 2020

USMCA General Information and Key Dates



Provision	USMCA
GENERAL INFORMATION	
Agreement Name	United States – Mexico – Canada Agreement
Implementation Date	July 1, 2020
Expiration	Includes sunset provision – renewal consideration required every six (6) years , with a 16-year sunset clause
Merchandise Processing Fee (MPF)	Originating goods and tariff preference level (TPL) goods are exempt if the claim for preferential tariff treatment is made at the time of entry
Post-Importation Preference Claim	USMCA allows post-importation preference claim to request a refund of excess duties within one year of importation in accordance with 19 USC 1520(d). Merchandise Processing Fee (MPF) can be refunded on post-importation claims and reconciliation filings retroactive to July 1, 2020
CITATIONS	
HTS General Note (GN)	General Note 11 (GN 11)
CFR	19 CFR 182
Special Program Indicator	Tariff items eligible for preferential tariff treatment under USMCA leverage a new Special Program Indicator (SPI) of “S” . A SPI “ S+ ” can be used for certain agricultural products subject to tariff rate quotas (TRQ), agricultural staging goods, and certain textile products subject to tariff preference levels (TPL). Both are reflected in the “Special” column of the Harmonized Tariff Schedule of the United States (HTSUS).

Overview of USMCA Rules of Origin for Automobiles





While many provisions modernize those existing within NAFTA, the new USMCA Agreement does feature new and novel provisions related to **automotive goods**

- **Increased Regional Value Content (RVC) (62.5% → 75%)**
- **Labor Value Content (LVC) Requirement** – importers must certify that a certain percentage of the automobile’s content (by value) is sourced from manufacturing facilities in the US, MX, and CA that **pay at least \$16 USD**
- **New Steel and Aluminum Requirements** – importers must certify that at least 70% of the vehicle producer’s overall annual purchases of steel *and* aluminum by value are sourced from North America



CBP is working closely with our government partners in CA and MX, and the trade community to ensure a comprehensive and smooth implementation from NAFTA to USMCA.

Labor Value Content (LVC) Overview



Labor Value Content (LVC) is a new and novel criteria for automotive goods that was introduced in the USMCA

Under the new USMCA LVC provisions, automotive goods will only receive preferential tariff treatment if the vehicle producer certifies that a **certain percentage of the automobile's content (by value)** is sourced from manufacturing facilities in the United States, Mexico, and Canada, paying at least

\$16 per hour USD



The **U.S. Department of Labor – Wage and Hours Division** will be assessing the wage practices of manufacturing facilities and providing results of the review to CBP.

This is the first time that a partner government agency has a **role in assessment claims for preferential treatment under a trade agreement**

Steel and Aluminum Requirements



Passenger Vehicle (PV)



Light Truck (LT) or Heavy Truck

are originating if the producer's purchase of

1

Steel is

at least 70%

originating goods

and

2

Aluminum is

at least 70%

originating goods

These purchases **do not need to contribute directly to vehicle production** and is ***not* a transactional requirement** – rather, it is a **general requirement on the vehicle producer itself**

A producer may certify its purchases of steel and aluminum on an ***annual basis***, with the certification applying to all vehicles produced by that producer exported during the following year

USMCA efforts – what to expect in 2021





Overall, the trade industry can expect to further engage with the USMCA Center in the following three areas:



Outreach

Trade Industry Events



Education

Videos and Briefings



Regulations

Subcommittees and IFRs

The USMCA Center will continue to work closely with government partners and the trade community to ensure a comprehensive and smooth implementation from NAFTA to USMCA



Outreach

- The USMCA Center will strive to accommodate additional informational briefings and engagements with trade stakeholders.
- Continual updates to the USMCA webpage on CBP.gov and promotion via all our resources, incl. social media.



Education

- CBP has established an **USMCA Education Program** to guide post-entry-into-force (EIF) engagement
- Those targeted to the trade industry include:



Additional Trade Industry Briefings (Upon Request)



Additional Written Materials (USMCA Fact Sheets, Enforcement Guidance)



Regulations



“Restrained” Enforcement

- CBP’s restrained enforcement period ended on **January 1, 2021**. This period was granted to allow the trade community sufficient time to adjust to USMCA requirements
- For automotive goods, restraint in enforcement is **until July 1, 2021** given the level of complexity of the new provisions.



Trilateral Trade Facilitation/Enforcement Committees

- USTR stood up two trilateral committees required by USMCA:
 - ✓ Article 7.24 Trade Facilitation Committee (**Sept. 2020**)
 - ✓ Article 7.29 Subcommittee on Customs Enforcement (**April 2021**)



Interim Final Rulings (IFR)

- CBP published or plans to publish three Interim Final Rulings (IFR):
 - ✓ Interim Final Rule (**Published July 1, 2020**)
 - ❑ Domestic Regulations IFR (**NLT July 1, 2021**)
 - ❑ Auto-Specific IFR (**NLT July 1, 2021**)


USMCA Resources




USMCA Ctr – Training & Compliance Guidance



USMCA TRAINING DELIVERY



USMCA Deep Dives
CBP OFO Centers of Excellence and Expertise




USG Training and Briefing
USG Personnel




Informational Webinars
Trade Industry

80+ Total Briefings **8,000+** Participants

AUTOMATED COMMERCIAL ENVIRONMENT (ACE) UPDATES




Implemented the new SPI 'S / S+' indicator for preferential treatment claims under the USMCA




10 War Room sessions to address immediate ACE automation challenges upon implementation

USMCA GUIDANCE MATERIAL & RESOURCE PUBLICATIONS



USMCA Implementing Instructions (6/30/20) and Addendum (1/12/21) (incl. in Spanish, French)
To support updates, **3** CSMS Messages were published ([#43062320](#), [#43215543](#), [#45309245](#))




47 + Fact Sheets
(on CBP.gov)




Side-by-Side FTA Comparison Chart



USMCA/NAFTA Comparison Chart



USMCA Informational Videos
Available on CBP.gov, incl. Spanish/French subtitles



USMCA FAQs
Posted on USMCA Webpage & CBP Information Center/AskCBP



USMCA Mailbox
USMCA@cbp.dhs.gov

STAKEHOLDER COORDINATION



Monthly Trilateral Customs Coordination with Mexico – SAT and Canada – CBSA



Commercial Operations Advisory Committee (COAC) USMCA Working Group



The USMCA Center seeks to connect the trade industry with information, resources, and tools to support the USMCA implementation process

CBP resources are available on the **CBP.gov USMCA Webpage**.

