Advanced USMCA Rule of Origin Qualification

Presented by:

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2025 ATCC Conference

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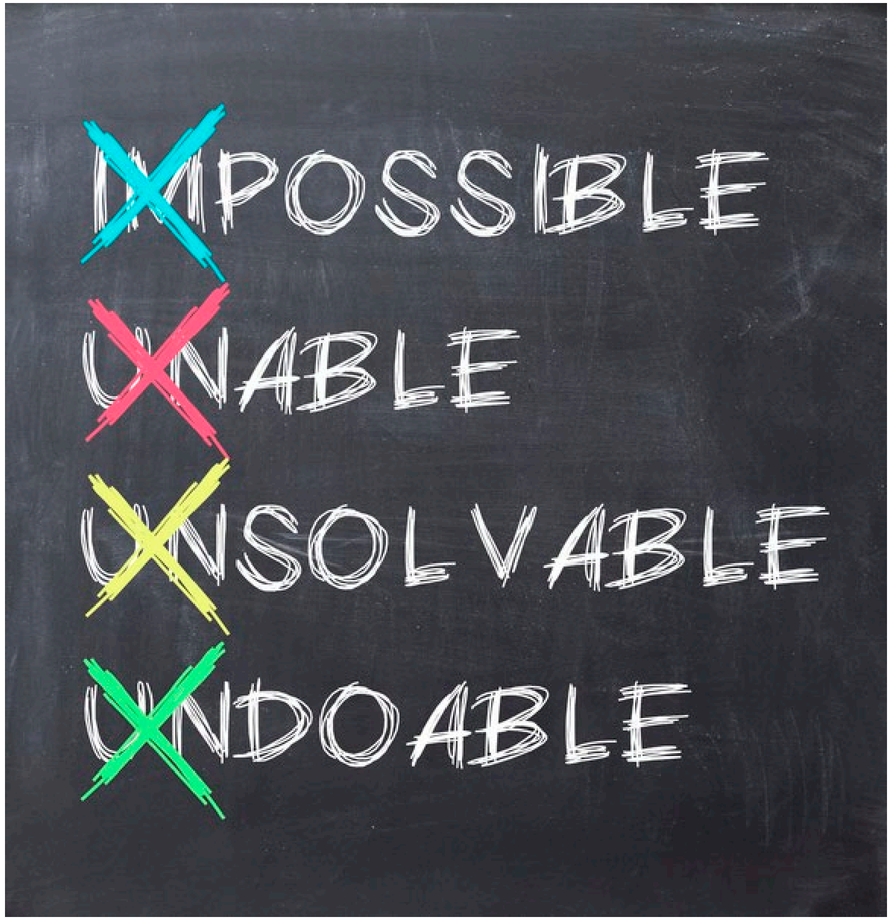
Cindy has over 29 years of experience in U.S. Customs compliance and auditing, including a strong focus on trade agreements like NAFTA/USMCA. During her 12-year tenure as a Senior Auditor and Assistant Field Director with CBP's Regulatory Audit Division, she conducted and supervised numerous NAFTA audits as a government official in the US, Canada, and Mexico.

Cindy now regularly helps clients conduct USMCA rule of origin qualification analysis, strengthen internal controls, prepare for customs audits, and navigate compliance risks. Her in-depth knowledge of the customs audit process, accounting/auditing education, and technical proficiency helps clients achieve favorable results in audits and trade compliance initiatives. Learn more on LinkedIn.

What you will need for this workshop



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Text **atcc2025** to **22333**

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Have you joined the poll (we need everyone's participation please)?

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Yes	0
No	0

What is your current Job title? (pick the closest match)

(A) Customs Compliance Specialist
0%

(B) Customs Compliance Manager
0%

(C) Customs Compliance Director
0%

(D) Consultant or Attorney
0%

(E) Auditor
0%

(F) Free Trade Agreement Coordinator / Manager
0%

How would you rate your current NAFTA/USMCA rule of origin analysis skills?

(A) Fundamental Awareness (basic knowledge)	0%
(B) Novice (limited experience)	0%
(C) Intermediate (some practical application)	0%
(D) Advanced (extensive experience)	0%
(E) Expert (recognized authority)	0%

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USMCA Law & Reference Materials

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Resources

Full text of USMCA agreement	Agreement between the United States of America, the United Mexican States, and Canada 7/1/20 Text | United States Trade Representative
CBP Webpages & Information	U.S. – Mexico – Canada Agreement (USMCA) | U.S. Customs and Border Protection
USMCA Implementation Guide Instructions	USMCA Implementation Instructions | U.S. Customs and Border Protection
Uniform Regulations	UniformRegulationsRulesofOrigin.pdf
19 CFR 182	eCFR :: 19 CFR Part 182 -- United States-Mexico-Canada Agreement
General Note 11 HTSUS	Harmonized Tariff Schedule

Terminology

USMCA – U.S. Mexico Canada Trade Agreement

T-MEC – Tratado entre México, Estados Unidos y Canadá

CUSMA – Canada–United States–Mexico Agreement

Three Origin Tests for Purposes for USMCA Preference Eligibility

Three Origin Tests for Products of USMCA Countries

Did you know, when importing merchandise into the U.S. from Canada/Mexico, Importers needs to conduct three different tests/rules of origin to determine the product's origin for 3 different purposes:

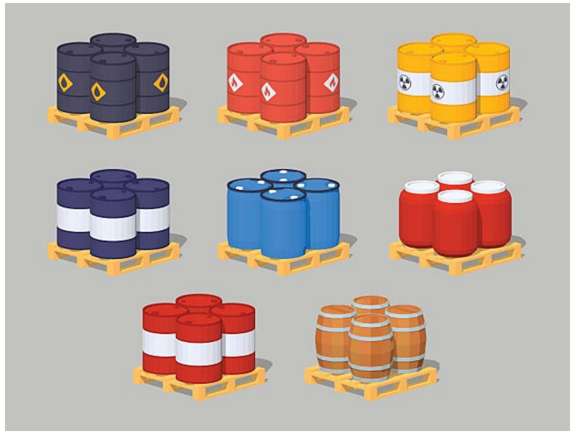
1) Origin for purposes of USMCA Preference Eligibility
(duty-free treatment)

2) Origin for USMCA marking
(physical marking)

3) Origin for Trade Remedies
(Section 301, AD/CVD, other trade remedies)

Origin Fundamentals for Purposes for USMCA Preference Eligibility (Test 1)

USMCA Qualifying Methods



Preference Criteria A – Wholly Obtained or Produced

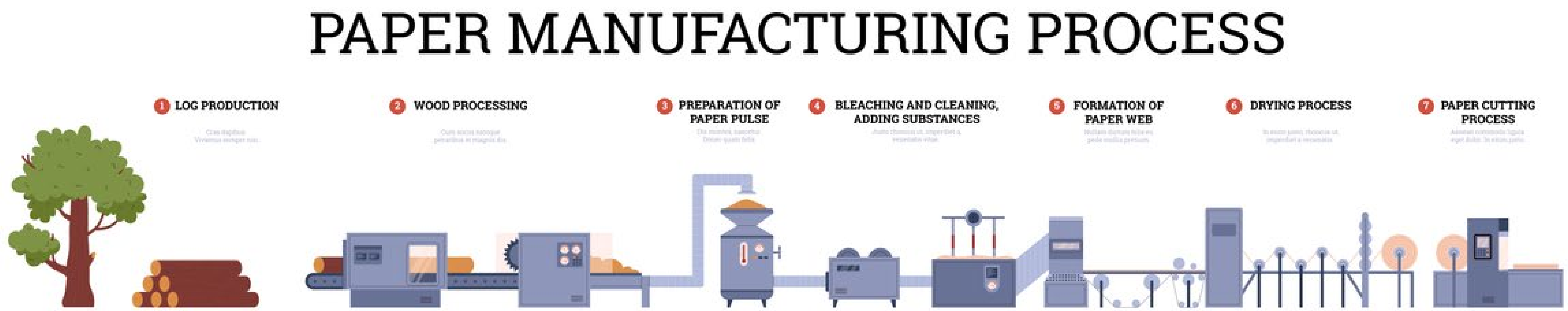
A good is originating if it is wholly obtained or produced entirely in the territory of one or more of the Parties

