



IMPLEMENTATION OF USMCA JUNE 2020

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OVERVIEW

- What is USMCA?
- Transition Process
- CBP Implementation
- Rules of Origin/RVC
- Automotive/Textiles
- Merchandise Processing Fees
- Certification
- Recordkeeping
- Rules & References

WHAT IS USMCA?

- United States-Mexico-Canada Agreement (USMCA) is a trade agreement that will replace and modernize NAFTA.
- It is scheduled to enter into force effective July 1, 2020.
- Intended to create a more balanced, reciprocal trade for US, CA, and MX.

TRANSITION TO USMCA

- Refer to the date of entry or withdrawal for consumption to determine whether to apply NAFTA or USMCA



Apply NAFTA

If entry date is prior to
July 1, 2020



Apply USMCA

If entry date is on or after
July 1, 2020

- The SPI indicator will be S or S+ that will be reflected in the “Special” column of the HTSUS.

CBP IMPLEMENTATION

- CBP launched the USMCA Center in March 2020 to operate for 3-5 years.
- CBP launched on demand training resources.
 - Anticipated to release on or around June 22, 2020!
- Dedicated USMCA contact email address at usmca@cbp.dhs.gov.

RULES OF ORIGIN

- Under USMCA, a good is originating based on the following four criteria and if and the good satisfies all other applicable requirements:
 - Criterion A: The good is wholly obtained or produced entirely in the territory of one or more of the USMCA countries.
 - Criterion B: The good is produced entirely in the territory of one or more of the USMCA countries using non-originating materials, provided the good satisfies all applicable requirements of product-specific rules of origin.
 - Criterion C: The good is produced entirely in the territory of one or more of the USMCA countries exclusively from originating materials.
 - Criterion D: The good is produced entirely in the territory of one or more of the USMCA countries.
 - It is classified with its materials, or satisfies the “unassembled goods” requirement, and meets a regional value content threshold of not less than 60% if the transaction value method is used, or not less than 50% if the net cost method is used (not including RVC for autos); except for goods in Chapter 61-63 of the HTSUS.

REGIONAL VALUE CONTENT (RVC)

- RVC is based on two key methods:
 - Transaction value (TV)
 - Net Cost (NC)
- Formulas are much the same as with NAFTA and expressed as a %
- De Minimis level now at 10% for non-textiles.
 - Previously at 7% under NAFTA.

AUTOMOTIVE REQUIREMENTS

- Autos/Light Trucks RVC goes from 62.5% to 75%.
- Core components produced separately RVC must be 75%.
- Principle components RVC must be 70%.
- The producer must certify a certain % of auto content (by value) is sourced from manufacturing facilities (in US, CA, and MX) that pay at least \$16 USD per hour. (See Annex B).
- The producer must certify that at least 70% of their overall annual purchases of steel and aluminum by value are procured from North America. (See Annex C).

TEXTILES/APPAREL

- Must meet requirements in GN 11
- Yarn-Forward Rule
 - Appendix I to CBP Interim Implementation Guidelines
 - Known as the triple transformation rule
 - Exceptions to Yarn-Forward rule
 - Cut and sew
 - Short Supply
 - TPLs
 - US/Mexico Assembly
- De Minimis for textiles, 10% overall by weight and not more than 7% of elastomeric content by weight.

MERCHANDISE PROCESSING FEE

- Claim filed at time of entry
 - MPF exempt (no MPF paid)
- Claim filed post importation
 - Not MPF Exempt (MPF is paid)
- USMCA does not currently permit MPF refunds on post import claims.
 - This applies to reconciliation entries as well; therefore, Importers may want to consider delay filing reconciliation for this entry type.

USMCA CERTIFICATION

- There is no official certificate of origin form for USMCA.
- Certification is required at the time of the claim.
 - It can be transactional or blanket.
- Claim for duty free entry under USMCA must be supported by certification with minimum data elements such as:
 - Name, address, and contact info of producer, exporter or importer
 - Certifier's name, title, company and contact info
 - Description of product(s) and HTS classification to at least 6 digits
 - Origin criteria under which product qualifies
 - If single shipment the invoice number of the goods
 - If blanket certification the blanket period
 - Signature, date and certification statement

RECORDKEEPING

- Records and supporting documentation must be kept for five years.
 - Commercial invoice
 - Documents related to the purchase and cost of the good or material.
- Automotive recordkeeping must include documents related to:
 - Labor Value Content (LVC)
 - Steel/Aluminum Purchasing

RULES & REFERENCES

- [USMCA Agreement, Final Text](#)
- [USMCA Implementation Act](#)
- [Interim Implementation Instructions](#)
- [CBP Resource Page](#)
- [Fact Sheet](#)
- [CBP FAQ's](#)
- [JAS USA Compliance Webpage](#)

THANK YOU!

JAS