



# USMCA

UNITED STATES – MEXICO – CANADA CENTER

## United States – Mexico – Canada Agreement (USMCA)

*Informational Webinar*

June 2020





- Welcome
- USMCA Background and Overview
- Introduction to the USMCA Center
- Entry Procedures
- USMCA Resources
- Questions



*Thank you for joining today's USMCA Informational Webinar*

The **objectives** of this webinar are to –



Present an overview of the U.S. Customs and Border Protection (CBP) Office of Trade's efforts to implement USMCA



Answer questions and share resources to help prepare trade industry members for USMCA entry into force on July 1, 2020

# USMCA Background and Overview





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.***

# General Information and Key Dates



Provision	USMCA
<b>GENERAL INFORMATION</b>	
<b>Agreement Name</b>	United States – Mexico – Canada Agreement
<b>Implementation Date</b>	July 1, 2020
<b>Expiration</b>	Includes sunset provision – renewal consideration required every <b>six (6) years</b> , with a <b>16-year sunset clause</b>
<b>Merchandise Processing Fee (MPF)</b>	Originating goods and tariff preference level (TPL) goods are <b>exempt if the claim for preferential tariff treatment is made at the time of entry</b>
<b>Post-Importation Preference Claim</b>	USMCA <b>allows post-importation preference claim</b> to request a refund of excess duties within one year of importation in accordance with 19 USC 1520(d). <b>However, MPF paid on entries are not refunded</b>
<b>CITATIONS</b>	
<b>HTS General Note (GN)</b>	While not yet published, the applicable General Note will be <b>General Note 11 (GN 11)</b>
<b>CFR</b>	The USC citation is to be determined, but USMCA will be reflected in <b>19 CFR182</b>
<b>Special Program Indicator</b>	Tariff items eligible for preferential tariff treatment under USMCA will <b>leverage a new Special Program Indicator (SPI) of “S”</b> that will be reflected in the “Special” column of the Harmonized Tariff Schedule of the United States (HTSUS)

*CBP will continue to keep the trade industry apprised of additional information, once available*

# Introduction to the USMCA Center



# USMCA Points of Contact



**Tamica Solomon**

Acting Director, USMCA Center, CBP OT

**Adam Sulewski**

USMCA Center Lead, CBP OT



**Maya Kamar**

Director, Textiles and Trade Agreements Directorate (TTAD), CBP Office of Trade (OT)



**Margaret Gray**

Branch Chief, Trade Agreements  
Branch (TAB), CBP OT TTAD



**Anita Harris**

Branch Chief, Textile Policy,  
CBP OT TTAD



**Jacqueline Sprungle**

Branch Chief, Enforcement,  
CBP OT TTAD



## Overview

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



- Housed in the **CBP Office of Trade (OT)** and includes SMEs from across CBP HQ and Centers of Excellence and Expertise
- Will operate for **three to five years**
- Coordinates, tracks, and promotes CBP **implementation efforts**
- Supports the **policy-focused USMCA efforts** of CBP OT's Textiles and Trade Agreements Division (TTAD)

## Guiding Responsibilities

### Coordination

*Ensure smooth implementation of USMCA by leading international, inter-agency, and inter-office coordination*

### Communication

*Lead USMCA-related communication for all stakeholders through across platforms, including training, informational briefings, compliance guidance, and online resources*

### Regulations and Policy

*Track and support the development of all USMCA-related legal and regulatory documents, including uniform, interim, and domestic regulations, and interagency agreements*

# Entry Procedures and Requirements



# Topics Covered

- Entry Procedures
  - Making a Claim
  - Merchandise Processing Fees (MPF)
  - Reconciliation
  - Drawback
  - Country of Origin Marking
  - Post-Importation Claims
  - *De Minimis* for Non-Textiles
  - Treatment of Sets
  - Transit and Transshipment





## General Requirements

Tariff items eligible for preferential tariff treatment under USMCA will leverage a **new Special Program Indicator (SPI) of “S”** that will be reflected in the “Special” column of the Harmonized Tariff Schedule of the United States (HTSUS)

When filing a claim, the filer certifies that the goods **comply with all rules of origin (RoO) and record keeping requirements**, including those relating to auto and all other requirements

---

## Additional Considerations



USMCA preference may also be claimed on **unconditionally free tariff items**, provided that they meet all requisite USMCA requirements, in order to receive an **exemption from Merchandise Processing Fees (MPF)**. In these cases, **SPI “S” will NOT be** listed in the “Special” column of the HTSUS, but is **still required** when filing a claim to receive MPF exemption.



