



USMCA

UNITED STATES – MEXICO – CANADA CENTER

United States – Mexico – Canada Agreement (USMCA)

March 23, 2021



CBP Mission and Vision



CBP Mission

Protect the American people, safeguard our borders, and enhance the nation's economic prosperity.

CBP Vision

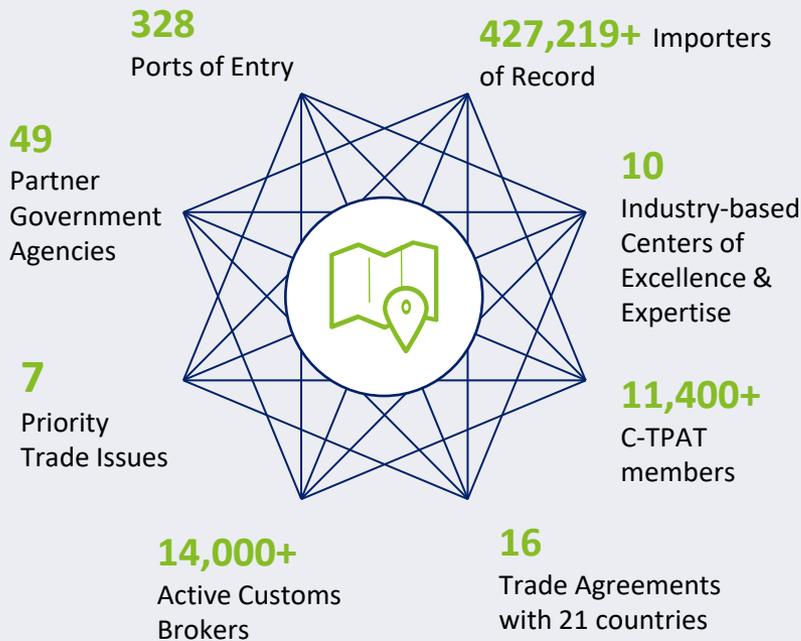
Enhancing the nation's security through innovation, intelligence, collaboration, and trust.



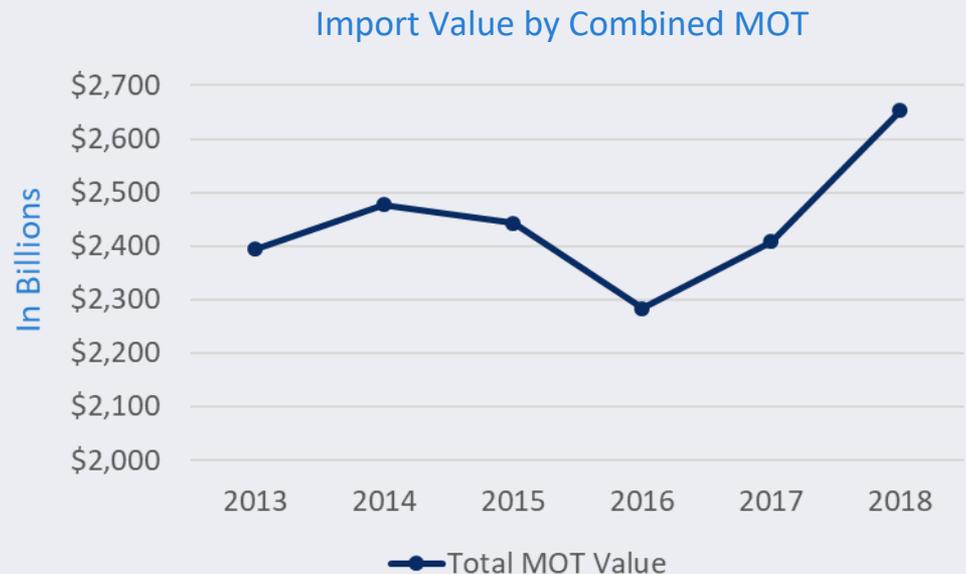
Background



CBP employs a unique combination of enforcement knowledge and industry expertise to facilitate trade and enforce over 500+ U.S. trade laws and regulations on behalf of 49 partner government agencies. National/international coordination with both all stakeholders allows CBP to address high-risk areas and to adapt to technological advancements and factors that impact global commerce.



Imports arriving via various modes of transportation (MOT) are steadily increasing, driven primarily by goods arriving by air, vessel, and truck.



