



The Bottom Line

JULY 2020 | VOL. 44

SPECIAL TWO-PAGE USMCA EDITION USMCA GOES LIVE TODAY, JULY 1, 2020

Summary

On January 29, 2020, the United States–Mexico–Canada Agreement Implementation Act (USMCA) was signed into law. On Friday, April 24, the U.S. Trade Representative announced the readiness of the United States to participate. Finally, with the agreement of all the participants, the implementation of the new agreement is slated to take effect on July 1, 2020.

Current Status

Signed in 1992, the stated purpose of the North American Free Trade Agreement (NAFTA) was to eliminate barriers to trade, promote fair competition, increase investment opportunities, protect intellectual property rights, and provide a framework for the resolution of disputes. Because NAFTA had already eliminated duties on most qualifying goods and significantly reduced non-tariff measures, the USMCA emphasized reducing remaining non-tariff measures on trade and the U.S. economy.

USMCA CERTIFICATE

The importer may make a claim for preferential tariff treatment based on a certificate of origin completed by the importer, the exporter, or the producer of the goods. The certifier must have information, including documents that demonstrate that the good qualifies for USMCA duty-free benefits before certifying. The certification need not be in a prescribed format; it may be provided on an invoice or any other document, but it must contain nine data elements as follows:

1. **Importer, Exporter or Producer Certification of Origin:** Indicate whether the certifier is the importer, exporter or producer.
2. **Certifier:** Provide the certifier's name, title, address (including country), telephone number, and email.
3. **Exporter:** Provide the exporter's name, address (including country), email, and telephone if different than the certifier. This information is not required if the producer is completing the

producer is completing the certification of the origin and does not know the identity of the exporter.

4. **Producer:** Provide the producer's name, address (including country), email, and telephone number. If there are multiple producers, state "Various" or provide a list of producers. A person who wishes for this information to remain confidential may state "Available upon request by the importing authorities."
5. **Importer:** Provide, if known, the importer's name, address, email address, and telephone number.
6. **Description and HS Tariff Classification of the Good:**
 - a) Provide a description of the good and the HS tariff classification of the good to the 6-digit level. The description should be sufficient to relate it to the good covered by the certification; and b) 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:** Specify the origin criteria under which the good qualifies.
8. **Blanket Period:** Include the period if the certification covers multiple shipments of identical goods for a specified period of up to 12 months.
9. **Authorized Signature and Date:** The legal name, address, telephone number, and email (if any) of the responsible official/authorized agent of the importer, exporter or producer signing the certification.

The origin certification **MUST** include the following 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."

In general, under the USMCA, a good is originating based on the following four Rules-of-Origin criteria (and the good satisfies all other applicable requirements):



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- **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; or
- **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.

Automotive requirements:

In addition to the rules of origin requirements, a passenger vehicle, light truck, or heavy truck is originating only if at least seventy percent of a vehicle producer's purchases of steel and aluminum, by value, are originating.

Producers of passenger vehicles, light trucks, and heavy trucks are required to submit three new certifications to receive preferential tariff treatment under the USMCA for these goods – Labor Value Content (LVC) certification, Steel certification, and Aluminum certification.

LVC, Steel, and Aluminum certifications can be filed at CBP's website (<https://www.cbp.gov/trade>). The USMCA Center will submit the LVC certification to the Department of Labor (DOL) for review within five business days from acknowledging receipt of the certification. The DOL will review the LVC certification within 60 days and respond to CBP with status of their review. The USMCA Center will then review the steel certification and aluminum certification for errors and omissions and determine “no error” status or “errors found” status and the description of the errors or omission.

An originating good retains its originating status if the good that is transported to the United States does not pass through the territory of a non-USMCA country. The Customs administrations of all three countries have warned that origin rulings issued under NAFTA will not carry over under USMCA.

Impact

Through December 31, 2020, CBP will focus on supporting the trade's efforts to fully comply with the USMCA's requirements. Importers are required to exercise reasonable care when making a claim under USMCA, including ensuring they are in possession of a complete and valid certification of origin at the time of making a claim and meeting all recordkeeping obligations. CBP will take into account the difficulties importers may face in complying with the new rules, as long as importers are making satisfactory progress toward compliance and are making a good faith effort to comply with the rules to the extent of their ability.

Automotive producers, exporters, and importers are allowed until December 31, 2020 to obtain and submit necessary certifications and documentation for 2020.

RESOURCES:

[United States-Mexico-Canada Agreement](#) (Office of USTR)
[USMCA: Likely Impact on U.S. Economy](#) (ITC)
[USMCA Interim Implementation Instructions](#) (CBP)