- Mined or naturally occurring extracted substance
- farmed, cultivated, harvested, picked, or gathered
- Animals and livestock grown ….
- Fished or caught ….
- a good produced exclusively from goods referred to above or from their derivatives, at any stage of production

USMCA Qualifying Methods

Preference Criterion B – Tariff Shift and/or Regional Value Content (RVC) Rule

- Some rules combine tariff shift and RVC
- Some rules have one or the other
- Just because products qualified under the NAFTA does not mean they will qualify under USMCA
- Determine the CORRECT HTS for the finished good and look up the actual rule of origin in HTSUS General Note 11



HTS Code 4403.22 Pine Logs → Change in Tariff / Tariff Shift → HTS Code 4802 Writing Paper

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USMCA Qualifying Methods

Preference Criterion C – Wholly Originating

- Good is made up of parts or materials all of which are originating
- Documentation should be maintained for all parts, materials, components
- Very hard to prove and unnecessary if a tariff shift rule can be used instead

USMCA Qualifying Methods

Preference Criterion D – except for a good in Chapter 61 to 63 of the HTS

- Good is produced entirely in the Territory of one or more of the parties
- Good and non-originating materials are classified in same subheading or same heading that is not further subdivided
- Good is classified as an unassembled good pursuant to GRI 2(a) along with materials
- Good meets a RVC of 60% (TV) or 50% (net cost)

De Minimis

A good that does not undergo a change in tariff classification (tariff shift) or satisfy an RVC requirement is an **originating good** if:

(A) the value of all non-originating materials used in the production of the good, and do not undergo the applicable change in tariff classification set forth in Annex 4–B of the USMCA—

(i) does not exceed 10 percent of the transaction value of the good, adjusted to exclude any costs incurred in the international shipment of the good; or

(ii) does not exceed 10 percent of the total cost of the good;

(B) the good meets all other applicable requirements of this section; and

(C) the value of non-originating materials is included in the value of non-originating materials for any applicable RVC requirement for the good

Note: There are exceptions on the use of De Minimis (General Note 11, Section (e)(ii) through (iv)). More to come.

Understanding (Tariff Shift) Rules of Origin

Tariff Classification (Terminology)

Tariff Classification Structure

Tariff shift rules may apply to chapters (2-digit HTS), headings (4-digit HTS), subheadings (6-digit HTS), or less frequently, tariff items (8-digit).

19
Chapter
(2 Digits)

1905.
Heading
(4 Digits)

1905.31
Sub-heading
(6 Digits)

1905.31.00
Tariff Item
(8 Digits)

1905.31.0049
Statistical Suffix
(10 Digits)

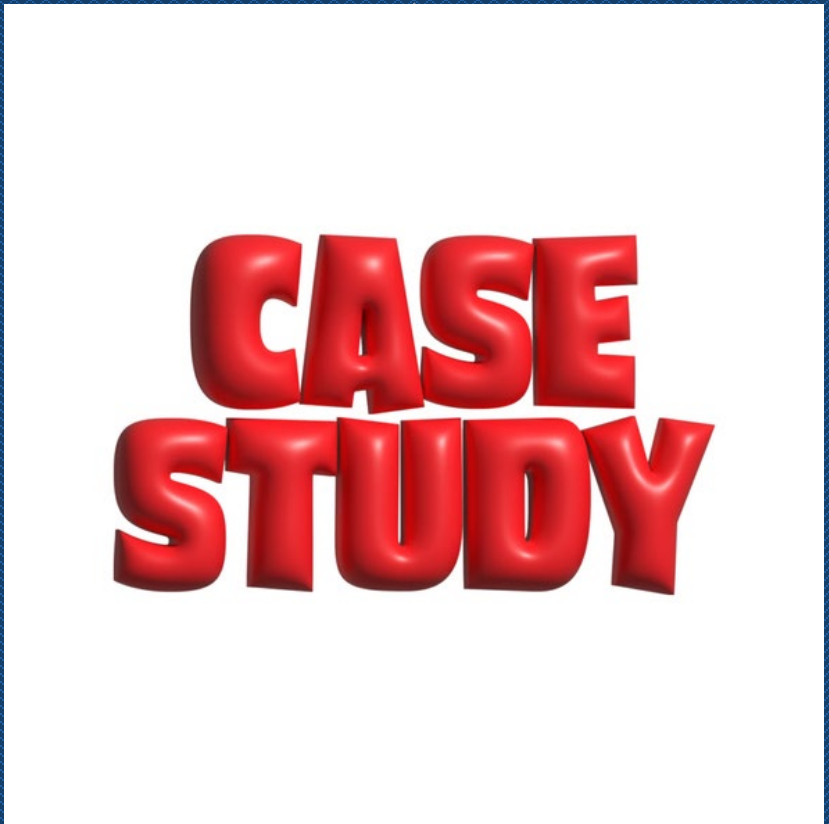
Understanding Rules of Origin (Tariff Shift)

- A tariff shift rule requires that EACH of the **non-originating materials (parts)** used in the production of a good MUST meet the requirements of the rule.
- **Originating materials do not have to shift.**
- A tariff shift is a change in classification of the material when manufactured into the good crossing the border.
- If all non-shifting materials are valued at 10% or less of the net cost or transaction value of the good, the good still qualifies for USMCA (De Minimis Rule).
- Don’t forget to check for exceptions to the De Minimis Rule.

Exceptions to De Minimis - Examples

Article 4.12 (De Minimis) shall not apply to:

- a non-originating material of heading 17.01 used in the production of a good provided for in heading 17.01 through 17.03;
- a non-originating material of Chapter 17 of the Harmonized System or heading 18.05 that is used in the production of a good of subheading 1806.10;
- a non-originating material provided for in heading 22.03 through 22.08 that is used in the production of a good provided for in heading 22.07 or 22.08;
- a non-originating material used in the production of a good of Chapters 1 through 27 of the Harmonized System, unless the non-originating materials are provided for in a different subheading than the good for which origin is being determined under this Agreement.



Interpreting Rules of Origin

USMCA Rule of Origin Example #1

- Rule: the rule for heading 1704 is "a change to heading 1704 from any other heading."
- The rule excludes non-originating inputs from heading 1704.
- This means that each non-originating raw material that goes into making a product classified in heading 1704 MUST be classified in another heading (meaning not Heading 1704) so the end product can qualify as an originating good under USMCA.

USMCA Rule of Origin Example #2

- Rule: a change to subheading 8507.90 from any other heading, except from tariff items 8548.10.05 or 8548.10.15.
- The rule excludes non-originating inputs from heading 8507 and tariff items 8548.10.05 and 8548.10.15.
- Rules with “except from” provisions, should be interpreted as an exclusionary phrase so that the raw materials cannot come from the excluded provisions.
- If the non-originating raw materials are classified in the excluded provision, the end product is not eligible (unless the raw materials are De Minimis).
- Only originating (USMCA) materials classified in these excluded subheadings are allowed under this tariff shift rule.

USMCA Rule of Origin Example #3

- Rule: A change to headings 1601 through 1605 from any other chapter.
- The rule excludes non-originating inputs from Chapter 16.
- This means that each non-originating raw material and/or part that goes into making a product classified in headings 1601 through 1605 (Chapter 16) MUST be classified in another chapter (not Chapter 16) so the end product can qualify as an originating good.
- As an illustration: Pork sausage (HTS 1601) is produced in Mexico from imported frozen pork meat from Hungary (HTS 0203 – Chapter 2) and spices imported from Jamaica (HTS 0907 - 0910 – Chapter 9). Because each of the ingredients for pork sausage are classified in chapters other than Chapter 16, the resulting pork sausage meets the requirements of the tariff shift rule and would be considered originating "good of Mexico" under USMCA.