A **“S+” SPI** will also be available, though **further guidance from USTR and CBP Regulations and Rulings (R&R) is needed** on scope and use guidelines

# Making a Claim – NAFTA Transition



**For most entry types**, refer to the **date of entry or withdrawal for consumption** in order 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 following entry types do have **special handling requirements in USMCA**, which will be explored in subsequent slides:



**Reconciliation**  
(Entry Type 09)



**Drawback**  
(Entry Type 47)

**Note:** *Entry Type 08, NAFTA Duty Deferral will continue to exist as **Entry Type 08, USMCA Duty Deferral***



## MPF Exemptions



**Exempt**  
Claim filed at  
time of entry



**NOT Exempt**  
Post-importation claims

**Claims for MPF exemptions on originating and tariff preference level goods must be made at time of entry**

- **All ACE programming** updates needed to process MPF exemption and 19 USC 1520(d) restrictions will be live by EIF on July 1, 2020

**Currently, USMCA does not permit MPF refunds on post importation claims**

- Restriction applies to both individual and reconciliation filings
- Legislative remediation is needed to reverse policy and permit refunds under USMCA - TTAD and R&R are collaborating on **reconciliation entries guidelines**



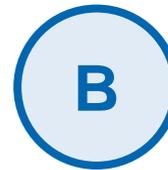
## Reconciliation (Entry Type 09) Processing

- **Starting July 1, 2020**, importers can flag an entry summary at the time it is filed for the possibility of making a post-importation claim for USMCA
- Reconciliation entries are **not mandatory**, but it is the **exclusive means to file a USMCA claim** once the Entry Summary is flagged
- After flagging the entry summary, the filing of a separate USMCA claim covering the entry summary will be considered **duplicative and will not be accepted**

Below are two scenarios where both a **NAFTA** and **USMCA claim** are applicable after USMCA entry-into-force:



- Entry Summary XXX (date of importation **June 20, 2020**) was flagged for a possible NAFTA claim on **June 30, 2020**
- **On June 19, 2021**, the importer filed a reconciliation ET09 **claiming NAFTA**



- Entry Summary YYY (date of importation **July 2, 2020**) was flagged for a possible USMCA claim on **July 12, 2020**
- **On July 11, 2021**, the importer filed a reconciliation ET09 **claiming USMCA**



Further questions regarding Reconciliation processing should be sent to [OT-RECONFOLDER@cbp.dhs.gov](mailto:OT-RECONFOLDER@cbp.dhs.gov)



In general, USMCA **retains the drawback restrictions** that exist under NAFTA  
However, USMCA does feature **five key changes or considerations** listed below:



**Substitution Standards**



**Sugar Exception**



**Conditions of Export**



**ACE Indicator for Drawback**



**Drawback Claims for Section 201 and/or 301 Duties (No Change)**

Further questions regarding Drawback processing should be sent to  
[OTDRAWBACK@cbp.dhs.gov](mailto:OTDRAWBACK@cbp.dhs.gov)



## Summary of NAFTA-to-USMCA Considerations:



### Substitution Standards

USMCA adopts **TFTEA substitution standards** when drawback is permitted (i.e., substitution under the same 8-digit HTSUS subheading rather than “same kind and quality” substitution”)



### Sugar Exception

USMCA **expands scope of sugar exception**, which retains substantial transformation substitution standards (i.e., pre-TFTEA substitution standards) of “same-kind-and-quality” for specific sugar products, to benefit the trade



### Conditions of Export

**USMCA removed a NAFTA provision** that applied a fee pursuant to Section 22 of the U.S. Agricultural Adjustment Act, subject to Chapter Seven (Agriculture and Sanitary and Phytosanitary Measures)



## Summary of NAFTA-to-USMCA Considerations:



### **ACE Indicator for Drawback**

For entries that are relevant for drawback under USMCA, CBP has created an **ACE indicator (check box)** that is added at the claim level to handle drawback – CBP expects that sunset for drawback entries will be **at least 5 years after USMCA EIF**