*Data pulled from FY 19

USMCA Background and Overview



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 US' most utilized trade agreement 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 on** **July 1, 2020**



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 continuing to **work closely with government partners in CA and MX, internal stakeholders, and the trade community** to ensure a comprehensive and smooth implementation from NAFTA to USMCA*

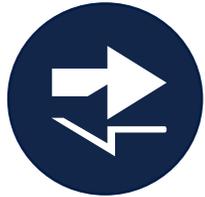
General Overview of Changes in USMCA



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



Creation of new SPI of “S” for USMCA claims, which will be reflected in the “Special” subcolumn of Column 1 of the HTSUS. **A SPI of “S+”** also available for certain agricultural goods subject to TRQs and textile goods subject to 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.

USMCA Preference Criteria



An originating good is one that meets the Rules of Origin (RoO) guidelines set forth in **General Note 11 (GN 11)** and **all other requirements of the agreement**

The **HTSUS was amended** to include GN 11, which includes both general and product-specific RoO, definitions, and related provisions for determining origination

NAFTA featured **six (6) criteria** while USMCA has **four (4)** – in general, a good is originating when one of the following criteria applies:

A

Wholly obtained or produced entirely in territory of 1+ Parties, as defined in Article 4.3

Produced entirely in the territory of 1+ Parties, exclusively from originating materials

C

B

Produced entirely in the territory of 1+ Parties using non-originating materials, provided good satisfies **product-specific RoO**

Produced entirely; classified with its materials or satisfies “unassembled goods”; and **meets RVC thresholds**
Exception: Chapter 61 to 63

D

and the good satisfies **all other applicable origin requirements**

Certification of Origin Checklist



Unlike in NAFTA, the USMCA **does not require a formal Certificate of Origin (CO)**, or CBP Form 434, but **nine (9) mandatory data elements**, in addition to the following **Certification Statement**:

“I certify that the goods described in this document qualify as originating and the information contained in this document is true and accurate. I assume responsibility for proving such representations and agree to maintain and present upon request or to make available during a verification visit, documentation necessary to support this certification.”

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> Certification of Origin
(Importer, Producer, or Exporter) | <input checked="" type="checkbox"/> Certifier
(Name, Title, Address, Phone, Email) | <input checked="" type="checkbox"/> Exporter (If Different)
(Name, Title, Address, Phone, Email) |
| <input checked="" type="checkbox"/> Producer (If Different)
(Name, Title, Address, Phone, Email) | <input checked="" type="checkbox"/> Importer
(Name, Title, Address, Phone, Email) | <input checked="" type="checkbox"/> HTS Classification
Description and Invoice Number <i>(If Single)</i> |
| <input checked="" type="checkbox"/> Origin Criteria
(Per Article 4.2) | <input checked="" type="checkbox"/> Blanket Period
(Per Article 5.2) | <input checked="" type="checkbox"/> Authorized Signature and Date |

A NAFTA CO will **not be accepted** as a valid USMCA Certification of Origin (COO)
An optional USMCA COO template is available on CBP.gov [here](#)

Status on MPF Refunds and FTZ



The recently signed [Consolidated Appropriations Act of 2021](#) included technical corrections for the USMCA related to MPF refund eligibility –

MPF REFUNDS

PREVIOUS STATUS

No MPF exemptions on post-importation and reconciliation claims – MPF was only exempt if USMCA claim was filed at **time of entry**

CURRENT STATUS

MPF can now be refunded on post-importation claims and reconciliation filings and is **retroactive to July 1, 2020**

The foreign trade zones (FTZ) corrections are as follows –

FOREIGN TRADE ZONE

Just as it was under NAFTA, non-originating goods used in production processes in FTZs **cannot qualify as originating as a result of that processing** for purposes of USMCA preferential treatment claims

More specifically, the USMCA will prohibit non-originating goods used in production processes within FTZs from ever qualifying as originating **even if all conditions under the general rules were otherwise satisfied**

This prohibition is effective retroactively to July 1, 2020

Recordkeeping Requirements



In general, USMCA recordkeeping requirements **are the same as in NAFTA** and requires appropriate documentation be available upon request for a period of **no less than five (5) years from date of entry**

However, there are **two key changes from NAFTA:**



Recordkeeping documents can be maintained in **any format, including electronic format**, provided that they can be readily available upon request



Recordkeeping requirements apply even if the importing Party **does not require a certification of origin** or if the requirement is waived

Auto-Specific Considerations



Vehicle producers must also keep records related to **labor value content (LVC)** and **steel and aluminum purchasing requirements** and retain these records for a period of five years

Labor Value Content (LVC) Overview



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

Under the new USMCA LVC provisions, automotive goods will only receive preferential tariff treatment if the importer 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

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

Auto Certification Requirements



Are there additional certification requirements for automotive goods?

