# US-Mexico-Canada Trade Agreement (USMCA)
# DHL Express U.S. Fact Sheet

***Updated July 2, 2020***

The U.S.-Mexico-Canada Agreement (USMCA) has been implemented as of July 1, 2020, creating opportunities for countless businesses that already trade with—or are planning to start trading with—Canada and Mexico.

## Key Highlights of the USMCA

- Streamlines trade between the U.S., Mexico and Canada by adopting new Customs procedures, such as increasing the de minimis shipment value threshold levels for Mexico and Canada, and incorporates e-signatures, self-certification of origin and other measures.
- Maintains the prohibition of export duties and taxes for goods originating in the US-MX-CA region.
- Prohibits Customs duties on digital products, such as software, games, e-books, music videos.
- Includes new rules of origin provisions, which would seek to create more manufacturing in the U.S. and within the US-MX-CA region, including textiles, automobiles and trucks.
- Ensures that data can be transferred across borders, without limits on where the data can be stored or processed.
- Creates broad protections of intellectual property within the US-MX-CA region that includes civil and criminal penalties. The new provisions also include improving cooperation and IPR enforcement at the border.
- Enhances commercial opportunities for SMEs by promoting cooperation between U.S., Mexico and Canada's small business export assistance centers, which would lead to sharing best practices, exchanging market research, and promoting SME participation in international trade.

## Details and Benefits of the USMCA

**Nine data elements must be provided on an invoice or other document to claim preferential treatment under the USMCA. These include:**

1. Identify the certifier (importer, exporter or producer)
2. Certifier info: name, address (including country) and contact information
3. Exporter info: name, address and contact information (if different from the certifier)
4. Producer info: name, address and contact information of the producer (if different from the certifier or exporter)
5. Importer info: name, address and contact information
6. Description and HS tariff classification (6-digit level) for the goods (include invoice # if known)
7. Origin criterion for the goods
8. Blanket period (date range up to one year)
9. Authorized signature and date

**The information provided must describe the originating goods with sufficient detail to enable their identification and meet the requirements as set out in the uniform regulations. The claim must also be accompanied by the following statement, signed and dated by the certifier:** "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."

**Increase in De Minimis**

The agreement increases the de minimis in Mexico for duties from $50 to $117, while maintaining the current level of $50 for taxes. Similarly, it offers split treatment for Canada, with CAD $150 for duties and CAD $50 for taxes, double the current level.

| Countries | Current De Minimis (VAT and Duty) | New Duty De Minimis | New Tax De Minimis |
|---|---|---|---|
| **Canada** | $20 | $150 (CAD) | $40 (CAD) |
| **Mexico** | $50 | $117 (USD) | $50 (USD) |
| **United States** | $800 | $800 | $800 |

Note: Canada: In order to qualify for the CAD$40.00 or CAD$150.00 de minimis thresholds set out in the CUSMA, the goods do not need to originate according to the CUSMA Chapter 4, Rules of Origin, but rather be imported from the United States or Mexico. If the goods were not produced in the United States or Mexico, they must have entered into the commerce of either the United States or Mexico prior to being imported into Canada in order to benefit from the CUSMA de minimis relief. For greater certainty, goods that are shipped from a non-CUSMA country and transit or are trans-shipped through the United States or Mexico, without having entered the commerce of the CUSMA partners, would not be entitled to the CAD$40.00 or CAD$150.00 de minimis thresholds.

Mexico: Mexico implemented these provision by modifying the applicable Global Rate as follows:

- $50 (USD)- Duty and Tax Free
- $50 to $117 (USD) – Goods shipped/Imported from USMCA beneficiary country (US/CA): Applies 17% Global rate.
- $50 to $1,000 (USD) – Shipments imported from Non-USMCA countries and shipments from USMCA Countries with a value over $117: Applies 19% Global Rate

**Fewer Customs formalities**

The USMCA provides each party shall adopt or maintain procedures that apply fewer customs formalities than those applied under formal entry procedures. Canada will increase its low-value shipment threshold for all commercial importations (in addition to those for express shipments) to C$3300, equivalent to approximately $2500. This ensures that most of the goods that DHL Express moves regionally will not require formal paperwork, which reduces administrative burdens for small and medium-sized businesses.

**Handling of Express Shipments**

Express shipments would enjoy pre-arrival processing with allowable single submissions (manifest); minimum documentation; and released immediately after arrival. (Note: no preclearance)

**Coordinated Border Inspections**

The U.S., Mexico and Canada will ensure that its Customs administrations and other relevant agencies that examine goods, carry out examinations with appropriate coordination and to the extent practicable simultaneously within a single location. Additionally, the countries agree to explore coordination of joint border examination facilities (continue to expand current US locations and potential joint examination at our hubs).

**Certifications of Origin**

- Under USMCA, importers will no longer be required to complete the formal “Certificate of Origin” document required under NAFTA.
- The USMCA’s new “Certification of Origin” has no prescribed format; it may be completed by the exporter, the producer or the importer of the goods; and may be substantiated using common documentation, such as invoices.
- Previous NAFTA certificates and certification documentation under USMCA must be kept for a minimum of five years.

**Customs Simplifications**
The Agreement promotes overall process simplification to ensure expedited clearance, particularly simplification of formal entry requirements for importers.

- Reforms procedures that led to the duplicative payment of duties and taxes.
- Eliminates value requirements, specific port limitations, total shipment requirements, and where possible re-evaluate burdensome information requirements for individual importers in, for example, textiles, apparel, and footwear.
- Eliminates redundant certifications and requirements, i.e. FDA requirements certification recognition and allows the correction of multiple import declarations through a single submission
- Certification is not required up to $1,000 USD. Each country may set their own higher threshold. The U.S. and Canada do not require a certification for shipments under $2500, and CAD $3,300, respectively.

**Penalties**
Improves penalty provisions, ensuring fines are commensurate with the extent of Customs infractions. USMCA allows for the correction of errors to avoid penalty. The trade agreement also provides for the use of prior disclosure, and ensures, for example, that clerical errors do not result in penalties.

**Duty Payment & Bonds**
Ensures shipments can be released without payment of duties/taxes and that the amount of a security bond is no greater than that required to ensure that obligations arising from the importation of the goods will be fulfilled.

**Single Window**
U.S., Mexico and Canada have agreed to implement Single Window systems, enhancing their functionality to cover all import, export, and transit transactions. The Single Window seeks to improve transparency, reduce release times and costs, and work towards a harmonization of data elements and Customs processes that facilitate use of a single transmission of information for exporting and importing.

## Further information on the USMCA can be found at the following websites:

**Text of the USMCA Agreement**
**https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/agreement-between**

**Implementation of the USMCA**
**Canada: https://www.cbsa-asfc.gc.ca/services/cusma-aceum/menu-eng.html**
**Mexico: https://www.gob.mx/t-mec**
**USA: https://www.cbp.gov/document/guidance/usmca-interim-implementation-instructions**