



Canada-United States-Mexico
Agreement
(CUSMA)

Quick Reference Guide for
Canadian Importers

May 2020
Version 2.0

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1.0 Overview

This document summarizes the main changes of interest to Canadian importers contained within the Canada-United States-Mexico Agreement (CUSMA).

This agreement is scheduled to enter into force on **July 1, 2020**, replacing the North American Free Trade Agreement (NAFTA).

All amounts listed in this document are in Canadian dollars and refer to the value for duty, which is the dollar amount used to calculate duty owed for goods being imported into Canada.

Please refer to the end of this guide for a listing of key links for additional information.

2.0 Origin procedures

2.1 Proof of origin to claim preferential tariff treatment

Once the CUSMA comes into effect, any claims for preferential tariff treatment must satisfy the rules of origin requirements of the new agreement.

For many goods, however, there will be no difference between the NAFTA and the CUSMA rules of origin.

It will not be possible to claim the preferential tariff treatment under the NAFTA for goods released after the CUSMA entry into force date.

2.2 No Prescribed Certificate of Origin Format Under CUSMA

The Canada Border Services Agency (CBSA) does not require a certification of origin to claim preferential tariff treatment where the value for duty is less than \$3,300 CAD

Certain conditions apply, please refer to Customs Notice 20-15: Increase to the Low Value Shipment (LVS) Threshold for Goods Imported into Canada, for details.

The certification of origin under the CUSMA has no prescribed format, and only requires a set of minimum data elements that indicates that the good is an originating good.

These elements include:

- identification and address of the certifier
- exporter
- producer
- importer
- description of the good
- the rule of origin

The certification of origin may be completed by either the exporter, producer or importer of the goods and may be placed on an invoice or any other document.

Furthermore, the certification of origin may be completed, signed and submitted electronically.

To claim the preferential tariff treatment under the CUSMA, importers must have in their possession the CUSMA certification of origin completed by either the exporter, the producer or the importer at the time of importation.

Goods imported prior to the entry into force of the CUSMA for which the NAFTA preferential tariff treatment was claimed could be subject to a compliance verification or be eligible for a refund in line with the provisions of the NAFTA after the CUSMA enters into force.

For goods that claimed NAFTA preferential tariff treatment, the CUSMA provides that the NAFTA Chapter Five Customs Procedures remain applicable, including NAFTA Article 505 for the record keeping period of the country of import.

For Canada, records must be kept for a period of 6 years from the date of importation.

Additional References:

<https://www.cbsa-asfc.gc.ca/publications/cn-ad/cn20-15-eng.html>

<https://www.international.gc.ca/trade-commerce/assets/pdfs/agreements-accords/cusma-aceum/r-cusma-05.pdf>

<https://www.international.gc.ca/trade-commerce/assets/pdfs/agreements-accords/cusma-aceum/r-cusma-04.pdf>

2.3 Submitting proof of origin

The importer must provide the certification of origin for which the claim for preferential tariff treatment to the CBSA upon request.

The certification of origin can be completed on an invoice or any other document and be transmitted including with an electronic or digital signature and stored electronically.

If the CBSA requests the importer to submit the certification of origin, it may be provided by electronic means, including by email or as a scanned document.

Additional References:

<https://www.cbsa-asfc.gc.ca/publications/cn-ad/cn20-14-eng.html>

2.4 Example of a valid certification of origin

The Old Sod Shanty, a Canadian western apparel store located in Alberta, will be importing multiple shipments of two different leather belt models (model “Western King” and model “Western Queen”), which are manufactured in and exported from El Paso, Texas, US. These will be imported over a blanket period from September 1, 2020, to August 31, 2021. The producer and exporter of the two leather belt models, Belt-R-Up Company, has completed and signed the valid CUSMA certification of origin below. The Old Sod Shanty, as the importer, has the certification of origin in its possession.

Certification of origin (minimum data elements)

1. Importer, exporter or producer: Certification of origin

The certifier of this certification of origin is the exporter and producer of the goods.

2. Certifier

Pedro Sanchez, President
Belt-R-Up Company
123 Buckle Street
El Paso, Texas US 39812
(111) 111-1111
pedrosanchez@beltrup.com

3. Exporter

Same as above (data element 2).

Notes:

- This information is not required if the producer is completing the certification of origin and does not know the identity of the exporter.
- The address of the exporter shall be the place of export of the good in a party's territory, which is in this case in El Paso, Texas, US.

4. Producer

Same as above (data element 2).

Notes:

- If there are multiple producers, state "various" or provide a list of the producers. A person that wishes for this information to remain confidential may state "Available upon request by the importing authorities."
- The address of a producer shall be the place of production of the good in a party's territory, which is in this case in El Paso, Texas, US.

5. Importer

Jack Johnson, Owner
The Old Sod Shanty
5754 32nd Avenue
Calgary AB T3J 3N9
Canada
(555) 555-5555
jackjohnson@oldsodshanty.com

Note: The address of the importer shall be in a party's territory, which in this case is in Calgary, Alberta, Canada.