In addition to a USMCA certification of origin, producers of PVs, LTs, and heavy trucks are required to submit **three (3) new certifications**. All three must be properly filed and accepted in order to receive preferential tariff treatment under USMCA

The required data elements for all three will be explored in the subsequent slides and can be found in annexes to the Automotive Appendix (Appendix to Annex 4-B)

LVC Certification

Citation: Annex B

Steel Certification

Citation: Annex C

Aluminum Certification

Citation: Annex D

When do these certifications need to be submitted to CBP?

Automotive producers, exporters, and importers allowed until **January 29, 2021** to obtain and submit necessary certifications and documentation for claims on goods entered for consumption or withdrawn from warehouse for consumption on or after July 1, 2020 through the end of CY 2020



Used automotive goods are subject to the **same treatment as new vehicles** under USMCA, and must meet all rules of origin requirements set forth in Appendix to Annex 4-B of the Agreement to qualify for preferential treatment

The USMCA Center



USMCA Points of Contact



Queena Fan

Director, USMCA Center, CBP OT



Adam Sulewski

Branch Chief, USMCA Center
Trade Enforcement and Facilitation
CBP OT



James Kim and Alison Umberger

Attorney Advisors, USMCA Center
Regulations and Policy
CBP OT



Overview

Launched in March 2020, the **USMCA Center, or Center**, is the US Government (USG) lead for implementation of the USMCA



- Housed in the **CBP OT** and includes SMEs from across CBP HQ and Centers of Excellence and Expertise
- Will operate for **three to five years**
- Leads the **policy-focused USMCA efforts** of CBP

Three Arms of the USMCA Center



USMCA Center Accomplishments



USMCA TRAINING DELIVERY



USMCA Deep Dives

CBP OFO Centers of Excellence and Expertise



USG Training and Briefing

USG Personnel



Informational Webinars *Trade Industry*

75+ Total Briefings

6,500+ 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

USMCA Resources





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

All CBP resources cleared for public consumption are available on the **USMCA Webpage on CBP.gov**

- 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



Additional U.S. Government Resources

- **Harmonized Tariff Schedule of the United States** (hts.usitc.gov)
- **U.S. Trade Representative** (www.USTR.gov)
- **Federal Register Notices** (www.federalregister.gov)
 - USTR published a [Federal Register Notice](#) on alternative staging regimes for automotive goods on April 21, 2020
 - The U.S. Department of Labor issued a Federal Register Notice for the new and novel Labor Value Content (LVC) requirement for automotive goods on June 30, 2020. They also published an [interim final rule](#) relating to LVC requirements
- **U.S. Department of Commerce**
 - For exporter information, refer to <https://www.trade.gov/export-solutions>



The following resources are available to serve as additional reference points on USMCA automotive requirements –



[USMCA Implementing Instructions](#)

High-level overview of automotive requirements



[Automotive Appendix \(Appendix to Annex 4-B\)](#)

USMCA text that details new requirements and tables for auto parts; also attached to today's meeting invitation



[General Note 11\(k\)](#)

US law implementing USMCA requirements with automotive sub-paragraph



[Uniform Regulations](#)

Detailed exploration of all automotive requirements, including calculations



[U.S. Trade Representative \(USTR\) Federal Register Notice \(FRN\)](#)

Provides in-depth guidance on ASR requirements and petitions

What to Expect From Now Until July 2021





Overall, the trade industry can expect to further engage with the USMCA Center in the next year 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



Regulations



“Restrained” Enforcement

- From **July 1, 2020** through **December 31, 2021** -- allowed the trade community sufficient time to adjust to USMCA requirements
- This period extended for automotive goods through **June 30, 2021**



Committees

- Two USMCA committees:
 - Article 7.24 Trade Facilitation Committee
 - Article 7.29 Subcommittee on Customs Enforcement



Interim Final Rulings (IFR)

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

Thank You!