USMCA Rule of Origin Example #4

- Rule: (A) A change to subheadings 9503.00 through 9505.90 from any other subheading, including another subheading within that group; or
- (B) No change in tariff classification to a good of any of subheadings 9503.00 through 9505.90, provided there is a regional value content of not less than:

  (1) 45 percent where the transaction value method is used; or

  (2) 35 percent where the net cost method is used.
- The rule <u>excludes</u> non-originating inputs from subheading 9503.00 through 9505.90 (only if they match the finished good).
- If the tariff shift rule cannot be met, the RVC rule can be applied.

USMCA Rule of Origin Example #5

(A) A change to heading 8501 from any other heading, except from tariff items 8503.00.35, 8503.00.45 or 8503.00.65; or

Meaning:
No non-originating raw material can be classified in 8501, 8503.00.35, 8503.00.45 or 8503.00.65 for the engine to qualify.

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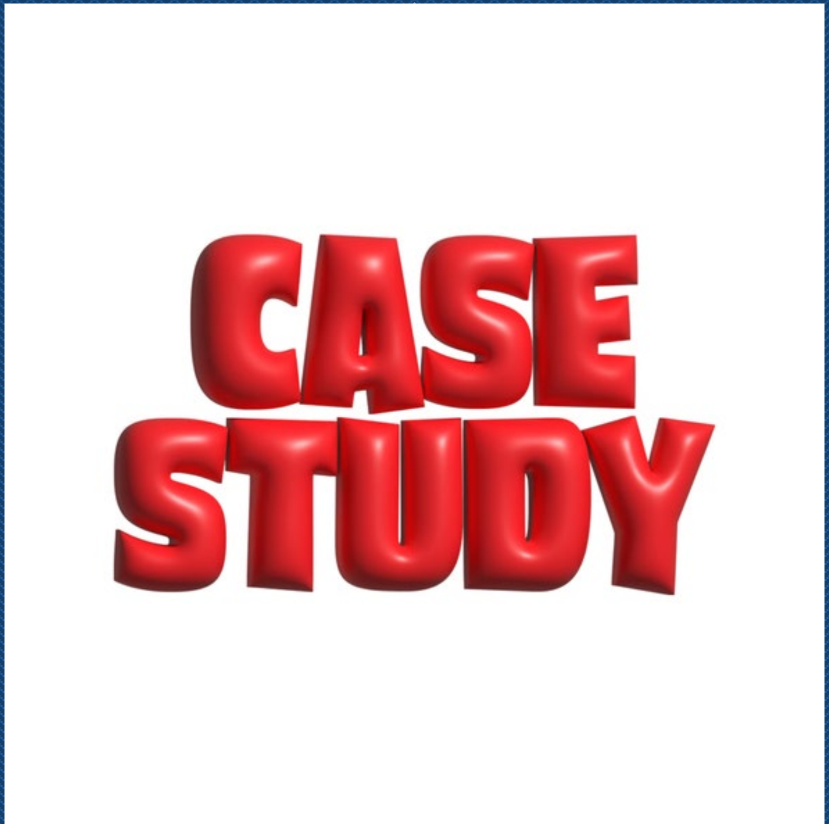

Applying Rules of Origin

USMCA Rule of Origin Example –

Complete the last 2 Columns and determine whether the good qualifies?

BOM Level				Material Number	Description	Status	Material Cost	HTS	Origin	Tariff Shift Met?	Deminimis
1				1080-000	Motor	Parent	71.40	8501.40.40			
	0.2			8720-010	Raw Material 1	Buy-Material	15.25	Chapter 72	Colombia		
	0.2			8110-010	Raw Material 2	Buy-Material	0.50	Chapter 73	Colombia		
	0.2			1081-100	Raw Material 3	Buy-Material	37.00	8501	US		
	0.2			1081-120	Sub-Assembly 1	Make-Subassy	0.00	8501	N/A		
		0.3		1081-210	Raw Material 4	Buy-Material	1.50	Chapter 75	Mexico		
		0.3		1081-260	Raw Material 5	Buy-Material	9.50	8501	China		
		0.3		1081-250	Raw Material 6	Buy-Material	4.50	Chapter 77	Canada		
		0.3		1081-240	Raw Material 7	Buy-Material	2.20	Chapter 78	Guatemala		
	0.2			8420-010	Raw Material 8	Buy-Material	0.10	8501	Vietnam		
	0.2			8440-010	Raw Material 9	Buy-Material	0.10	8502	Vietnam		
	0.2			8430-010	Raw Material 10	Buy-Material	0.10	8503.00.35	Vietnam		
	0.2			1081-270	Raw Material 11	Buy-Material	0.65	4908	China		
						Total Material Cost	71.40	Total Cost of Non-Shifting & Non-Originating Materials			
						Labor, Overhead, etc.	39.85			Deminimis %	
						Total Cost	$111.25			Maximum Percentage Allowed	
								Qualifies for USMCA (Yes or No?)			

A change to heading 8501 from any other heading, except from tariff items 8503.00.35, 8503.00.45 or 8503.00.65

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USMCA Rule of Origin Example - Answers

BOM Level				Material Number	Description	Status	Material Cost	HTS	Origin	Tariff Shift Met?	Deminimis
1				1080-000	Motor	Parent	71.40	8501.40.40		N/A - Parent	
	0.2			8720-010	Raw Material 1	Buy-Material	15.25	Chapter 72	Colombia	Yes	
	0.2			8110-010	Raw Material 2	Buy-Material	0.50	Chapter 73	Colombia	Yes	
	0.2			1081-100	Raw Material 3	Buy-Material	37.00	8501	US	No but Originating	
	0.2			1081-120	Sub-Assembly 1	Make-Subassy	0.00	8501	N/A	N/A - Subassy	
		0.3		1081-210	Raw Material 4	Buy-Material	1.50	Chapter 75	Mexico	Yes	
		0.3		1081-260	Raw Material 5	Buy-Material	9.50	8501	China	No	9.50
		0.3		1081-250	Raw Material 6	Buy-Material	4.50	Chapter 77	Canada	Yes	
		0.3		1081-240	Raw Material 7	Buy-Material	2.20	Chapter 78	Guatemala	Yes	
	0.2			8420-010	Raw Material 8	Buy-Material	0.10	8501	Vietnam	No	0.10
	0.2			8440-010	Raw Material 9	Buy-Material	0.10	8502	Vietnam	Yes	
	0.2			8430-010	Raw Material 10	Buy-Material	0.10	8503.00.35	Vietnam	No - See exception to the rule	0.10
	0.2			1081-270	Raw Material 11	Buy-Material	0.65	4908	China	Yes	
						Total Material Cost	71.40			Total Cost of Non-Shifting & Non-Originating Materials	$9.70
						Labor, Overhead, etc.	39.85			Deminimis %	8.72%
						Total Cost	$111.25			Maximum Percentage Allowed	10%
										Qualifies for USMCA (Yes or No?)	Yes

A change to heading 8501 from any other heading, except from tariff items 8503.00.35, 8503.00.45 or 8503.00.65

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Regional Value Content (RVC) Calculations

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Regional Value Content (RVC) Rules

Applies only when the Product Specific Rules provide for it:

Myth: All HTS codes have an RVC option

Two optional methods:

Transaction Value Method	Net Cost Method

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Definitions – Total Cost

Net Cost means "total cost" incurred by the producer minus (only if included in total cost):

- sales promotion
- marketing and after-sales service costs
- royalties, shipping and packing costs
- non-allowable interest costs

"Total cost" means all product costs, period costs, and other costs incurred in the territory of one or more of the Parties, where:

- product costs are costs that are associated with the production of a good and include the value of materials, direct labor costs, and direct overheads
- period costs are costs, other than product costs, that are expensed in the period in which they are incurred, such as selling expenses and general and administrative expenses
- "other costs" are all costs recorded on the books of the producer that are not product costs or period costs, such as interest.

