USMCA Implementation Webinars

Overview of USMCA

June 2020

Disclaimer: This presentation is final as of June 12, 2020. More recent guidance will not be reflected, but further iterations of this overview presentation may be provided. CBP Publication Number 1121-0620
USMCA Points of Contact

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Topics Covered

- The USMCA Center
- USMCA Resources
- Introduction to USMCA
- Entry Procedures
- Rules of Origin
- Certification Requirements
- Verifications and Determinations
- Textiles and Apparel Good
- Automotive Goods
The USMCA Center

Presented by:
Adam Sulewski, USMCA Center Lead
The USMCA Center will coordinate CBP’s implementation and enforcement of the USMCA to ensure a smooth transition with consistent and comprehensive guidance to our internal and external stakeholders.

- Housed within CBP Office of Trade (OT) and includes SMEs from across CBP’s HQ offices and Centers of Excellence and Expertise
- Launched in March 2020 and will operate for three to five years
- Coordinates, tracks, and promotes implementation efforts
- Supports the policy-focused USMCA efforts of CBP OT, Textiles and Trade Agreements Division (TTAD)

Core Responsibilities

**Coordination**
Ensure smooth implementation of USMCA by leading international, inter-agency, and inter-office coordination, such as managing the CBP Implementation Working Group

**Communication**
Lead USMCA-related communication efforts for all stakeholders across various platforms, including informational briefings and factsheets, in coordination with other CBP offices

**Regulations / Policy**
Support and monitor the development of all USMCA-related legal and regulatory documents, including uniform, interim, and domestic regulations, and MOUs
USMCA Resources

Presented by:
Maryalice Nowak, USMCA Center
Overview

The USMCA Center seeks to provide informational resources, briefings, and outreach to the Trade community on USMCA implementation.

All 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” at 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 Resources

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 1st Year After EIF

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 initially released **USMCA Interim Implementing Instructions** on April 20, 2020 to support trade implementation preparations
  - Contains contributions from the U.S. Dept. of Labor, Wage and Hour Division, regarding Labor Value Content
  - Updated on June 16, 2020 to reflect the negotiated Uniform Regulations and will be updated to reflect contents of the pending GN 11
  - Final Implementing Instructions will be available no later than **July 1, 2020**
USMCA Resources

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
USMCA Resources

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 resolves inquiries
- Information is continuously updated
USMCA Resources

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).

- 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).
USMCA Resources

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 Information Center

- CBP Call Center – (877) 227-5511

Social Media

- Facebook
- Instagram (CBPGov)
- Twitter (@CBPTradeGov)
- YouTube
Additional U.S. Government Resources

- **Harmonized Tariff Schedule of the United States** (hts.usitc.gov)
- **U.S. Trade Representative** (www.USTR.gov)
- **Federal Register Notices** (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**
Introduction to USMCA

Presented by:
Brandon Morris, USMCA Center
The North American Free Trade Agreement (NAFTA) is an international agreement signed by the governments of Canada, Mexico, and the United States to **eliminate all tariff and non-tariff trade and investment barriers** between the countries.

**NAFTA entered into force on January 1, 1994**

NAFTA featured chapters that introduced novel considerations for North American trade. The highlight provisions indicate those that are **within customs scope***:

- National Treatment & Market Access
- Rules of Origin (RoO)
- Origin & Procedures
- Customs Facilitation
- Textiles  
  - Agriculture and Sanitary and Phytosanitary Measures
  - Government Procurement
  - Investment
  - Trade in Services
- Financial Services
- Intellectual Property Rights (IPR)
- Dispute Settlement Procedures

*Only provisions within customs scope (highlighted) will be addressed in this webinar*
USMCA Overview

The United States-Mexico-Canada Agreement (USMCA) is a trade agreement between the named partner countries that replaces the NAFTA upon entry-into-force (EIF)

- USMCA is referred to differently in Canada and Mexico
  - Canada Title - “Canada-United States-Mexico Agreement (CUSMA)”
  - Mexico Title - “Tratado entre México, Estados Unidos y Canadá (T-MEC)”

- Modernizes the 25-year old NAFTA trilateral trade pact for the 21st century:
  - Reflects developments in technology and trade practices; and
  - Adding new criteria to certain commodities, including automotive goods

- The USMCA will not change the zeroed-out tariffs on most manufacturing and agricultural goods

- USMCA will enter into force on July 1, 2020
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 United States, Mexico, and Canada 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 U.S. Government Partners, Canada and Mexico, and the trade community to ensure a comprehensive and smooth implementation from NAFTA to USMCA.
General Information and Dates

