

**Commercial Customs Operations Advisory Committee (COAC)
Government Issue Paper: U.S. – MEXICO – CANADA
AGREEMENT (USMCA)**

March 2021



**U.S. Customs and
Border Protection**



Office of Trade
U.S. – MEXICO – CANADA AGREEMENT (USMCA)
USMCA CENTER
March 2021

Action Required: Informational

Background:

- The USMCA entered into force on July 1, 2020, replacing NAFTA.
- The USMCA preserves the trilateral trade pact established by the twenty-five-year-old NAFTA. The USMCA did not change NAFTA's tariff structure or the zero-tariffs policy on most manufacturing and agricultural goods.
- The USMCA updated developments in technology and trade practices, eased compliance requirements for the Rules of Origin (RoO), and added new and novel criteria for Automotive RoO (with the goal of increasing automotive manufacturing in the North American region),
- CBP's Office of Trade launched the USMCA Center to coordinate CBP's efforts to implement the Agreement. The USMCA Center began operations on March 16, 2020, and actively works to coordinate all aspects of CBP's implementation of the Agreement.
- The USMCA contains ambitious trade facilitation provisions to provide traders with transparency, consistency, and predictability in customs process through additional advanced rulings and publication of regulations, requirements, and fees.
- There are also novel customs enforcement provisions to combat Antidumping/Countervailing Duties (AD/CVD) evasion, commitments to interdict transshipped IPR infringing goods, prohibitions on importation of forced labor produced goods, and requirements to prevent illegal taking of wild flora and fauna (i.e. timber).

Issue:

- The USMCA WG creates opportunities for industry stakeholders to provide input, identify challenges, and engage with CBP on the USMCA implementation.
- The USMCA WG builds upon previous and ongoing COAC, CBP and interagency efforts, provides focused feedback, and formulates a trade industry report outlining the stakeholder's concerns relating to the implementation of the USMCA.

Current Status:

- CBP has created numerous compliance guidance resources, including:
 - Implementing Instructions that were published on June 30, 2020
 - Implementing Instructions Addendum that was published on January 14, 2021 including provisions from the Consolidated Appropriations Act of 2021 (refunding of MPF, treatment of FTZs, end of CBP's restrained enforcement of the USMCA, and clarification on treatment of used automotive goods).
 - More than forty-seven (47) USMCA Fact Sheets and Free Trade Agreement Side-by-Sides that highlight key provision updates and comparison of NAFTA and USMCA.
 - CBP created a CBP.gov USMCA Webpage, an FAQ webpage, created informational videos, a ChatBot Search Engine, and the USMCA in-box - USMCA@CBP.DHS.gov.
- CBP has pursued a robust engagement schedule with the private sector on the USMCA, including seventy-one (71) and counting trade association briefings for 6,500+ attendees.

- Publication of interim final regulations effective no later than July 1, 2021 are pending.
- CBP has developed a robust partnership with the U.S. Department of Labor – Wage and Hour Division (DOL), including weekly meetings, to include policy coordination, regulation drafting, and working level question and answer sessions to further implementation of the automotive rules of origin.

Next Steps:

- The USMCA WG activities will include:
 - Assist in developing solutions where the USMCA’s new operational and technical issues are impacting trade;
 - Identify gaps in automation, data utilization and process management, as well as policy and regulatory obstacles, and determine steps to overcome them in order to further implementation of the USMCA;
 - Provide input and expertise regarding the private sector’s compliance efforts under the USMCA.
 - Provide best practices for engagement and training with the private sector on trade agreements.