Definition – Value of Materials Used in Production

A. Materials Imported:

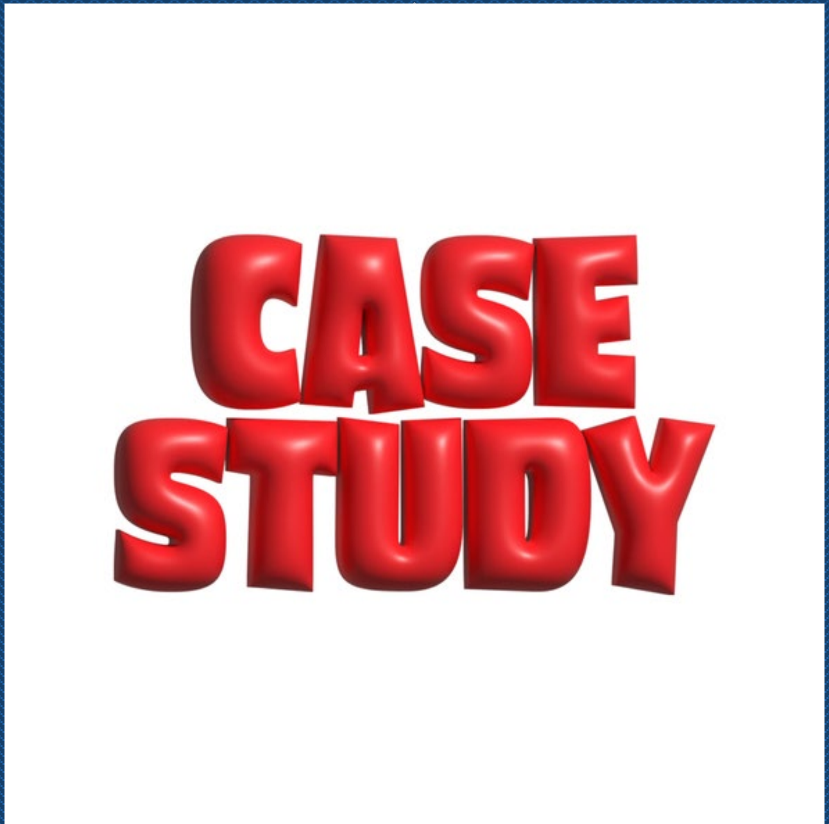
- for a material imported by the producer of the good, the transaction value of the material at the time of importation, including the costs incurred in the international shipment of the material.

B. Materials acquired in the territory where the good is produced:

- the price paid or payable by the producer in the Party where the producer is located,
- the value as determined for an imported material in subparagraph (A) above, or
- the earliest ascertainable price paid or payable in the territory of the Party.

C. Material that are self-produced:

- all the costs incurred in the production of the material, which includes general expenses, and an amount equivalent to the profit added in the normal course of trade, or equal to the profit that is usually reflected in the sale of goods of the same class or kind as the self-produced material that is being valued.



Net Cost Calculation

Example Net Cost Calculation (Case Study)

Determine which cost buckets should be included or excluded in Net Cost:

Part Number: 12345		**Factory: MX 678**	**Net Cost Calculation**
Cost Bucket	**Cost Bucket Description**	**Cost**	**Net Cost Calculation (Include or Exclude)**
1	SPECIALTY MATERIAL	$ 55.20	
2	RAW MATERIAL	$ 16.20	
3	MX OUTSIDE SERVICE PROCESS	$ 5.74	
4	LABOR	$ 5.50	
5	OVERHEAD	$ 3.50	
6	INBOUND FREIGHT	$ 5.64	
7	MATERIAL SURCHARGES	$ 3.42	
8	OUTBOUND FREIGHT	$ 1.05	
9	WARRANTY	$ 5.00	
10	REBATES	$ 10.00	
	Total Cost	$ 111.25	
	Adjusted Net Cost for RVC Calculation		

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Example Net Cost Calculation (Case Study Answers)

Determine which cost buckets should be included in Net Cost:

Part Number: 12345		Factory: MX 678	Net Cost Calculation
Cost Bucket	Cost Bucket Description	Cost	RVC Action
1	SPECIALTY MATERIAL	$ 55.20	Include Materials
2	RAW MATERIAL	$ 16.20	Include Materials
3	MX OUTSIDE SERVICE PROCESS	$ 5.74	Include Production costs
4	LABOR	$ 5.50	Include Labor
5	OVERHEAD	$ 3.50	Include Overhead
6	INBOUND FREIGHT	$ 5.64	Include Material Costs
7	MATERIAL SURCHARGES	$ 3.42	Include Material Costs
8	OUTBOUND FREIGHT	$ 1.05	Exclude from Total Net Cost (Shipping Cost see GN11)
9	WARRANTY	$ 5.00	Exclude from Total Net Cost (see GN11 after sales service costs)
10	REBATES	$ 10.00	Exclude from Total Net Cost (Rebates are not part of Transaction Value of Materials)
	Total Cost	$ 111.25	
	Adjusted Net Cost for RVC Calculation		$ 95.20

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Understanding Bills of Material

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Before We Start (Useful Tips from a Former CBP Auditor)

- Enlist a Qualified Individual within your organization to provide and explain BOMs (not optional)!
- Ensure the Total Cost plus markup ties to the commercial invoice and entry.
- Use the correct standard cost breakdown and bill of materials (these costs "roll" periodically)
- Understand the difference between "Engineering" vs. "Factory-Level" BOMs
- Understand BOM indentation levels to avoid double counting costs or materials (example next)
- Identify true "materials" for tariff shift and RVC analysis
- Consider Make vs. Buy and Intermediate Material designations
- Analyze each cost bucket to determine what should be included/excluded from Net Cost calculation.
- Determine the origin of materials strategically for the RVC calculation (Value of Non-Originating Materials)
  - Develop a strategy to minimize the effort of pursuing origin documentation on all materials.
  - Focus on high value, North American materials
  - Enlist the help of procurement
  - Ensure you have supporting documentation for originating materials (don't blindly rely on systems)
  - Identify China origin materials for Section 301 test later

Example Bill of Material (BOM)

Steps:

1) Understand Indentation levels

2) Categorize (Parent, Subassy, Materials)

3) No double counting

4) Validate Origin

5) Calculate & Verify total materials, total cost, and entered value

BOM Level				Material Number	Description	Status	Cost	HTS	Validated Origin
1				1080-000	Red Wagon	Parent	71.40	9503.00.0073	
	0.2			8720-010	Sheet Metal 10 gauge 2.5 x 4 stainless	Buy-Material	15.25	7209	Colombia
	0.2			8110-010	Paint Red	Buy-Material	0.50	3208	Colombia
	0.2			1081-100	Front Undercarriage Assembly	Make-Subassy	36.96	9503.00	
		0.3		1081-110	Wheel Assembly - Front	Make-Subassy	21.70	9503.00	
			0.4	1081-200	Bracket front steering	Buy-Material	5.50	8302	Canada
			0.4	1081-240	Axle Rod 15 inch	Buy-Material	2.20	7215	Guatemala
			0.4	1081-250	Axle cap, red	Buy-Material	3.50	7318	Guatemala
			0.4	1081-260	Wheel Standard, metal hub. Rubber tire	Buy-Material	10.50	9503.00	China
		0.3		1081-130	Handle Assembly	Make-Subassy	14.40	9503.00	
			0.4	1081-220	Handle Bar metal	Buy-Material	5.60	7304	Colombia
			0.4	1081-230	Handle Grip. Metal	Buy-Material	8.50	7304	Mexico
			0.4	8420-010	Bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam
			0.4	8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam
			0.4	8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam
		0.3		8410-020	Cotter Pin 2 inch stainless	Buy-Material	0.56	7318	Colombia
		0.3		8420-010	bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam
		0.3		8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam
		0.3		8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam
	0.2			1081-120	Wheel Assembly - Rear	Make-Subassy	17.70	9503.00	
		0.3		1081-210	Bracket rear	Buy-Material	1.50	8302	Mexico
		0.3		1081-260	Wheel Standard. Metal hub. Rubber tire	Buy-Material	10.50	9503.00	Mexico
		0.3		1081-250	Axle cap, red	Buy-Material	3.50	7318	Guatemala
		0.3		1081-240	Axle Rod 15 inch	Buy-Material	2.20	7215	Guatemala
	0.2			8420-010	Bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam
	0.2			8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam
	0.2			8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam
	0.2			1081-270	Decal Set wagon	Buy-Material	0.69	4908	USA
						Value of All Materials	71.40		