### **Drawback Claims for Section 201 and/or 301 Duties (No Change)**

As with NAFTA, drawback filers for USMCA **can submit claims related to Section 201 and/or 301 duties** – please see [Cargo Systems Messaging Service #19-000050](#)



## Does NAFTA or USMCA Apply?

★ **June 30, 2020**  
***Before USMCA EIF***



Only NAFTA drawback claims can be filed with designated imports dated **on or before 6/30/2020**

★ **July 1, 2020**  
***On USMCA EIF***

NAFTA drawback claims can be filed (until 2025) with designated imports dated **on or before 6/30/2020**

✓ *Must Check NAFTA Indicator*

★ **July 2, 2020**  
***After USMCA EIF***

NAFTA drawback claims can be filed (until 2025) with designated imports dated **on or before 6/30/2020**



N/A

USMCA drawback claims can be filed with designated imports dated **7/1/2020**

✓ *Must Check USMCA Indicator*

USMCA drawback claims can be filed with designated imports dated **on and after 7/1/2020**

Note that an import dated 6/30/2020 and an import dated 7/1/2020 will **not** be allowed on the same drawback claim – drawback claimant would need to file two separate claims for NAFTA and USMCA with the **respective consumption entry date**



## General Guidance

The rules of origin contained in **19 CFR 102** determine the country of origin for marking purposes of a good imported from Canada or Mexico in accordance with the requirements of **19 CFR Part 134**

For most goods, **only product specific RoO** contained in GN 11 are needed to determine whether the goods are originating

## Changes from NAFTA



**Unlike NAFTA**, a good **does not need to qualify to be marked** as a good of CA or MX in order to receive preferential tariff treatment under USMCA

**Exception:** Certain agricultural goods



**In addition**, a good with a **non-foreign origin (i.e. a US good)** is also eligible for preferential tariff treatment and **U.S. will also be accepted as a country of origin** on a USMCA claim

# Post-Importation Claims



USMCA allows importers to file a post-importation claim to request a refund of excess duties paid on qualifying goods pursuant to **19 USC 1520(d)**. Post-summary corrections (PSC) are **not allowed for USMCA claims**

In general, there is **no change in requirements** between NAFTA and USMCA:

## Effective Period

One year after date of importation

## Responsible Party

Importer

## Eligibility

Good qualifies for preferential treatment

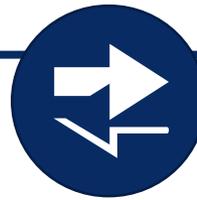
A post-importation claim, submitted individually or through the **ACE Reconciliation Prototype**, must include the following information:



Declaration that Good Qualifies



Certification of Origin (with required data elements)



Statement on Whether Doc. Provided to Any Other Persons



Statement on Whether Protest or Petition Filed



## Post-Importation Claim Determination



A post-importation claim will be **denied with a statement specifying deficiencies** if any of the following applies:

- Certification of origin is **illegible, incomplete, or contains incorrect information**; or
- Claim otherwise **does not comply with requirements**

---

## Post-Importation Claim Corrections



**Corrections are allowed** on post-importation claims, unless the claim has already been reviewed and decided upon, **up to the one-year expiration period** for the post-importation claim



The *de minimis* provision allows the good to qualify as originating if it contains **no more than 10%** of non-originating materials, including those subject to RVC requirements

---

## *De Minimis* Guidelines

The **value of all non-originating materials** used in the production of the good can **not exceed 10%** of either

- (1) the transaction value; or
- (2) total cost of the good

## RVC Requirements

- **If also subject to RVC requirements**, value of *de minimis* materials is included in the **total value of non-originating materials**
- Good that qualify for *de minimis* are **not required to satisfy RVC requirements**, provided that the good satisfies all other applicable requirements



Except as provided for in the product-specific rules of origin in GN 11, goods **(including textile or apparel goods)** put up in sets for retail sale and classified as a result of the application of General Rule of Interpretation 3 (GRI 3) **are originating if:**

## *Pumpkin Carving Kit*



- **Each good** in the set is originating
- Both the set and individual goods **meet all other applicable requirements**

