

# Commercial Customs Operations Advisory Committee (COAC) Government Issue Paper: United States – Mexico – Canada Agreement

July 2020



U.S. Customs and  
Border Protection



Customs Commercial Operations Advisory Committee (COAC)

United States – Mexico – Canada Agreement

July 15, 2020

**Action Required:** Informational

**Background:**

- The U.S. – Mexico – Canada Agreement (USMCA) is a trade agreement between the named partner countries. USMCA will replace the North American Free Trade Agreement (NAFTA).
- The USMCA preserves the twenty-five-year old NAFTA's trilateral trade pact and provides updates to reflect developments in technology and trade practices, and adds new criteria to certain commodities, including automotive imports.
- CBP is engaging the trade by providing compliance guidance to the private sector. We have conducted over 35 briefings to trade associations, industry groups, and other private sector stakeholders. We have conducted two trade calls with over 2,050 participants.

**Issue:**

- The USMCA entered into force on **July 1, 2020**. For merchandise entered into commerce on or before June 30, 2020, NAFTA rules continued to apply.

**Current Status:**

CBP has taken the following steps to prepare our stakeholders for implementation:

- In March 2020, we launched a USMCA COAC Working Group to seek the private sector's guidance and recommendations on USMCA implementation.
- CBP's USMCA Center is available to the trade community and continues to serve as the central focal point for the trade and our other partnering government agencies for questions and concerns related to the USMCA.
- We have created a CBP Implementation Working Group to coordinate and track the various pillars of effort with respect to USMCA, including regulation drafting, auto rules of origin, international engagement, and outreach/training for CBP personnel and the trade.
- We have leveraged subject matter experts from our various offices, including Regulations and Rulings, Office of Chief Counsel, Office of Field Operations, and Office of Trade Relations, to support both internal operations and the trade community.
- The USMCA Center has provided training and guidance materials to CBP personnel who administer/enforce trade agreements.
- A USMCA "War Room" was launched by CBP's Trade Transformation Office on June 24 – July 8, 2020 to address immediate automation challenges upon implementation.

**Next Steps:**

CBP will continue the rollout of compliance guidance for the trade community, to include:

- Webinars coordinated in partnership with trade associations
- Information to be posted to CBP.gov website
- Leveraging existing communication avenues, including the CBP Information Center, the USMCA Center, the Centers of Excellence and Expertise (CEEs), the Cargo System Messaging Service (CSMS), and Office of Trade's own webpages

USMCA features new rules of origin for autos, which include a phase-in of higher regional value content (RVC) requirements, as well as wage requirements for producers of autos and the components used in them. To address these changes:

- Regulatory Audit and Agency Advisory Services (RAAAS) will have a critical role in verifying USMCA claims on autos, as it did under NAFTA.
- CBP is working with the U.S. Department of Labor (which will be responsible for the wage verifications) to determine how wage verifications will be performed, and to ensure Labor has access to the necessary data. CBP is also preparing to bring Labor into the Border Interagency Executive Council and negotiate a memorandum of understanding (MOU) following passage of USMCA.

On June 16, 2020, CBP published the updated Interim Implementing Instructions on the Agreement. These implementing instructions were updated to accommodate the uniform regulations (published on June 3, 2020). The implementing instructions will be updated again to accommodate the currently-pending General Note 11 from the U.S. International Trade Commission.

In the implementing instructions, the compliance period of relaxed enforcement is referenced. CBP will show restraint in enforcement in the first six-months after entry into force July 1 – (December 31, 2020) with a focus on compliance guidance in order to provide the trade community sufficient time to adjust to the requirements. Importers claiming USMCA preferential treatment will still be required to meet all their obligations during this six-month period, including exercising reasonable care and record-keeping requirements.