<table>
<thead>
<tr>
<th>Provision</th>
<th>USMCA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GENERAL INFORMATION</strong></td>
<td></td>
</tr>
<tr>
<td>Agreement Name</td>
<td>United States – Mexico – Canada Agreement</td>
</tr>
<tr>
<td>Implementation Date</td>
<td>July 1, 2020</td>
</tr>
<tr>
<td>Expiration</td>
<td>Includes sunset provision – renewal consideration required every six (6) years, with a 16-year sunset clause</td>
</tr>
<tr>
<td>Merchandise Processing Fee (MPF)</td>
<td>Originating goods and tariff preference level (TPL) goods are exempt if the claim for preferential tariff treatment is made at the time of entry</td>
</tr>
<tr>
<td>Post-Importation Preference Claim</td>
<td><strong>USMCA allows post-importation preference claim</strong> to request a refund of excess duties within one year of importation in accordance with 19 USC 1520(d). <strong>However, MPF paid on entries are not refunded</strong></td>
</tr>
</tbody>
</table>

**CITATIONS**

| HTS General Note (GN)                    | While not yet published, the applicable General Note will be General Note 11 (GN 11) |
| CFR                                      | The USC citation is to be determined, but USMCA will be reflected in 19 CFR182 |
| Special Program Indicator                | 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) |

*We will be sure to update the trade industry on any additional information, once available*
Entry Procedures

Presented by:
Margaret Gray, Chief, TAB
CBP OT TTAD

For more detailed information, please refer to the “Entry Procedures” supplemental presentation
Overview

New to USMCA: Filers will use the Special Program Indicator (SPI) “S” to claim preferential tariff treatment, which will be reflected in the “Special” column of the HTSUS (A SPI “S+” for agricultural goods will also be available).

NAFTA vs. USMCA: For most entry types, CBP will refer to the date of entry or withdrawal for consumption 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 the supplementary “Entry Procedures” presentation:

- **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
Other Entry Considerations

Additional USMCA considerations related to entry procedures include:

- MPF Exemptions
- Country of Origin Marking
- Post-Importation Claims

These additional considerations related to entry procedures are explored in more detail in the supplemental “Entry Procedures” presentation.
Rules of Origin

Presented by:
Margaret Gray, Chief, TAB
CBP OT TTAD

For more detailed information, please refer to the “Rules of Origin” supplemental presentation
An originating good is one that meets the rules of origin (RoO) guidelines set forth in General Note 11 (GN 11) and all other requirements of the agreement.

The HTSUS will be amended to include GN 11, which includes both general and product-specific RoO, definitions, and related provisions for determining origination. Section 202 of the Agreement also specifies the RoO guidelines.

NAFTA featured six (6) criteria while USMCA has four (4) – in general, a good is originating when one of the following criteria applies:

- **A. Wholly obtained or produced entirely in territory of 1+ Parties**, as defined in Article 4.3
- **B. Produced entirely in the territory of 1+ Parties** using non-originating materials, provided good satisfies product-specific RoO
- **C. Produced entirely in the territory of 1+ Parties**, exclusively from originating materials
- **D. Produced entirely; classified with its materials or satisfies “unassembled goods”; and meets RVC thresholds**
  
  *Exception:* Chapter 61 to 63

and the good satisfies all other applicable origin requirements.
Regional Value Content (RVC) Calculations

How is Regional Value Content (RVC) Determined?

There are two methods by which RVC can be calculated:

- **Transaction Value Method**
  - **Threshold:** Not Less Than 60%

- **Net Cost Method**
  - **Threshold:** Not Less Than 50%

Both methods and the standard thresholds for RVC are unchanged from NAFTA.

Transaction value is the more common method – net cost is used when:
- No transaction value
- “Intermediate materials”
- “Accumulated” RVC

Product-specific RVC thresholds can be found in Chapter 4, Annex 4-B of the Agreement.
Other Rules of Origin Considerations

Additional USMCA provisions related to rules of origin include:

Increase in *De Minimis* Thresholds (Non-Textiles)

Treatment of Sets

*Pumpkin Carving Kit*

Transit and Transshipment (Imported Directly)

These additional provisions related to entry procedures are explored in more detail in the *supplemental “Rules of Origin” presentation*.
Certification Requirements

Presented by:
Margaret Gray, Chief, TAB
CBP OT TTAD

For more detailed information, please refer to the “Certification Procedures and Requirements” supplemental presentation
Certification of Origin

Similar to NAFTA, a USMCA claim must be based on a **certification of origin** for the purposes of certifying that a good qualifies as an originating good.