6. Description and HS tariff classification of the good (6-digit level)

Leather belts Model 2725 “Western King,” dark brown, H.S. Tariff Classification Number 4203.30

Leather belts Model 2726 “Western Queen,” light brown, H.S. Tariff Classification Number 4203.30

Notes:

- The description of the good should be sufficient to relate it to the good covered by the certification.
- If the certification of origin covers a single shipment of a good, indicate, if known, the invoice number related to the exportation.

7. Origin criteria (as set out in Article 4.2 (Originating Goods))

The applicable origin criterion under which the goods qualify is criterion “B.”

Note:

- As per Article 4.2(b), the goods are “produced entirely in the territory of one or more of the parties using non-originating materials provided the good satisfies all applicable requirements of Annex 4-B (Product-Specific Rules of Origin).”
- Under Annex 4-B, the product-specific rule of origin for 42.03-42.06 is “a change to heading 42.03 through 42.06 from any other chapter.”

8. Blanket period

From: September 1, 2020

To: August 31, 2021

Note:

- Include the period if the certification covers multiple shipments of identical goods for a specified period of up to 12 months as set out in Article 5.2 (Claims for Preferential Treatment).

9. Authorized signature of certifier, date and certifying statement

I, Pedro Sanchez, 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.

Pedro Sanchez

Authorized Signature

Pedro Sanchez, President, Belt-R-Up Company

Name, Title and Company

September 1, 2020

Date

3.0 Refunds

When CUSMA comes into force, the period of one year to submit a claim for a refund of duties that were overpaid will be extended by the CBSA to provide importers with a period of four years from the date the goods were accounted for in which to claim the CUSMA preferential tariff treatment.

4.0 Shipping requirements to import goods

Goods may be shipped directly to Canada or transit via a third country other than US or Mexico.

When goods destined for Canada transit **outside** the US or Mexico before reaching Canada, a good retains its originating status if it remains under customs control in the territory of a non-Party to CUSMA and does not undergo an operation outside the territories of the Parties to CUSMA other than:

- unloading
- reloading
- separation from a bulk shipment
- storing
- labeling or marking required by the importing party
- or any other operation necessary to preserve it in good condition or to transport the good to the territory of the importing party

The CBSA may request the importer to provide transportation documents, such as bills of lading, that indicate the shipping route of the good and customs documents that demonstrate the good remained under customs control while outside of the CUSMA territory of Canada, US or Mexico.

Additional References:

<https://www.international.gc.ca/trade-commerce/assets/pdfs/agreements-accords/cusma-aceum/r-cusma-05.pdf>

<https://www.international.gc.ca/trade-commerce/assets/pdfs/agreements-accords/cusma-aceum/r-cusma-04.pdf>

5.0 Textile and apparel

The chapter on textiles and apparel preserves the existing market access to goods traded amongst the CUSMA countries, including access to tariff preference levels that many producers use.

Import permits issued by Global Affairs Canada will be required for clothing and textile goods that are eligible for tariff preference level treatment under the CUSMA upon entry into Canada, similar to the process under the NAFTA.

CUSMA also expands on the existing NAFTA provision, implemented in Canada through tariff item no. 9938.00.00, by providing that certain hand-crafted items (including folklore, cottage industry or Indigenous goods) are eligible for duty-free tariff treatment when traded amongst the CUSMA countries, provided any requirements mutually agreed by the importing and exporting Parties are met.

Certificates of Eligibility (COE) will be required for exports of clothing and textile goods that are eligible for tariff preference level treatment under the CUSMA upon entry into the US or Mexico.

A shipment-specific Certificate of Eligibility is required for each shipment. To obtain a COE, the exporter in Canada must first apply for an *Export and Import Permits Act* (EIPA) file number with Global Affairs Canada.

Additional References:

<https://www.international.gc.ca/trade-commerce/assets/pdfs/agreements-accords/cusma-aceum/r-cusma-06.pdf>

<https://www.cbsa-asfc.gc.ca/publications/dm-md/d11/d11-4-22-eng.html>

https://www.international.gc.ca/controls-controles/about-a_propos/EIPA_No_LLEI.aspx?lang=eng

https://www.international.gc.ca/controls-controles/about-a_propos/expor/permit-license.aspx?lang=eng

6.0 Self-assessment for preferential tariff treatments

The preferential tariff treatments, abbreviations and codes for the CUSMA will be the: United States Tariff: UST – TT code: 10 and the Mexico Tariff: MXT – TT code: 11.

For goods that are released on or after the entry into force of the CUSMA, the MUST preferential tariff treatment will no longer exist and there will be no replacement.

The CUSMA will provide for two preferential tariff treatments – either the United States Tariff (UST) or the Mexico Tariff (MXT).

The preferential tariff treatment that will apply (UST or MXT) will be dependent upon the country of last production other than a minimal operation.

Additional References:

<https://www.international.gc.ca/trade-commerce/assets/pdfs/agreements-accords/cusma-aceum/r-cusma-02.pdf>

7.0 Advance rulings

NAFTA origin advance rulings will only remain valid for goods imported under the NAFTA preferential tariff treatment.

