

Canada – United States – Mexico Agreement (CUSMA)



CUSMA will **enter into force on July 1, 2020**, replacing the North American Free Trade Agreement (NAFTA). There will be no transition period. Currently used **NAFTA Certificates of Origin will no longer be valid for imports after June 30, 2020**.

As of July 1, any commercial shipments imported into Canada which do not contain a valid CUSMA Certification of Origin (blanket form or single shipment use) will have the appropriate MFN duty rate applied based on the product's HS tariff classification. All CUSMA qualifying imports into Canada will enter customs duty free under the appropriate preferential tariff treatment, except for a few agricultural products.

What do Importers need to know and do to be prepared for CUSMA on July 1?

- 1) Reach out to your exporters in the US or Mexico to ensure that they understand the new [Rules of Origin](#) for each of your products and can re-qualify your goods under CUSMA.
- 2) The Bills of Material (BOMs) should be reviewed for any component or sourcing changes, which may determine qualification under the CUSMA Rules of Origin
- 3) Send us your newly qualified CUSMA Certificates of Origin, so we can update your parts databases accordingly
- 4) If you have any NAFTA Origin Advance Rulings, you will need to re-apply to CBSA for revised rulings under CUSMA.
- 5) For those importers currently on our **Acquisition Free Trade Agreement Service Option**, our Schenker FTA team has begun active solicitations of Vendors/clients to obtain CUSMA Certificates of Origin.
- 6) If you have any questions or require assistance, please contact your KAM or Client Services representative for more information or email schenkercustoms.cs@dbschenker.com

NEW REGULATORY CHANGES

➤ Industries with Major Rules of Origin changes

- Automotive
- Agriculture – [Chapter 3 Agriculture goods](#)
- Dairy
- Chemicals
- Textile and Apparel - [Chapter 6 Textile and Apparel Goods](#)
- Others (minor changes) – refer to the specific [Chapter 4 Rules of Origin](#) for details; the origin procedures are set out in [Chapter 5 Origin Procedures](#)
- **NOTE:** *There is no concordance table for the rules or origin changes, so re-qualification of goods under CUSMA is required, and should be done individually based on the HS classification.*

➤ **New Certification of Origin**

- No official “prescribed” format or Form like with NAFTA certificates
- Certification can be placed on a Commercial Invoice or any other document
- **Must include the following specific minimum data elements** as identified in [Annex 5-A of Chap.5](#)
- Certification may be provided on a single-shipment or Blanket period up to 12 months
- Schenker has developed their own CUSMA Certification Form template with a continuation sheet and completion instructions used for both Single or Blanket Certificates of Origin (**see attached**)
- For **Single shipment CUSMA Certification Statement of Origin** (use the same form as the Blanket and check off Single Shipment) – Include Invoice # and Date
- Can be completed by one of the following Certifiers: Producer, Exporter, or Importer
- Digital and Electronic signatures are acceptable
- **Exceptions to Certification of Origin:**
 - Non-courier shipments valued under USD\$1,000 or equivalent amount in importing country’s currency, may not require certificates of origin - see ([Article 5.5 – Exceptions to Certificate of Origin](#))
 - **Casual goods:** If clearly indicated on invoice that goods are casual (not for commercial use or sale), certificate of origin is not required
 - For **LVS shipments** where the value for duty is less than \$3,300 (certain conditions apply)

➤ The **two preferential tariff treatments** under CUSMA are:

- 1) United States Tariff (UST – TT code **10**)
- 2) Mexico Tariff (MXT – TT code **11**)

NOTE: The Mexico-United States Tariff (MUST) – TT code **12** used under NAFTA will be eliminated under CUSMA and there will be no replacement.

➤ **Low Value Shipment (LVS) Threshold Increased**

- Increased from CAD\$2,500 value for duty to CAD\$3,300 value for duty (see [Customs Notice 20-15](#))
- removes the requirement for origin certification for all goods valued at \$3,300 and under and from countries with which Canada has a free trade agreement.
- Certification of origin to claim preferential tariff treatment, not required

➤ **De-Minimis Threshold for Courier Imports**

- For courier shipments imported from the US or Mexico, the *de minimis* threshold of at least CAD\$150 for customs duties, and CAD\$40 for taxes is applicable. Goods do not have to originate in the US or MX but must have gone into the commerce of those countries.
- For goods imported by courier from all other countries (except US & MX) the *de minimis* threshold is applicable to goods with a value for duty of \$20 or less.
- Full details on the Courier Imports Remission Order (CIRO) can be found in [Customs Notice 20-18](#)
- Also refer to the [Summary of de minimis requirements](#) under CUSMA

➤ **Transshipment**

- The existing rules under NAFTA remain largely unchanged – the goods may move outside of the territory of North America and still be considered originating if:
 1. They remain under customs control in that Territory and retain their originating status;
 2. Do not undergo any operation outside the territories of the CUSMA parties other than: unloading, reloading, separation from bulk shipment; storing; labeling or marking required by importing party; or any other operation required to preserve it in good condition

➤ **Refunds Timelines**

- Applications for refunds have been extended from 1 year to 4 years from date of final accounting on goods imported from United States or Mexico, on or after CUSMA date of entry into force.

➤ **Record Keeping Requirements**

- The Importing Party (importer of record) must maintain the document substantiating the claim for preferential tariff treatment for no less than 5 years from the date of importation
- The certificate may be in electronic format and does not need to be kept in hard copy
- Must include all documents necessary to demonstrate the commodity is originating (for importer, this should include originating documentation/guidance from Exporter and/or Producer)
- [CUSMA Text - Ch. 5 - Origin Procedures \(scroll to Article. 5.8, pg. 6\)](#)

➤ **Advance Rulings**

- NAFTA origin Advance Rulings will only be applicable for goods imported under NAFTA preferential tariff treatment (releases prior to July 1, 2020)
- Applications for new Rulings should be requested with CBSA in order to be applicable under CUSMA
- Schenker's Consulting department can assist with this process (consulting.canada@dbschenker.com)

Additional information and the full text of the CUSMA agreement can be found on the Global Affairs Canada [website](#).