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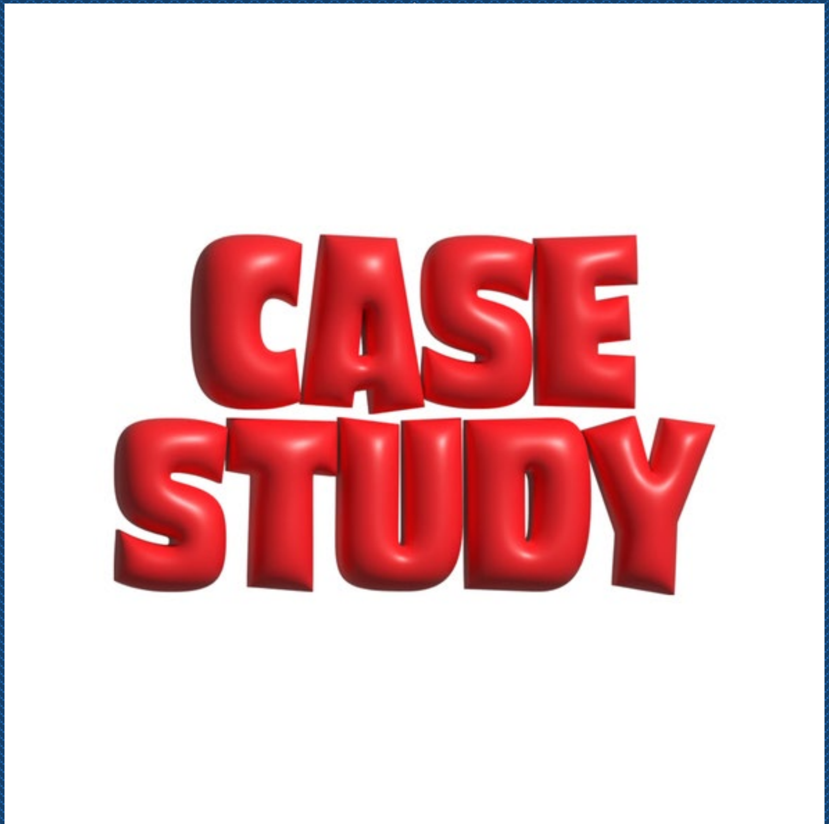

Value of Non-Originating Materials (VNM)

Value of Non-Originating Materials (Case Study)

Steps:

1) Complete the last column

2) Compute the Value of All Materials

3) Compute the Value of Non-Originating Materials (VNM)

BOM Level				Material Number	Description	Status	Cost	HTS	Validated Origin	Non-Originating Material? (Yes/No?)
1				1080-000	Red Wagon	Parent	71.40	9503.00.0073		
	0.2			8720-010	Sheet Metal 10 gauge 2.5 x 4 stainless	Buy-Material	15.25	7209	Colombia	
	0.2			8110-010	Paint Red	Buy-Material	0.50	3208	Colombia	
	0.2			1081-100	Front Undercarriage Assembly	Make-Subassy	36.96	9503.00		
		0.3		1081-110	Wheel Assembly - Front	Make-Subassy	21.70	9503.00		
			0.4	1081-200	Bracket front steering	Buy-Material	5.50	8302	Canada	
			0.4	1081-240	Axle Rod 15 inch	Buy-Material	2.20	7215	Guatemala	
			0.4	1081-250	Axle cap, red	Buy-Material	3.50	7318	Guatemala	
			0.4	1081-260	Wheel Standard, metal hub. Rubber tire	Buy-Material	10.50	9503.00	China	
		0.3		1081-130	Handle Assembly	Make-Subassy	14.40	9503.00		
			0.4	1081-220	Handle Bar metal	Buy-Material	5.60	7304	Colombia	
			0.4	1081-230	Handle Grip. Metal	Buy-Material	8.50	7304	Mexico	
			0.4	8420-010	Bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	
			0.4	8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	
			0.4	8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	
		0.3		8410-020	Cotter Pin 2 inch stainless	Buy-Material	0.56	7318	Colombia	
		0.3		8420-010	bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	
		0.3		8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	
		0.3		8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	
	0.2			1081-120	Wheel Assembly - Rear	Make-Subassy	17.70	9503.00		
		0.3		1081-210	Bracket rear	Buy-Material	1.50	8302	Mexico	
		0.3		1081-260	Wheel Standard. Metal hub. Rubber tire	Buy-Material	10.50	9503.00	Mexico	
		0.3		1081-250	Axle cap, red	Buy-Material	3.50	7318	Guatemala	
		0.3		1081-240	Axle Rod 15 inch	Buy-Material	2.20	7215	Guatemala	
	0.2			8420-010	Bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	
	0.2			8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	
	0.2			8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	
	0.2			1081-270	Decal Set wagon	Buy-Material	0.69	4908	USA	
						Value of All Materials	71.40			
						Value of Non-Originating Materials (VNM)	0.00			

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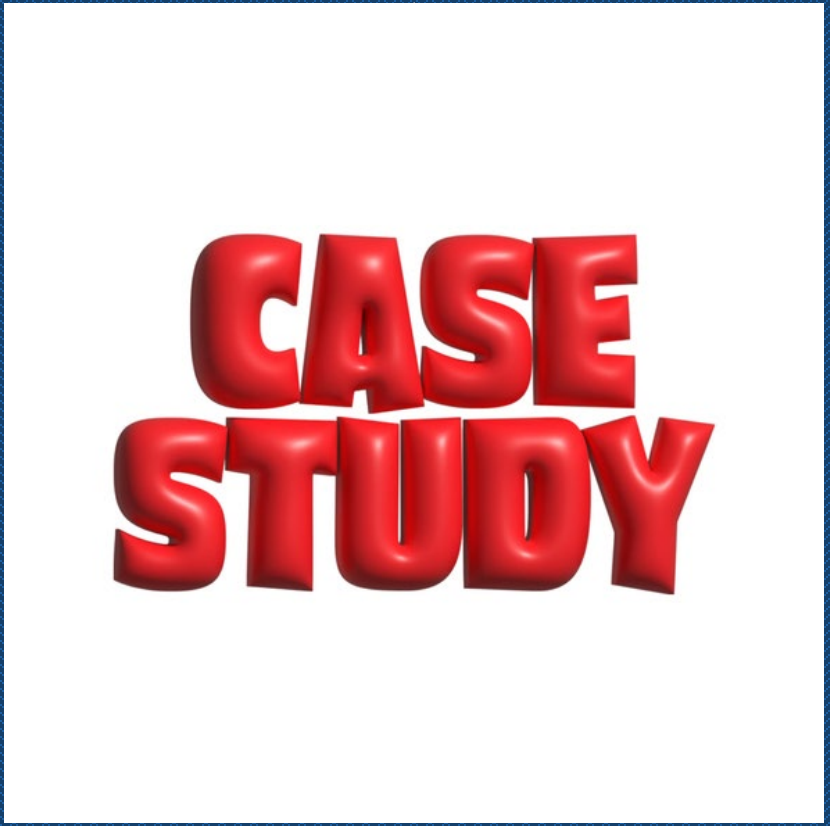
Value of Non-Originating Materials (VNM) Calculation

Example Value of Non-Originating Materials (Case Study Answers)