This certification of origin can be completed by the **importer, exporter, or producer**, but the importer is responsible for **exercising reasonable care and accuracy** in submitting the certification of origin.

**HOWEVER**, USMCA requirements differ in that USMCA **does not require a formal Certificate of Origin (CO)**, or CBP Form 434, but **nine (9) mandatory data elements** (as referenced in Annex 5-A)

In fact, NAFTA COs **will not be accepted** as a valid USMCA certification of origin – an importer can translate the applicable NAFTA CO data elements and submit them in a different format.

A suggested USMCA certification of origin template will be made available on CBP.gov [here](#).
Recordkeeping Requirements

In general, USMCA recordkeeping requirements are the same as in NAFTA.

An importer must maintain records and documentation related to the following areas and render them available upon request for a period no less than five (5) years from date of entry:

- **Importation** (i.e. Certificate of Origin, Entry Docs)
- **Origin of Good** (i.e. Certification of Origin)
- **Compliance** (Transit and Transshipment)

Below are the key changes from NAFTA:

- Recordkeeping documents can be maintained in any format, including electronic, provided that they can be readily available upon request.
- Requirements apply even if the importing Party does not require a certification of origin or if the requirement is waived.
- Vehicles producers must keep records related to labor value content and steel and aluminum requirements for five (5) years.
Verifications and Determinations

Presented by:
Jackie Sprungle, Chief, Enforcement
CBP OT TTAD

For more detailed information, please refer to the “Verifications and Determinations” supplemental presentation
CBP may conduct a verification to determine if a good qualifies as originating by one or more of the following activities:

- Written Request or Questionnaire *(i.e. CBP Form 28)*
- Verification Visit *To Exporter or Producer Premises*
- Verification Visit *Textile Procedures Article 6.6*
- Any Other Procedure *Decided by Parties*

For verifications, importers **must be prepared to substantiate their claims**
Specific to written verification requests, USMCA has a **similar process as NAFTA**.

- **Request Certification**
  - **NAFTA**
    - CBPF 28 from Importer
  - **USMCA**
    - CBPF 28 from Importer

- **Request Supporting Documents**
  - **NAFTA**
    - CBPF 28 from Exporter or Producer
  - **USMCA**
    - CBPF 28

- **Issue Determination Taken**
  - **NAFTA**
    - If Positive: CBPF 29
    - If Negative: CBPF 29
  - **USMCA**
    - If Positive: CBPF 29
    - If Negative: CBPF 29

For USMCA, in the case of a negative determination, CBP will issue a CBP Form 29, Proposed, to the importer. If the importer is not the certifier, CBP will also send a proposed notice to the exporter or producer, as appropriate, whichever entity was the certifier.
# Determinations and Notifications

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Form</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>If importer provides sufficient information</td>
<td>CBP Form 29</td>
<td>▪ Indicates positive determination</td>
</tr>
<tr>
<td></td>
<td>“Notice of Action – Taken”</td>
<td></td>
</tr>
<tr>
<td>If importer DOES NOT substantiate claim</td>
<td>CBP Form 29</td>
<td>▪ Recipients have <strong>30 days</strong> to submit additional information to</td>
</tr>
<tr>
<td></td>
<td>“Notice of Action – Proposed”</td>
<td>substantiate claim</td>
</tr>
<tr>
<td>If no additional information provided OR</td>
<td>CBP Form 29</td>
<td>▪ Indicates negative determination</td>
</tr>
<tr>
<td>additional information DOES NOT substantiate</td>
<td></td>
<td>▪ Deny preference claim</td>
</tr>
<tr>
<td>claim</td>
<td>“Action Taken”</td>
<td></td>
</tr>
<tr>
<td>If additional information substantiates claim</td>
<td>CBP Form 29</td>
<td>▪ Indicates positive determination</td>
</tr>
<tr>
<td></td>
<td>“Action Taken”</td>
<td></td>
</tr>
</tbody>
</table>

*For each scenario, CBP must also –*

- Notify importer and certifier, if not the importer, of the determination  
- Include HTS number, a description of the good, and applicable RoO
Additional USMCA provisions related to verification and determinations include:

- **Blanket Certifications**

- **Pattern of Conduct**

- **Protest and Appeal**

These additional provisions are explored in more detail in the supplemental “Verification and Determination” presentation.
Textiles

