

# USMCA: highlights

## International Trade and Customs



### Entry into force

- Once the Canadian government ratifies the agreement, the three countries shall notify in writing, having finished their internal procedures
- The entry into force of the agreement shall be the first day of the third month following the last notification



### Expiration and revisions

- The USMCA shall expire **16 years** after its entry into force; however, it could be renewed for an equal period of time
- There shall be a **joint review** no later than six years after its entry into force

## New provisions regarding origin

### Certification of origin



- The form for the certificate of origin is eliminated
- The certification of origin can be declared by the exporter, producer or importer (Mexico: transition period of 3.5 years) in a commercial document, by complying with certain minimum data elements

### De minimis

Goods shall qualify as originating if the value of all non-originating materials used in production, that do not undergo a change in tariff classification, is not more than **10%** of the transaction value or total cost of the goods (NAFTA 7%).

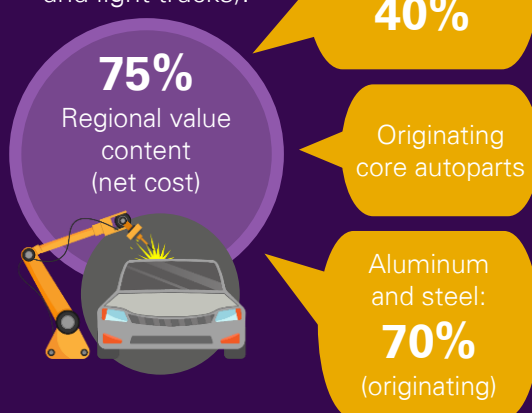
### Sets of goods and kits

A set or kit is originating if the value of all the non-originating goods in the set does not exceed 10% of the total value.

### Remanufactured goods

A recovered material shall be treated as originating when used in a remanufactured good.

### Automotive industry (passenger vehicles and light trucks):



### Autoparts

(passenger vehicles and light trucks):

<b>75%</b>	<b>Core parts</b> (15 parts): drive axles, bodies for motor vehicles, engines, steering and suspension systems, chassis with engine, lithium batteries, among others.
<b>70%</b>	<b>Principal parts</b> (43 parts): brake system, air conditioning and cooling engine, exhaust, tires and wheels, seats and their parts, bumpers, fuel systems, among others.
<b>65%</b>	<b>Complementary parts</b> (28 parts): audio equipment, pipes, catalytic converters, locks, lighting, valves, locks, among others.



### Textile industry

- TPs remain (certificates of eligibility) for clothes, fabrics and threads
- Stricter origin verifications
- Additional requirements: sewing thread, fabric for pockets and elastics must be originating



### Chemical industry

- Greater flexibility and clarity in the applicable rules of origin
- Alternative rules were incorporated, related to compliance with certain chemical processes, such as: chemical reactions, purification, mixing, among others

## Other key topics



### Sectoral annexes (Chapter 12)

- Specific provisions (regulations, procedures, measures, labeling requirements, among others) are established regarding chemical substances, cosmetic products, information and communication technology, energy performance standards, medical devices and pharmaceuticals



### Digital trade (Chapter 19)

- A digital trade chapter is added
- The parties shall not impose customs duties to digital products
- The parties are to look for methods to protect consumers and their privacy, as well as to cooperate in key aspects of cybersecurity



### Amendment protocol

- Panels on labor, environment and dispute resolutions are established, as well as a rapid response labor panel
- Multilateral environmental agreements
- A transition period of 7 years is established regarding provisions on steel and 10 years for aluminum, applicable to the automotive industry



## Contact KPMG in Mexico

T +52 (55) 5246 8300  
E [asesoria@kpmg.com.mx](mailto:asesoria@kpmg.com.mx)