BOM Level				Material Number	Description	Status	Cost	HTS	Validated Origin	Non-Originating Material? (Yes/No?)
1				1080-000	Red Wagon	Parent	71.40	9503.00.0073		No-Parent
	0.2			8720-010	Sheet Metal 10 gauge 2.5 x 4 stainless	Buy-Material	15.25	7209	Colombia	Yes-Non-Originating Material
	0.2			8110-010	Paint Red	Buy-Material	0.50	3208	Colombia	Yes-Non-Originating Material
	0.2			1081-100	Front Undercarriage Assembly	Make-Subassy	36.96	9503.00		No-Subassy
		0.3		1081-110	Wheel Assembly - Front	Make-Subassy	21.70	9503.00		No-Subassy
			0.4	1081-200	Bracket front steering	Buy-Material	5.50	8302	Canada	No-Originating Material
			0.4	1081-240	Axle Rod 15 inch	Buy-Material	2.20	7215	Guatemala	Yes-Non-Originating Material
			0.4	1081-250	Axle cap, red	Buy-Material	3.50	7318	Guatemala	Yes-Non-Originating Material
			0.4	1081-260	Wheel Standard, metal hub. Rubber tire	Buy-Material	10.50	9503.00	China	Yes-Non-Originating Material
		0.3		1081-130	Handle Assembly	Make-Subassy	14.40	9503.00		No-Subassy
			0.4	1081-220	Handle Bar metal	Buy-Material	5.60	7304	Colombia	Yes-Non-Originating Material
			0.4	1081-230	Handle Grip. Metal	Buy-Material	8.50	7304	Mexico	No-Originating Material
			0.4	8420-010	Bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	Yes-Non-Originating Material
			0.4	8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	Yes-Non-Originating Material
			0.4	8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	Yes-Non-Originating Material
		0.3		8410-020	Cotter Pin 2 inch stainless	Buy-Material	0.56	7318	Colombia	Yes-Non-Originating Material
		0.3		8420-010	bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	Yes-Non-Originating Material
		0.3		8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	Yes-Non-Originating Material
		0.3		8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	Yes-Non-Originating Material
	0.2			1081-120	Wheel Assembly - Rear	Make-Subassy	17.70	9503.00		No-Subassy
		0.3		1081-210	Bracket rear	Buy-Material	1.50	8302	Mexico	No-Originating Material
		0.3		1081-260	Wheel Standard. Metal hub. Rubber tire	Buy-Material	10.50	9503.00	Mexico	No-Originating Material
		0.3		1081-250	Axle cap, red	Buy-Material	3.50	7318	Guatemala	Yes-Non-Originating Material
		0.3		1081-240	Axle Rod 15 inch	Buy-Material	2.20	7215	Guatemala	Yes-Non-Originating Material
	0.2			8420-010	Bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	Yes-Non-Originating Material
	0.2			8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	Yes-Non-Originating Material
	0.2			8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	Yes-Non-Originating Material
	0.2			1081-270	Decal Set wagon	Buy-Material	0.69	4908	USA	No-Originating Material
					Value of All Materials		71.40			
					Value of Non-Originating Materials (VNM)		44.71			



Regional Value Content Calculation

USMCA RVC Calculation Example

USMCA Rule for HTS 9503.00

(A) A change to subheadings 9503.00 through 9505.90 from any other subheading, including another subheading within that group; or

(B) No change in tariff classification to a good of any of subheadings 9503.00 through 9505.90, provided there is a regional value content of not less than:

45 percent where the transaction value method is used; or

35 percent where the net cost method is used.

Rule (A) excludes non-originating inputs from subheading 9503.00.

Rule (B) requires a RVC of 35% under the Net Cost Method and 45% under the Transaction Value method.

Net Cost Method (Case Study)

- The RVC must be: 35 percent where the net cost (NC) method is used, meaning:

$$RVC = (NC - VNM)/NC \times 100$$

➢ NC is the net cost of the good; and

Facts:
- Total Value of Materials = $71.40
- Net Cost = $95.20
- Non-Originating Materials = $44.71

What is the RVC?
Does the good qualify for USMCA?

➢ VNM is the value of non-originating materials including materials of undetermined origin used by the producer in the production of the good.

Net Cost Method (Case Study - Answers)

- The RVC must be: 35 percent where the net cost (NC) method is used, meaning:

$$RVC = (NC - VNM)/NC \times 100$$

$$53.04\% = (95.20 – 44.71) / 95.20 \times 100$$

Facts:
- Total Value of Materials = $71.40
- Net Cost = $95.20
- Non-Originating Materials = $44.71

What is the RVC? 53.04%
Does the good qualify for USMCA? Yes

- ➢ NC is the net cost of the good; and
- ➢ VNM is the value of non-originating materials including materials of undetermined origin used by the producer in the production of the good.

Transaction Value Method (Case Study)

- The RVC must be: 45 percent where the transaction value method is used, meaning:

  RVC = (TV - VNM) / TV x 100

Facts:
- Total Value of Materials = $71.40
- Net Cost = $95.20
- Total Cost = $111.25
- Transaction Value = $116.81 (5% Markup)
- Non-Originating Materials = $44.71

What is the RVC?
Does the good qualify for USMCA?

- ➢ TV is the transaction value of the good, adjusted to exclude costs incurred in the international shipment of the good
- ➢ VNM is the value of non-originating materials including materials of undetermined origin used by the producer in the production of the good.

Transaction Value Method (Case Study – Answers)

- The RVC must be: 45 percent where the transaction value method is used, meaning:

  RVC = (TV - VNM) / TV x 100

  61.72% = (116.81 – 44.71) / 116.81 x 100

Facts:
- Total Value of Materials = $71.40
- Net Cost = $95.20
- Total Cost = $111.25
- Transaction Value = $116.81 (5% Markup)
- Non-Originating Materials = $44.71

What is the RVC? 61.72%
Does the good qualify for USMCA? Yes

➢ TV is the transaction value of the good, adjusted to exclude costs incurred in the international shipment of the good

➢ VNM is the value of non-originating materials including materials of undetermined origin used by the producer in the production of the good.

USMCA Country of Origin Marking (Test 2)

Test 2 – USMCA Rules of Origin for Marking

- The product specific rules of origin contained in GN 11 determines whether a good originates under the USMCA.
- Another step is still required to determine the country of origin for marking.
- The USMCA marking rules of origin contained in 19 CFR Part 102 determine the country of origin for marking purposes of a good imported from Canada or Mexico in accordance with the requirements of 19 CFR Part 134.
- The 19 CFR Part 102 rules are primarily tariff shift rules vs. substantial transformation rules for non-USMCA countries.

19 CFR Part 102.0 USCMA Marking

- The rules set forth in §§ 102.1 through 102.18 and 102.20 also determine the country of origin for marking purposes of imported goods under the Agreement Between the United States of America, the United Mexican States, and Canada (USMCA).

Subpart B—Rules of Origin

§ 102.11 General rules.

The following rules shall apply for purposes of determining the country of origin of imported goods other than textile and apparel products covered by § 102.21.

(a) The country of origin of a good is the country in which:

(1) The good is wholly obtained or produced;

(2) The good is produced exclusively from domestic materials; or

(3) Each foreign material incorporated in that good undergoes an applicable change in tariff classification set out in § 102.20 and satisfies any other applicable requirements of that section, and all other applicable requirements of these rules are satisfied.

19 CFR Part 102 USCMA Marking (cont.)

(b) Except for a good that is specifically described in the Harmonized System as a set, or is classified as a set pursuant to General Rule of Interpretation 3, where the country of origin cannot be determined under paragraph (a) of this section:

(1) The country of origin of the good is the country or countries of origin of the single material that imparts the essential character to the good, or

(2) If the material that imparts the essential character to the good is fungible, has been commingled, and direct physical identification of the origin of the commingled material is not practical, the country or countries of origin may be determined on the basis of an inventory management method.

(c) Where the country of origin cannot be determined under paragraph (a) or (b) of this section and the good is specifically described in the Harmonized System as a set or mixture, or classified as a set, mixture or composite good pursuant to General Rule of Interpretation 3, the country of origin of the good is the country or countries of origin of all materials that merit equal consideration for determining the essential character of the good.