**OR**

# 10%

- Total value of non-originating goods **does not exceed 10% of the value of the set**
- Good meet **all other applicable requirements**



An originating good **retains its status** if it has been transported to the United States **without passing through the territory of a non-Party**

---

If an originating good is **transported outside the territories of the Parties**, the good will **retain its originating status** if the good:

- **Remains under customs control** in the territory of a non-Party;

**AND**

- **Does not undergo an operation** outside the territories of the Parties other than:



**Unloading**



**Reloading**



**Separation**



**Storing**



**Labeling /  
Marking**

Or any other operations necessary to **preserve it in good condition** or to **transport the good to the territory of the importing Party**

# 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



## USMCA On-Demand Training Resources



*The Center will be publishing several compliance-focused resources on the **CBP.gov USMCA Webpage** for trade associations and industry groups to utilize*

### “Overview of USMCA” Webinar Video

On-demand video webinar providing an overview of USMCA and its novel provisions while also highlighting key changes from NAFTA to USMCA

### Topical USMCA Provision Guidance

In-depth guidance on requirements for complying with key USMCA provisions

#### *Topics Covered*

- Entry Procedures
- Certifications and Verifications
- Rules of Origin
- Textiles
- Auto and Auto Parts

**Anticipated  
Release**

**June 22, 2020**



## 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) (*Pending*)
  - Interim for 1<sup>st</sup> Year After EIF
  - Permanent After Year 1

HTSUS General Note 11 (*Pending*)



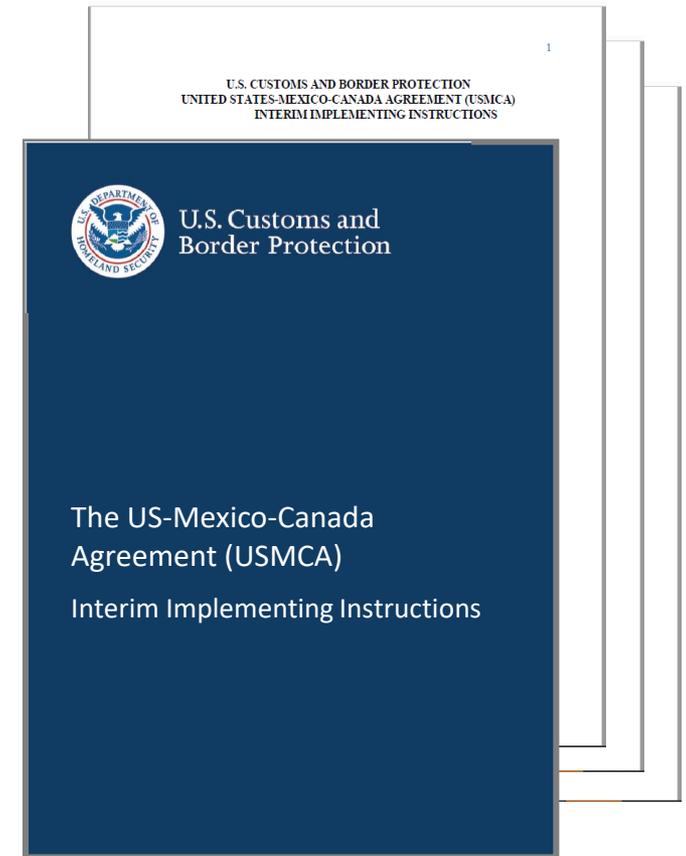
*Links to all these resources are available on the USMCA webpage on CBP.gov*



## Interim and Final Implementing Instructions



- CBP OT released updated [USMCA Interim Implementing Instructions](#) on **June 16, 2020** to support trade implementation preparations
  - Contains contributions from the U.S. Dept. of Labor, Wage and Hour Division, regarding Labor Value Content
  - Will be subsequently updated to reflect the pending GN 11.
  - Final Implementing Instructions will be available no later than **July 1, 2020**