Presented by:
Imani Midgette, International Trade Analyst, Textiles Policy, CBP OT TTAD

For more detailed information, please refer to the “Textiles” supplemental presentation
Overall, USMCA features the following changes from NAFTA:

- Allows fabrics used for visible linings in certain apparel to be sourced from outside the USMCA Parties
- Increases the *de minimis allowance* for non-originating inputs from 7% to 10%
- Added a provision for treatment of sets
- Requires secondary components (sewing thread, pocketing fabric, narrow elastic bands, and coated fabric) used in the production of apparel be sourced within the region
- Allows rayon fiber and rayon filament (other than lyocell or acetate) to be of any origin when used in a good classified in Chapter 50 through 63 or heading 9619
- Reduces some Trade Preference Levels (TPL) for US imports from Canada and Mexico while substantially increasing TPLs for US exports to Canada or apparel and other finished textile goods
- Establishes a Textiles chapter for North American trade, including textile-specific verification and customs cooperation provisions
Eligibility

Textile and apparel products may qualify as originating under USMCA if they meet the requirements specified in the Agreement.

In general, USMCA textile and apparel rules of origin (RoO) follow the yarn-forward* concept, which requires that the formation of yarn, weaving or knitting of fabric, and cutting and sewing of a garment occurs in one or more of the Parties.

Below are the RoO concepts and processes for basic textile products:

**Yarn**

- **Fiber-Forward RoO**
  - Fiber must originate in U.S., Mexico, or Canada
  - Yarn must be spun/extruded and finished in 1+ Parties to qualify

- **Yarn-Forward RoO**
  - Fiber may be of any origin
  - Yarn must be spun/extruded, finished and the fabric woven in 1+ Parties to qualify

**Woven Fabric**

- **Fiber-Forward RoO**
  - Fiber must originate in U.S., Mexico, or Canada
  - Yarn must be spun/extruded, finished and the fabric knitted in 1+ Parties to qualify

**Knit Fabric**

- **Fiber-Forward RoO**
  - Fiber must originate in U.S., Mexico, or Canada
  - Yarn must be spun/extruded, finished and the fabric knitted in 1+ Parties to qualify

*With exceptions*
Exceptions for Textiles / Apparel RoO

There are four exceptions to the yarn-forward rule of origin to govern textile and apparel goods – each will be described in subsequent slides:

1. **Cut-and-Sew (Single Transformation) Provision**
2. **U.S. / Mexico Assembly Provision**
3. **Short Supply Provision**
4. **Tariff Preference Levels (TPL)**
Additional USMCA provisions related to textiles and apparel goods include:

- Increase in *De Minimis* Thresholds
- Treatment of Sets
- Additional Provisions: Secondary Components
  - Visible Linings
  - Narrow Elastic Fabric
  - Pocket Bag Fabric
  - Sewing Thread
  - Coated Fabric
  - Rayon Fabric and Rayon Filament

These additional provisions related to textiles are explored in more detail in the *supplemental “Textiles” presentation*.
Automotive Goods

Presented by:
Adam Sulewski, USMCA Center Lead
Maryalice Nowak, USMCA Center

For more detailed information, please refer to the “Automotive Goods” supplemental presentation
Overview

NAFTA

- Regional Value Content (RVC) Threshold of **62.5%**
- Tracing List and “Deemed Originating”
- **NO** Steel and Aluminum Procurement
- **NO** Labor Value Content (LVC)

USMCA

- RVC Threshold of **75%**
- **NO** tracing list or “deemed originating”
- **NEW** Steel and Aluminum Procurement Requirement (70%)
- **NEW** Labor Value Content (LVC) Requirements – Requires Collaboration with Dept. of Labor
- Alternative Staging Option (Five Years) – Managed by USTR
USMCA introduces **four (4) new provisions related to automotive goods:**

### Passenger Vehicle & Light Trucks Rules of Origin

1. **Regional Value Content**
   - 75%

2. **Steel Content**
   - 70%

3. **Aluminum Content**
   - 70%

4. **Labor Value Content**
   - 40% for Passenger Vehicles
   - 45% for Trucks

- At least 25% (30% for trucks) of high wage materials and manufacturing costs
- No more than 10% from R&D and IT
- No more than 5% credit for engine, transmission, or advanced battery assembly

Each new provision is explored in greater detail in the **supplemental “Automotive Goods” presentation**.
The increased Regional Value Content (RVC) percentages will be phased in over a period of either **3 years** or **7 years**, depending on the type of vehicle.

