

**Commercial Customs Operations Advisory Committee (COAC)
Government Issue Paper:
U.S. – Mexico – Canada Agreement (USMCA) Working Group**

March 2022



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

U.S. – MEXICO – CANADA AGREEMENT (USMCA) Working Group

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Action Required: Informational

Background:

- The U.S.–Mexico–Canada Agreement (USMCA) entered into force on July 1, 2020, replacing the North American Free Trade Agreement (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 unique criteria for Automotive RoO.
- The USMCA contains 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.
- 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. As a part of this effort, CBP launched a Commercial Operations Advisory Committee (COAC) USMCA Working Group (USMCA WG) to receive recommendations and concerns from the private sector.

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 stakeholder 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 merchandise processing fee, treatment of foreign trade zones, and clarification on treatment of used automotive goods).
 - More than fifty (50) USMCA Fact Sheets and Free Trade Agreement Side-by-Sides that highlight key provision updates and comparison of NAFTA and USMCA.
 - A CBP.gov USMCA Webpage, a Frequently Asked Questions webpage, informational videos, a ChatBot Search Engine, and the USMCA inbox (USMCA@CBP.DHS.gov).
- CBP has pursued a robust engagement schedule with the private sector on the USMCA, holding approximately 81 trade association briefings and educating more than 8,000 attendees.
- Regulations were published on July 1, 2020 and July 6, 2021. A final set of regulations remain 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 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 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 to further the implementation of the USMCA;
 - Create public-private partnership ideas to help further support key customs-related provisions in Chapter 7 of the USMCA; and
 - Provide input and expertise regarding the private sector's compliance efforts under the USMCA.

Submitted by: Queena Fan, Director, USMCA Center

Date: 11 March 2022