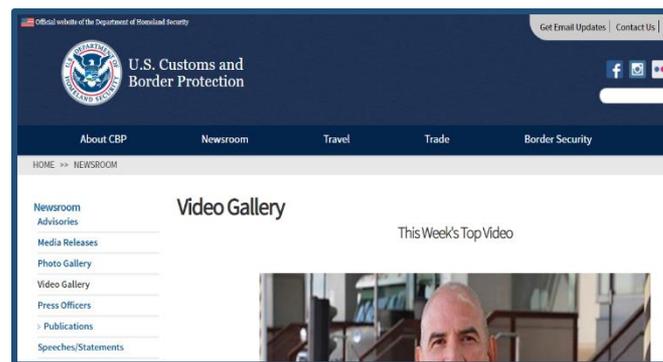
## Press Releases / Media Engagement

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



## Informational Videos

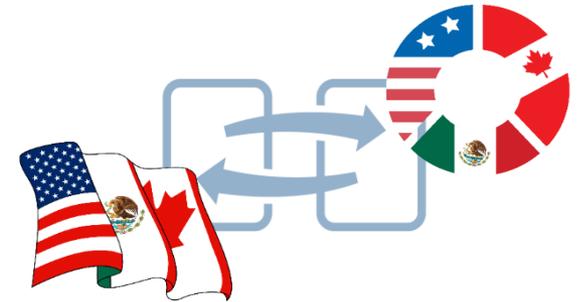
- The USMCA Center is creating up to six videos to provide compliance guidance and resource navigation
- Videos will be posted to CBP.gov and distributed widely to our trade stakeholders





## Factsheets

- CBP OT is developing factsheets highlighting key provision updates and providing side-by-side comparison of the USMCA and NAFTA



## Frequently Asked Questions (FAQs)

- The USMCA Center maintains a FAQ page with questions received from the Trade
- Recommended as the first and fastest resources to resolve inquiries
- Information is continuously updated





## Binding Advance Rulings

- Binding advance rulings and other legal decisions issued by CBP in connection with the importation of merchandise into the United States, including under special programs like trade agreements and special trade legislation ([www.cbp.gov/trade/rulings](http://www.cbp.gov/trade/rulings)).
- Advance rulings provide the trade community with a transparent and efficient means of understanding how CBP will treat a prospective import or carrier transaction



## Cargo System Messaging Service

- [CSMS](#) is one of CBP's methods for communicating to our trade partners relating to news and updates on the Automated Commercial Environment (ACE)





## CBP Trade Snapshot Articles

- Monthly [Trade News Snapshot](#) is an overview of the latest updates on trade enforcement and facilitation milestones – it highlights CBP’s important trade programs, initiatives, and operations for our trade partners and the public

**CBP Trade News Snapshot**

The new monthly *Trade News Snapshot* is an overview of the latest updates on CBP's trade facilitation and enforcement efforts around the globe. The *Snapshot* highlights CBP's important trade programs, initiatives, and operations for our trade partners and the public. CBP works with partner government agencies and the trade community to facilitate legitimate trade that supports economic growth and shield the American public and businesses from unsafe products, intellectual property theft, and unfair trade practices.

*Trade News Snapshot* has replaced the quarterly *CBP Trade Enforcement Bulletin*.

Issue	Featured Stories
Volume 2, Issue 3	EAC Message; CBP Launches Center for USMCA Implementation; COVID-19 Webpage and Resources; Two WRO Revocations; OT Remains Dedicated During COVID-19

## CBP Information Center

- [AskCBP Search Engine](#) – <https://help.CBP.gov/>
- CBP Call Center – (877) 227-5511

Welcome to the  
INFORMATION CENTER

How can we help you today?

Search...

## Social Media



- [Facebook](#)
- [Instagram](#) (CBPGov)
- [Twitter](#) (@CBPTradeGov)
- [YouTube](#)



## Additional U.S. Government Resources

---

- **Harmonized Tariff Schedule of the United States** ([hts.usitc.gov](https://www.usitc.gov))
- **U.S. Trade Representative** ([www.USTR.gov](https://www.USTR.gov))
- **Federal Register Notices** ([www.federalregister.gov](https://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 will be issuing a Federal Register Notice for the new and novel Labor Value Content requirement for automotive goods by June 30, 2020
- **U.S. Department of Commerce**
  - For exporter information, refer to <https://www.trade.gov/export-solutions>
- **USMCA@cbp.dhs.gov**

**Questions?**



**Thank You!**

