

USMCA / CUSMA / T-MEC

WHAT YOU NEED TO KNOW

- The North American Free Trade Agreement (NAFTA) came into force in 1994 with the goal to eliminate barriers to trade and investment between partners of Canada, Mexico and the United States.
- In 2017, US President Donald Trump took steps to begin the renegotiation of NAFTA with the goal of reducing the US trade deficit.
- After several rounds of negotiations, an agreement was reached in September 2018, and in November 2018 the agreement was signed at the G20 summit by partners.
- By April of 2020, all three countries had ratified the agreement, and the US notified Congress that USMCA would come into force on July 1, 2020.

AGREEMENT ACRONYMS

USMCA

United States-Mexico-Canada Agreement

CUSMA

Canada-United States-Mexico Agreement

T-MEC

Tratado entre México, Estados Unidos y Canadá

What has changed from NAFTA?

Automotive Rules of Origin / Regional Value Content

- North American content must be 75%, up from 62.5%
- 70% of all steel and aluminum used in the production of the automobile must originate in North America
- Required labor content, the average wage requirement of \$16/hour for 40% of a car, and 45% of a light truck to phase in over 5 years

Dairy Market Access

- The US was able to gain more access to Canada's dairy markets
- Canada was able to increase exports of dairy, peanuts and sugar to the US

Intellectual Property

- An increase of 8 years to 10 years of the time that a pharmaceutical company can maintain a patent on biologics
- Copyright terms were extended from 50 years after the death of an author to 70 years

Sunset Clause

- There is a renewable 16-year term for the deal, an improvement over the original 5-year sunset clause that was proposed during negotiation

Dispute Resolution

- Restricts chapter 11 between the US and Mexico and eliminates it between US and Canada - Chapter 11 refers to an investor-state dispute resolution mechanism (ISDS)
- Chapter 19 and 20 were left untouched - Chapter 20 is the country to country dispute resolution mechanism which was maintained and Chapter 19 is the anti-dumping / countervailing duty dispute-resolution mechanism, which was also maintained

Certificate of Origin

- May be completed by the exporter, producer, or importer of the goods
- Will not utilize a specific certificate format
- Electronic and digital signatures acceptable

USMCA comes into effect on July 1, 2020 and will supersede NAFTA. NAFTA Certificates of Origin will not be accepted once the USMCA is in effect, and the USMCA Certificates of Origin will have a blanket period.