



# FedEx Regulatory Alerts & Updates

## Regulatory Alert: Canada - The New NAFTA – CUSMA/USMCA/T-MEC

June 15, 2020

On November 30, 2018, Canada, the United States, and Mexico signed the new Canada-United States-Mexico Agreement (CUSMA) / United States-Mexico-Canada Agreement (USMCA) / Tratado entre México, Estados Unidos y Canadá (T-MEC). This agreement will modernize the North American Free Trade Agreement (NAFTA) by addressing current trade challenges in key industries, such as agriculture and automotive and making improvements to better facilitate the free flow of goods between all three countries. Tariff-free access to markets will continue and provisions have been included for important issues like intellectual property, labor standards, gender equality, and indigenous peoples' rights.

All three countries have now submitted formal notification of their ratification and the new agreement will replace the current NAFTA and come into force on July 1, 2020.

### New Proof of Origin Requirements

In order to claim the preferential tariff treatment for each country under CUSMA/USMCA/T-MEC, a set of data elements referred to as a 'certification of origin' must be provided by the exporter, producer or importer of the goods by adding the information to any document (e.g., commercial invoice) accompanying the shipment, or if preferred, by providing it on a separate document. In addition, the imported goods must originate and be exported from a CUSMA/USMCA/T-MEC country.

The 'Certification of Origin' can be completed in English, French, or Spanish and need not follow a prescribed format; however, the following minimum data elements must be included:

1. Indicate the certifier (importer, exporter or producer)
2. Name, address (including country) and contact information of the certifier
3. Name, address and contact information of the exporter (if different from the certifier)
4. Name, address and contact information of the producer (if different from the certifier, or exporter)
5. Name, address and contact information of the importer
6. Description and HS Tariff Classification (6-digit level) for the goods (include invoice# if known)
7. Origin criterion for the goods, as set out in Article 4.2: Originating Goods of the [CUSMA Rules of Origin](#)
8. Blanket period for multiple shipments of identical goods (date range up to 1 calendar year)
9. Authorized signature and date

The certification\* will need to be signed and dated by the certifier and accompanied by the following statement:

“I certify that the goods described in this document qualify as originating and the information contained in this document is true and accurate. I assume responsibility for proving such representations and agree to maintain and present upon request or to make available during a verification visit, documentation necessary to support this certification.”

In lieu of the new Certification of Origin, FedEx will accept the following low-value certifying statement for commercial shipments valued below CAD\$3300 (\*\*see chart below).

“I hereby certify that the goods covered by this shipment qualifies as an originating good for the purposes of preferential treatment under USMCA/T-MEC/CUMSA.”

<b>Highlights of the Changes</b>	<u>CA Imports</u>	<u>US Imports</u>	<u>MX Imports<sup>1</sup></u>
<b>CUSMA/USMCA/T-MEC Certification of Origin</b>	Will replace the current NAFTA 'Certificate of Origin' proof of origin requirement.		
<b>NAFTA Preferential Tariff Treatments (TT 10,11, and 12)</b>	Will remain the same for the United States Tariff (UST – TT code 10) and the Mexico Tariff (MXT – TT code 11) but the Mexico-United States Tariff (MUST – TT code 12) will be repealed.	U.S. Customs and Border Protection (CBP) is in the process of updating its regulations to support the new USMCA requirements and the current preferential tariff treatments for the vast majority of goods are not expected to change.	Regulations pending confirmation by Mexico government.
<b>*Increased <i>De Minimis</i> (the monetary value below which qualifying shipments are free from duties, taxes, or formal customs import procedures)</b>	Shipments with a value below the <i>de minimis</i> threshold are exempt from providing a certification of origin. The current value threshold of CAD\$20 will increase for express courier shipments (postal shipments not included) imported directly from a CUSMA/USMCA/T-MEC country, regardless of the country of origin, as follows:  - Goods valued at CAD\$40 or less will not be charged duties and taxes.  - Goods valued from CAD\$40 to CAD\$150 will not be charged duty but are subject to applicable Federal and Provincial taxes.	The U.S. <i>de minimis</i> threshold remains the same at USD\$800.	The current value threshold for the tax rate of USD\$50 will remain the same for express and postal shipments imported directly from any country, regardless of the country of origin, as follows:  - Goods valued at USD\$50 or less will not be charged duties or taxes.  - Goods valued at USD\$51 to \$117 will be charged taxes only.