Therefore, an applicant wishing to obtain a CUSMA origin advance ruling must submit a new application to the CBSA.

Additional References:

<https://www.cbsa-asfc.gc.ca/publications/dm-md/d11/d11-4-16-eng.html>

<https://www.cbsa-asfc.gc.ca/publications/dm-md/d11/d11-11-1-eng.html>

<https://www.cbsa-asfc.gc.ca/publications/dm-md/d11/d11-11-3-eng.html>

8.0 Trade facilitation: *De minimis* for duties and taxes

For Canada, CUSMA Article 7.8(1)(f) sets *de minimis* threshold for courier shipments from the US or Mexico of at least \$150 for customs duties, and \$40 for taxes.

The higher thresholds apply to goods of any origin that have entered the commerce of the US or Mexico.

Canada's commitment only applies to imports from the US or Mexico and only by courier.

The shipment must be transported by courier, that is, a commercial carrier that is engaged in scheduled international transportation of shipments of goods other than goods imported by mail.

There is no change to the *de minimis* framework for either postal shipments from the US or Mexico, or for any courier or postal shipments from any other country.

Goods imported to Canada from countries other than the United States and Mexico will continue to have a duty and tax remission threshold value of up to \$20.

Goods do not need to originate from a CUSMA party to benefit from *de minimis*, but rather be shipped from the US or Mexico, where they must have entered into commerce prior to being shipped to Canada.

If the country into which the goods last entered commerce is neither the US nor Mexico, these shipments would not be entitled to the *de minimis* benefits of the CUSMA.

This means that goods ordered from a US website would not be eligible under the *de minimis* framework if imported to Canada from a country other than the US and Mexico.

Additional References:

<https://laws-lois.justice.gc.ca/eng/regulations/SI-85-182/FullText.html>

<https://www.cbsa-asfc.gc.ca/publications/cn-ad/cn20-18-eng.html>

8.1 De Minimis – Non-Originating Materials increases from 7% to 10%

Except as provided in Annex 4-A (Exceptions to Article 4.12 (De Minimis)), each Party shall provide that a good is an originating good if the value of all non-originating materials used in the production of the good that do not undergo an applicable change in tariff classification set out in Annex 4-B (Product- Specific Rules of Origin) is not more than 10 percent:

- (a) of the transaction value of the good adjusted to exclude any costs incurred in the international shipment of the good; or
- (b) of the total cost of the good, provided that the good satisfies all other applicable requirements of this Chapter.

If a good described above is also subject to a regional value content requirement, the value of those non-originating materials shall be included in the value of non-originating materials for the applicable regional value content requirement.

A good that is otherwise subject to a regional value content requirement shall not be required to satisfy the requirement if the value of all non-originating materials used in the production of the good is not more than 10 percent of the transaction value of the good, adjusted to exclude any costs incurred in the international shipment of the good, or the total cost of the good, provided that the good satisfies all other applicable requirements of this Chapter.

With respect to a textile or apparel good, Articles 6.1.2 and 6.1.3 (Rules of Origin and Related Matters) apply in place of above.

Additional References:

<https://www.international.gc.ca/trade-commerce/assets/pdfs/agreements-accords/cusma-aceum/r-cusma-04.pdf>

9.0 Low-value shipment threshold

A shipment value must not exceed \$3,300 to meet the low-value shipment (LVS) threshold.

When CUSMA comes into effect, the CBSA will apply the LVS threshold consistently across all commercial programs, regardless of the mode, stream of importation, or free trade agreement under which a preferential tariff treatment is claimed.

It is not limited to the Courier Low Value Shipment Program.

Additional References:

<https://www.cbsa-asfc.gc.ca/publications/cn-ad/cn20-15-eng.html>

10.0 Trade incentives

CUSMA will not introduce changes to the Duties Relief and the Drawback Programs.

Where the goods are CUSMA originating, the framework for the temporary duty-free importation of specified goods under tariff item 9993.00.00 a security deposit is not required.

Additional References:

<https://laws-lois.justice.gc.ca/eng/regulations/SOR-98-58/index.html>

<https://www.cbsa-asfc.gc.ca/publications/dm-md/d8/d8-1-1-eng.html>

<https://www.cbsa-asfc.gc.ca/publications/dm-md/d7/d7-4-3-eng.html>

<https://www.cbsa-asfc.gc.ca/publications/dm-md/d8/d8-2-26-eng.html>

<https://www.cbsa-asfc.gc.ca/publications/dm-md/d8/d8-2-10-eng.html>

11.0 Trade remedies

Canada's trade remedy system will continue to provide robust protection to its domestic industries and workers against the impacts of unfairly traded imports.

CUSMA also provides for greater sharing of customs information with other CUSMA countries, subject to Canadian law, where potential duty evasion may be taking place.

The coming into effect of CUSMA will not impact the application of existing anti-dumping or countervailing measures in force for goods originating or imported from Mexico or the US.

12.0 Related links

<https://www.cbsa-asfc.gc.ca/services/cusma-aceum/overview-survol-eng.html>