

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

April 2020



U.S. Customs and  
Border Protection



Customs Commercial Operations Advisory Committee (COAC)

United States – Mexico Canada Agreement

April 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, provides updates to reflect developments in technology and trade practices, and adds new origin criteria for certain commodities, including automotive goods.
- USMCA has been passed by all three partner countries' national legislatures (Mexico in December 2019, the United States in January 2020, and Canada in March 2020).

**Issue:**

The U.S. Trade Representative is currently working with its equivalent partners in Ottawa and Mexico City to determine an entry-into-force date. CBP is coordinating with our U.S. Government and international partners in preparation for implementation.

**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.
- We have also launched a USMCA Center, which will coordinate CBP's implementation of the Agreement. The Center is staffed by both OT personnel and detailees and liaisons from other CBP offices. This group will ensure that all the moving parts are coordinated and communicated, both internally and to our interagency and private sector partners.
- 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.

NAFTA rules and procedures will remain in effect until USMCA enters into force.

**Next Steps:**

CBP will ensure a well-coordinated rollout of compliance guidance and training opportunities for both our employees and the trade community, to include:

- Virtual training sessions for the Import Specialists in the Centers of Excellence and Expertise (CEEs)
- A virtual USMCA trainer program to create liaisons with the CEEs and ports
- Compliance guidance for the private sector, including:

- webinars coordinated in partnership with trade associations
- information to be posted to our website
- leverage of our existing equities, including the CBP Information Center, the USMCA Coordination Center, the CEEs, the Cargo System Messaging Service, 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 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 an MOU following passage of USMCA.

CBP will update the Automated Commercial Environment (ACE) for USMCA. New Special Program Indicators (SPIs) need to be developed for USMCA claims, as NAFTA will still be in effect for goods entered prior to USMCA's date of entry into force.

*Drafted by: USMCA Center*

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