While RVC for complete vehicles must use the **net cost method**, RVC calculations for certain specified parts can use either the **net cost or transaction value method**.

Please see below for specific phased requirements –

<table>
<thead>
<tr>
<th>Type</th>
<th>New RVC Requirement</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Vehicles &amp; Light Trucks</td>
<td>75% by net cost over 3 years</td>
<td>Article 3 of the Automotive Appendix (Appendix to Annex 4-B)</td>
</tr>
<tr>
<td>Heavy Trucks</td>
<td>70% by net cost over 7 years</td>
<td>Article 4 of the Automotive Appendix</td>
</tr>
<tr>
<td>Other Specific Vehicles</td>
<td>62.5% by net cost immediately upon EIF</td>
<td>Article 10 of the Automotive Annex</td>
</tr>
</tbody>
</table>
Steel and Aluminum Requirements

<table>
<thead>
<tr>
<th>Passenger Vehicles (PV)</th>
<th>Light Trucks (LT) or Heavy Trucks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Steel is</td>
<td><strong>2</strong> Aluminum is</td>
</tr>
<tr>
<td>at least 70% originating goods</td>
<td>at least 70% originating goods</td>
</tr>
</tbody>
</table>

These purchases do not need to contribute directly to vehicle production and is *not a transactional requirement* – rather, it is a general requirement on the vehicle producer itself.

Verifications will require close collaboration with CBP OT Regulatory Audit and Agency Advisory Services (RAAAS)
Automotive goods are originating only if the vehicle producer certifies that its production meets the below LVC requirements:

**Passenger Vehicle (PV)**

- **30%**
  - Upon EIF

- **40%**
  - By 2023

Consisting of:

- **At least 15%** of high-wage material and manufacturing expenditures upon EIF – increases to **25% by 2023**
- **No more than 10%** of high-wage technology expenditures
- **No more than 5%** of high-wage assembly expenditures

**Light Truck (LT) or Heavy Truck**

- **45%**
  - Upon EIF

Consisting of:

- **At least 30%** of high-wage material and manufacturing expenditures
- **No more than 10%** of high-wage technology expenditures
- **No more than 5%** of high-wage assembly expenditures
Below is an example of a passed certification or positive determination:

**Personal Vehicle A**

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>High wage manufacturing (sum total of annual value of parts/materials procured from facilities with a production wage rate $16/hrly (divided by net cost of vehicle))</td>
<td>25% / 30%</td>
</tr>
<tr>
<td>High Wage Technology</td>
<td>Up to 10%</td>
</tr>
<tr>
<td>High Wage Assembly</td>
<td>Up to 5%</td>
</tr>
</tbody>
</table>

**Passes 40% / 45%**

CBP allows preferential treatment under USMCA and issues Form 29 (Accepting Preferential Treatment Claim)
Below is an example of a failed certification or negative determination:

**Personal Vehicle B**

<table>
<thead>
<tr>
<th>Scenario 1 – CBP Determination</th>
<th>Scenario 2 – DOL Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual value of parts/materials is less than claimed AND/OR the net cost of vehicle is more than claimed, bringing overall high wage manufacturing calculation &lt; 25%/30%</td>
<td>High wage facility found ineligible due to insufficient wages, bringing overall high wage manufacturing calculation to &lt; 25%/30%</td>
</tr>
</tbody>
</table>

| High wage manufacturing (sum total of annual value of parts/materials procured from facilities with a production wage rate <$16 hrly (divided by net cost of vehicle)) | <25% / <30% |
| High Wage Technology | Up to 10% |
| High Wage Assembly | Up to 5% |
USMCA Alternative Staging Regime

The U.S. Trade Representative (USTR) is developing an alternative staging regime for automobiles that would permit vehicle producers to apply for a longer period of transition for compliance (five years vs. three from EIF).

Vehicle producers must submit a petition to USTR to request alternative staging by no later than (NLT) 7/1/2020 (USMCA EIF).

Eligibility: Importer intends to make a claim for preferential tariff treatment and the producer determines that it will be unable or unlikely to be able to meet auto RoO requirements.

- Approved companies will be posted on a public list and adhere to different rules, such as lower threshold for benefits.
- Producers can still make claims under the standard staging regime if it determines it no longer requires alternative staging regime.
- Alternative staging regimes do not replace any other RoO provisions of general applicability for these goods to make a claim under USMCA.

Relevant Resources

USMCA Automotive Appendix
USTR FRN 2020-08405 (April 21, 2020) on Alternative Staging Regime
Thank You!

CBP Publication Number 1121-0620