(d) Where the country of origin of a good cannot be determined under paragraph (a), (b) or (c) of this section, the country of origin of the good shall be determined as follows:

(1) If the good was produced only as a result of minor processing, the country of origin of the good is the country or countries of origin of each material that merits equal consideration for determining the essential character of the good;

(2) If the good was produced by simple assembly and the assembled parts that merit equal consideration for determining the essential character of the good are from the same country, the country of origin of the good is the country of origin of those parts; or

(3) If the country of origin of the good cannot be determined under paragraph (d)(1) or (d)(2) of this section, the country of origin of the good is the last country in which the good underwent production.

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Test 2 – USMCA Rules of Origin for Marking (cont.)

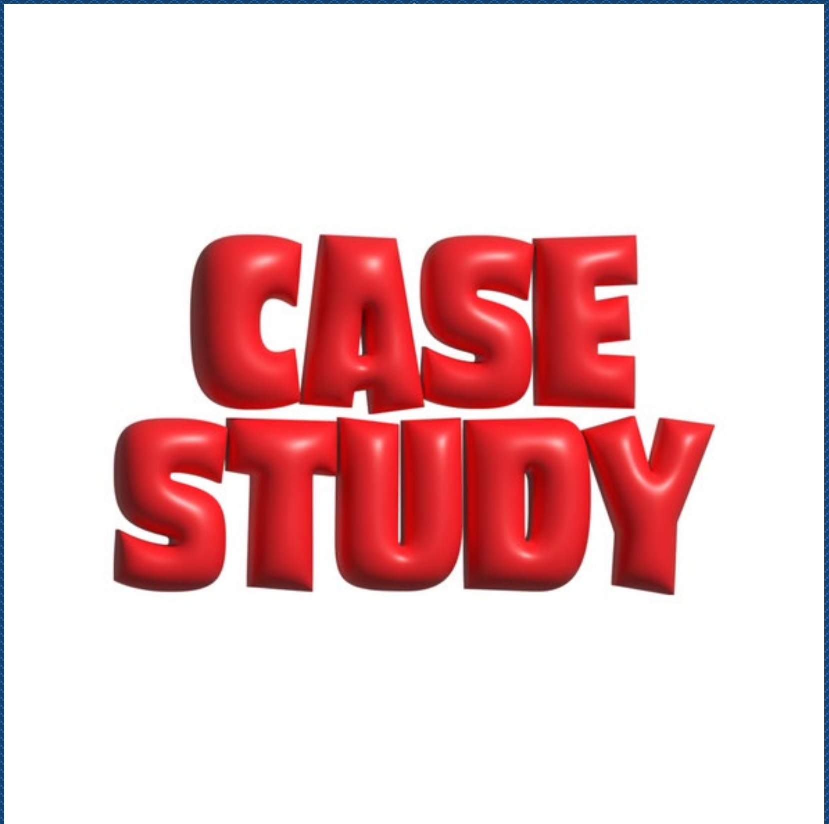
§ 102.13 De Minimis.

(a) Except as otherwise provided in paragraphs (b) and (c) of this section, foreign materials that do not undergo the applicable change in tariff classification set out in § 102.20 or satisfy the other applicable requirements of that section when incorporated into a good shall be disregarded in determining the country of origin of the good if the value of those materials is no more than 7 percent of the value of the good or 10 percent of the value of a good of Chapter 22, Harmonized System.

(b) Paragraph (a) of this section does not apply to a foreign material incorporated in a good provided for in Chapter 1, 2, 3, 4, 7, 8, 11, 12, 15, 17, or 20 of the Harmonized System.

(c) Foreign components or materials that do not undergo the applicable change in tariff classification set out in § 102.21 or satisfy the other applicable requirements of that section when incorporated into a textile or apparel product covered by that section shall be disregarded in determining the country of origin of the good if the total weight of those components or materials is not more than 7 percent of the total weight of the good.

7% for marking



USMCA Rules of Origin for Marking (Test 2)

19 CFR 102.20 Rule for Red Wagon (HTS 9503.00)

- A change to wheeled toys designed to be ridden by children or to dolls' carriages or dolls' strollers, parts or accessories thereof from any other chapter, except from heading 8714 when that change is pursuant to General Rule of Interpretation 2(a).

- The rule excludes non-originating inputs from Chapter 95 and heading 8714.

USMCA Rules of Origin for Marking Example

Complete the last column and determine the COO for marking?

BOM Level				Material Number	Description	Status	Cost	HTS	Validated Origin	Tariff Shift Met? (Yes/No?)
1				1080-000	Red Wagon	Parent	71.40	9503.00.0073		
	0.2			8720-010	Sheet Metal 10 gauge 2.5 x 4 stainless	Buy-Material	15.25	7209	Colombia	
	0.2			8110-010	Paint Red	Buy-Material	0.50	3208	Colombia	
	0.2			1081-100	Front Undercarriage Assembly	Make-Subassy	36.96	9503.00		
		0.3		1081-110	Wheel Assembly - Front	Make-Subassy	21.70	9503.00		
			0.4	1081-200	Bracket front steering	Buy-Material	5.50	8302	Canada	
			0.4	1081-240	Axle Rod 15 inch	Buy-Material	2.20	7215	Guatemala	
			0.4	1081-250	Axle cap, red	Buy-Material	3.50	7318	Guatemala	
			0.4	1081-260	Wheel Standard, metal hub. Rubber tire	Buy-Material	10.50	9503.00	China	
		0.3		1081-130	Handle Assembly	Make-Subassy	14.40	9503.00		
			0.4	1081-220	Handle Bar metal	Buy-Material	5.60	7304	Colombia	
			0.4	1081-230	Handle Grip. Metal	Buy-Material	8.50	7304	Mexico	
			0.4	8420-010	Bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	
			0.4	8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	
			0.4	8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	
		0.3		8410-020	Cotter Pin 2 inch stainless	Buy-Material	0.56	7318	Colombia	
		0.3		8420-010	bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	
		0.3		8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	
		0.3		8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	
	0.2			1081-120	Wheel Assembly - Rear	Make-Subassy	17.70	9503.00		
		0.3		1081-210	Bracket rear	Buy-Material	1.50	8302	Mexico	
		0.3		1081-260	Wheel Standard. Metal hub. Rubber tire	Buy-Material	10.50	9503.00	Mexico	
		0.3		1081-250	Axle cap, red	Buy-Material	3.50	7318	Guatemala	
		0.3		1081-240	Axle Rod 15 inch	Buy-Material	2.20	7215	Guatemala	
	0.2			8420-010	Bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	
	0.2			8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	
	0.2			8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	
	0.2			1081-270	Decal Set wagon	Buy-Material	0.69	4908	USA	
						Value of All Materials	71.40		Deminimis %	
						Total Transaction Value	116.81			

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USMCA Rules of Origin for Marking Example – Answers

BOM Level				Material Number	Description	Status	Cost	HTS	Validated Origin	Tariff Shift Met? (Yes/No?)
1				1080-000	Red Wagon	Parent	71.40	9503.00.0073		N/A - Parent
	0.2			8720-010	Sheet Metal 10 gauge 2.5 x 4 stainless	Buy-Material	15.25	7209	Colombia	Yes
	0.2			8110-010	Paint Red	Buy-Material	0.50	3208	Colombia	Yes
	0.2			1081-100	Front Undercarriage Assembly	Make-Subassy	36.96	9503.00		N/A - Subassembly
		0.3		1081-110	Wheel Assembly - Front	Make-Subassy	21.70	9503.00		N/A - Subassembly
			0.4	1081-200	Bracket front steering	Buy-Material	5.50	8302	Canada	Yes
			0.4	1081-240	Axle Rod 15 inch	Buy-Material	2.20	7215	Guatemala	Yes
			0.4	1081-250	Axle cap, red	Buy-Material	3.50	7318	Guatemala	Yes
			0.4	1081-260	Wheel Standard, metal hub. Rubber tire	Buy-Material	10.50	9503.00	China	No
		0.3		1081-130	Handle Assembly	Make-Subassy	14.40	9503.00		N/A - Subassembly
			0.4	1081-220	Handle Bar metal	Buy-Material	5.60	7304	Colombia	Yes
			0.4	1081-230	Handle Grip. Metal	Buy-Material	8.50	7304	Mexico	Yes
			0.4	8420-010	Bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	Yes
			0.4	8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	Yes
			0.4	8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	Yes
		0.3		8410-020	Cotter Pin 2 inch stainless	Buy-Material	0.56	7318	Colombia	Yes
		0.3		8420-010	bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	Yes
		0.3		8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	Yes
		0.3		8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	Yes
	0.2			1081-120	Wheel Assembly - Rear	Make-Subassy	17.70	9503.00		N/A - Subassembly
		0.3		1081-210	Bracket rear	Buy-Material	1.50	8302	Mexico	Yes
		0.3		1081-260	Wheel Standard. Metal hub. Rubber tire	Buy-Material	10.50	9503.00	Mexico	No - But Originating
		0.3		1081-250	Axle cap, red	Buy-Material	3.50	7318	Guatemala	Yes
		0.3		1081-240	Axle Rod 15 inch	Buy-Material	2.20	7215	Guatemala	Yes
	0.2			8420-010	Bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	Yes
	0.2			8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	Yes
	0.2			8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	Yes
	0.2			1081-270	Decal Set wagon	Buy-Material	0.69	4908	USA	Yes
						Value of All Materials	71.40		Deminimis %	8.99%
						Total Transaction Value	116.81			