<b>**Proof of Origin - Commercial Goods</b>	Shipments with a value less than CAD\$3300 will be exempt from providing a certification of origin, however, a statement certifying that the imported goods originate from a CUSMA/USMCA/T-MEC country, will be required.	The Certification of Origin is not expected to be required for shipments valued at less than USD\$2500 however, a low-value CUSMA/USMCA/T-MEC statement will be required. FedEx will require a Certification of Origin, regardless of the shipment value, for goods that require formal entries for clearance (e.g., subject to quota limitations or anti-dumping and countervailing duties).	The Certification of Origin for shipments valued at less than USD\$1000 will not be required; however, a low-value CUSMA/USMCA/T-MEC statement may be required.
<b>Proof of Origin - Casual goods (other than for sale or for commercial use)</b>	A certification of origin is not required, however, the country of origin for these imports must be from a CUSMA/USMCA/T-MEC country and clearly marked on any accompanying supporting documents (e.g., Commercial Invoice and/or Air waybill) to benefit from the preferential tariff treatment.	Same as 'Commercial Goods'. Proof of Origin requirements are generally based on value thresholds and not the 'end-use'/purpose of the imported goods.	In principle, same as 'Commercial Goods'. Proof of origin requirements will be based on value thresholds and not the end-use/purpose of the imported goods.
<b>Low Value Shipment (LVS) Value Threshold</b>	Shipments imported with a value below the LVS threshold (containing goods that are not regulated, controlled or prohibited) do not require formal entries to be submitted for customs clearance. The LVS threshold will increase from CAD\$2,500 to CAD\$3,300 for all imports, regardless of origin.	The current USD\$2,500 formal value threshold is expected to remain the same and shipments (containing goods that are not regulated, controlled or prohibited) valued below the threshold, will not require formal entries to be submitted for customs clearance.	The current threshold for express consignments is USD\$1,000. A separate method exists for personal/individual imports with a threshold of USD\$5,000 for an individual who does not have an importer's registry, and no limit for individuals who hold a valid importer's registry.
<b>New Tariff Rate Quotas (TRQs)</b>	Will be phased in over an agreed upon period of years to increase market access to <a href="#">specified agricultural products</a> such as dairy, poultry and eggs.	The U.S. will provide reciprocal access on a tonne-for-tonne basis for imports of specified Canadian dairy products through first-come, first-served TRQs.	A phased-in approach will be introduced over a period of years to modify market access on commodities such as automobiles, steel and aluminum.

<b>Automotive Industry – New country of origin rules and labour provisions for manufacturing</b>	These include, but are not limited to, the following: <ul style="list-style-type: none"> <li>- Introduction of a Labor Value Content (LVC) requirement where a certain percentage of a car producer’s activities must be carried out by workers earning an average wage of at least US\$16/hour.</li> <li>- At least 70% of steel and aluminum purchases made by vehicle producers must originate from North America.</li> <li>- 70% of all steel manufacturing processes must take place in a CUSMA/USMCA/T-MEC county, with the exception of metallurgical processes</li> <li>- Higher Regional Value Content (RVC) required for certain automobiles and automobile components; 75% must be from a CUSMA/USMCA/T-MEC country (up from 62.5%).</li> </ul>		
<b>Textile and Apparel Goods - Tariff Preference Levels (TPL)</b>	Commitments previously established under NAFTA have been largely maintained with CUSMA/USMCA/T-MEC. The quota will decrease for wool apparels from the US and will increase for cotton/man-made fiber apparels from the US.	U.S. commitments previously established under NAFTA have been largely maintained with USMCA. There are decreases to quota levels for cotton/man-made apparels and wool from CA, while the quota levels for such imports from MX have stayed the same.	Commitments previously established under NAFTA have been largely maintained with CUSMA. The quota will decrease for fibres not made or obtained in Mexico (e.g., silk).

The uniform regulations are pending final confirmation.

All information is subject to change and updates will be provided as more information becomes available.

### Next Steps for Importing into Canada

1. FedEx strongly recommends that importers/exporters/producers re-evaluate and re-certify their goods to ensure they qualify for preferential treatment under the new agreement (e.g., Rules of Origin).
2. Current NAFTA certificates should be replaced with the equivalent ‘Certifications of Origin’ required under the new CUSMA/USMCA/T-MEC.
3. Current processes will need to be updated to ensure that the new ‘Certification of Origin’ is either referenced on, and/or is provided with, the accompanying shipment documentation
4. Advanced rulings for origin under the new CUSMA/USMCA/T-MEC must be obtained. NAFTA origin advance rulings will not be valid once the new agreement comes into force.

### Additional References:

Canada-United States-Mexico Agreement (CUSMA) Full Text

<https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cusma-aceum/text-texte/toc-tdm.aspx?lang=eng>

Chapter 2 – National Treatment and Market Access for Goods - Tariff Schedule of Canada (Tariff Rate Quotas)

<https://www.international.gc.ca/trade-commerce/assets/pdfs/agreements-accords/cusma-aceum/r-cusma-02.pdf>

CUSMA – Chapter 6

<https://www.international.gc.ca/trade-commerce/assets/pdfs/agreements-accords/cusma-aceum/r-cusma-06.pdf>

USMCA Issue Specific Fact Sheets

<https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/fact-sheets/usmca-issue-specific-fact-sheets>

Summary of Revised Outcomes

[https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cusma-aceum/summary\\_outcomes-resume\\_resultats.aspx?lang=eng](https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cusma-aceum/summary_outcomes-resume_resultats.aspx?lang=eng)

Customs Notice 20-18: Implementation of the Canada-United States-Mexico Agreement (CUSMA) *De Minimis* Thresholds with Respect to Customs Duties and Taxes for Courier Imports

<https://www.cbsa-asfc.gc.ca/publications/cn-ad/cn20-18-eng.html>

Customs Notice 20-15: Increase to the Low Value Shipment (LVS) Threshold and Simplification to the Proof of Origin Requirements for Goods Imported into Canada

<https://www.cbsa-asfc.gc.ca/publications/cn-ad/cn20-15-eng.html>

Customs Notice 20-14: Implementation of the Canada-United States-Mexico Agreement (CUSMA)

<https://www.cbsa-asfc.gc.ca/publications/cn-ad/cn20-14-eng.html>

Customs Notice 20-13: Canada-United States-Mexico Agreement (CUSMA): Amendment to the Definition of “Specially Defined Mixtures” in the Canadian *Customs Tariff*, Chapter 16, Supplementary Note 1.

<https://www.cbsa-asfc.gc.ca/publications/cn-ad/cn20-13-eng.html>