- To access, go to: <https://www.cbp.gov/trade/priority-issues/trade-agreements/free-trade-agreements/USMCA> (or search “USMCA” on CBP.gov)



Informational Briefings

USMCA overviews, including new and novel provisions, delivered via trade associations and industry groups



Written & Multimedia Materials

Compliance guidance, fact sheets, side-by-side comparisons of NAFTA and USMCA, Points of Contact, FAQ's, and other resources



Additional U.S. Government (USG) Resources

Links to USMCA text, Implementation Act, ITC Report, U.S. Government Points of Contact, and other resources



Public “Overview of USMCA” Webinar Video

The Center developed this on-demand video webinar to provide an overview of the USMCA and its novel provisions and highlight key changes from NAFTA. The associated presentation can found [here](#) for reference.

 **USMCA**
UNITED STATES – MEXICO – CANADA CENTER

USMCA Implementation Webinars

Overview of USMCA

June 2020

Disclaimer: This presentation is final as of June 12, 2020. More recent guidance will not be reflected, but further iterations of this overview presentation may be provided.
CBP Publication Number 1121-0620





USMCA Foundational Documents



[U.S. – Mexico – Canada Agreement Text](#)

[USMCA Implementation Act \(Public Law No: 116-113\)](#)

USMCA Regulations

- [Uniform Regulations](#), mutually agreed upon with Mexico and Canada
- [Domestic Regulations](#) (New 19 CFR Part 182)
 - Interim Final Rule for 1st Year After EIF
 - Permanent After Year 1

[HTSUS General Note 11](#)

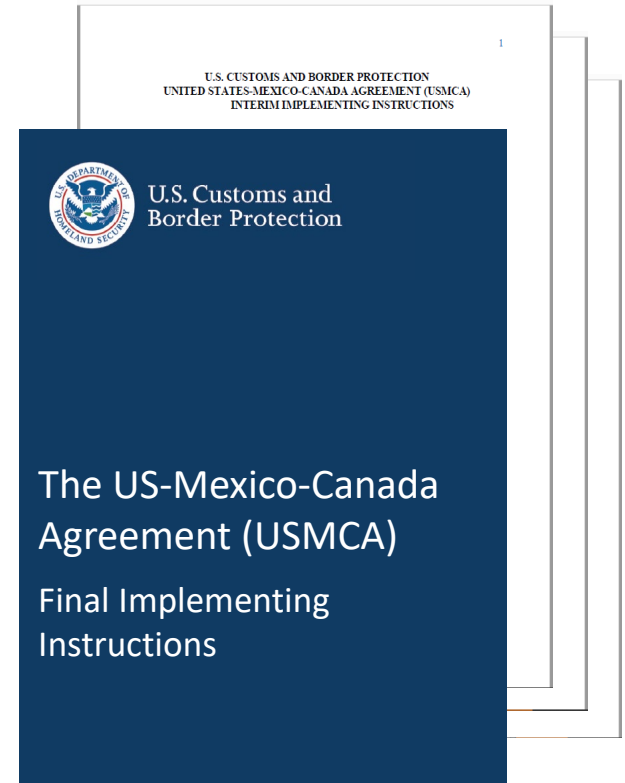


Links to all these resources are available on the [USMCA webpage on CBP.gov](#)



Final USMCA Implementing Instructions

- CBP OT developed and published the [Final USMCA Implementing Instructions](#) to support trade industry preparations for USMCA implementation
 - In addition, these instructions also contain contributions from the U.S. Dept. of Labor, Wage and Hour Division, regarding Labor Value Content (LVC)
- In January 2021, CBP OT added an [addendum to the implementing instructions](#) to reflect changes to MPF and FTZ treatment under the *Consolidated Appropriations Act of 2021* and the end of the restrained enforcement period.





USMCA Compliance Resources

The Center published several compliance-focused resources on the [CBP.gov](https://www.cbp.gov) [USMCA Webpage](https://www.cbp.gov/usmca) that can serve as valuable reference materials



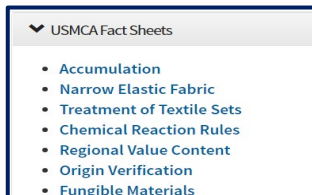
[Press Releases / Media Engagement](#)

Press releases and press engagements on USMCA Implementation arranged by CBP Office of Public Affairs (OPA)



[Informational Videos](#)

The USMCA Center is creating up to six videos to provide compliance guidance and resource navigation; Videos 1 and 2 have been posted to CBP.gov and distributed widely to our trade stakeholders



[USMCA Fact Sheets and Side-by-Sides](#)

More than forty (40) fact sheets highlighting key provision updates and providing a side-by-side comparison of the USMCA and NAFTA are also published for trade industry reference



[USMCA Frequently Asked Questions \(FAQ\)](#)

Recommended as first and fastest resource to resolve USMCA inquiries – FAQs are continuously updated with questions received from Trade and additional compliance guidance

Questions?