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Case Study Questions & Answers

- ~~USMCA Question 1) Does the Good Qualify for USMCA? Was the USMCA rule of origin met?~~
- ~~USMCA Rule 1) General Note 11 Rule - (B) No change in tariff classification to a good of any of subheadings 9503.00 through 9505.90, provided there is a regional value content of not less than: (1) 45 percent where the transaction value method is used; or (2) 35 percent where the net cost method is used.~~
- ~~USMCA Answer 1) Yes, the required regional value content requirement was met.~~

- 19 CFR 102 Question 2) What is the Country of Origin for Marking Purposes?
- 19 CFR 102.21 Rule 2) A change to wheeled toys designed to be ridden by children or to dolls' carriages or dolls' strollers, parts or accessories thereof from any other chapter, except from heading 8714 when that change is pursuant to General Rule of Interpretation 2(a).
- 19 CFR 102.11(d)(3) Answer 2) Mexico, all materials DID NOT meet the required tariff shift and were NOT De Minimis but the last country where the good underwent production was Mexico.

Section 301 Duties on Chinese Goods

Section 301 Tariffs On Goods from China

- Additional tariffs on Chinese-origin goods to protect domestic technology and intellectual property from China's discriminatory trade practices:
- Section 301 measures are based on the entered 8-digit or 10-digit tariff classification and declared country of origin, not the country of export;
  - Current tariffs range from 7.5% - 25% depending on the product
  - Some products may be eligible for an exclusion
  - Section 301 duties are in addition to any currently applicable duty, including anti-dumping and countervailing duties;

Trade Remedy Country of Origin Reviews (Test 3)

Test 3 – Substantial Transformation Rule for Section 301 Duties

- When determining the country of origin for purposes of applying trade remedies (i.e., Section 301) and antidumping/countervailing duty, a third origin analysis -- the “substantial transformation” test is applicable.
- The test for determining whether a substantial transformation has occurred is whether an article emerges from a process with a new name, character, or use, different from that possessed by the article prior to processing.
- Even if goods qualify for duty free treatment under USMCA and satisfy the USMCA Marking rules under 19 CFR 102, they may still be subject to the Section 301 or OTHER trade remedy duties.
- Let me say that again: A good that qualifies under USMCA can still be subject to Section 301 duties (25% duties) if the country of origin determined via the substantial transformation rule is China.
- See Texas Instruments Inc. v. United States, 69 C.C.P.A. 151 (1982).
- See National Hand Tool Corp. v. United States, 16 C.I.T. 308 (1992), aff'd, 989 F.2d 1201 (Fed. Cir. 1993). See Customs Ruling N311459 and HQ H321787.
- Note: Specific Country of Origin tests can also be found in certain AD/CVD scopes.

USMCA Rule of Origin Example –

Was each material substantially transformed?

BOM Level				Material Number	Description	Status	Cost	HTS	Validated Origin	Substantially Transformed? (Yes/No?)
1				1080-000	Red Wagon	Parent	71.40	9503.00.0073		N/A - Parent
	0.2			8720-010	Sheet Metal 10 gauge 2.5 x 4 stainless	Buy-Material	15.25	7209	Colombia	Yes
	0.2			8110-010	Paint Red	Buy-Material	0.50	3208	Colombia	Yes
	0.2			1081-100	Front Undercarriage Assembly	Make-Subassy	36.96	9503.00		N/A - Subassembly
		0.3		1081-110	Wheel Assembly - Front	Make-Subassy	21.70	9503.00		N/A - Subassembly
			0.4	1081-200	Bracket front steering	Buy-Material	5.50	8302	Canada	Yes
			0.4	1081-240	Axle Rod 15 inch	Buy-Material	2.20	7215	Guatemala	Yes
			0.4	1081-250	Axle cap, red	Buy-Material	3.50	7318	Guatemala	Yes
			0.4	1081-260	Wheel Standard, metal hub. Rubber tire	Buy-Material	10.50	9503.00	China	Yes
		0.3		1081-130	Handle Assembly	Make-Subassy	14.40	9503.00		N/A - Subassembly
			0.4	1081-220	Handle Bar metal	Buy-Material	5.60	7304	Colombia	Yes
			0.4	1081-230	Handle Grip. Metal	Buy-Material	8.50	7304	Mexico	Yes
			0.4	8420-010	Bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	Yes
			0.4	8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	Yes
			0.4	8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	Yes
		0.3		8410-020	Cotter Pin 2 inch stainless	Buy-Material	0.56	7318	Colombia	Yes
		0.3		8420-010	bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	Yes
		0.3		8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	Yes
		0.3		8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	Yes
	0.2			1081-120	Wheel Assembly - Rear	Make-Subassy	17.70	9503.00		N/A - Subassembly
		0.3		1081-210	Bracket rear	Buy-Material	1.50	8302	Mexico	Yes
		0.3		1081-260	Wheel Standard. Metal hub. Rubber tire	Buy-Material	10.50	9503.00	Mexico	Yes
		0.3		1081-250	Axle cap, red	Buy-Material	3.50	7318	Guatemala	Yes
		0.3		1081-240	Axle Rod 15 inch	Buy-Material	2.20	7215	Guatemala	Yes
	0.2			8420-010	Bolt 1/4 x 1 stainless	Buy-Material	0.10	7318	Vietnam	Yes
	0.2			8440-010	Washer 1/4 Stainless	Buy-Material	0.10	7318	Vietnam	Yes
	0.2			8430-010	Nut 1/4 stainless	Buy-Material	0.10	7318	Vietnam	Yes
	0.2			1081-270	Decal Set wagon	Buy-Material	0.69	4908	USA	Yes
						Value of All Materials	71.40			

Case Study Questions & Answers

- ~~USMCA Question 1) Does the Good Qualify for USMCA? Was the USMCA rule of origin met?~~
- ~~USMCA Rule 1) General Note 11 Rule - (B) No change in tariff classification to a good of any of subheadings 9503.00 through 9505.90, provided there is a regional value content of not less than: (1) 45 percent where the transaction value method is used; or (2) 35 percent where the net cost method is used.~~
- ~~USMCA Answer 1) Yes, the required regional value content requirement was met.~~

- ~~19 CFR 102 Question 2) What is the Country of Origin for Marking Purposes?~~
- ~~19 CFR 102.21 Rule 2) A change to wheeled toys designed to be ridden by children or to dolls' carriages or dolls' strollers, parts or accessories thereof from any other chapter, except from heading 8714 when that change is pursuant to General Rule of Interpretation 2(a).~~
- ~~19 CFR 102.11(d)(3) Answer 2) Mexico, all materials DID NOT meet the required tariff shift and were NOT De Minimis but the last country where the good underwent production was Mexico.~~

- Trade Remedy Question 3) What is the Country of Origin for Trade Remedy Purposes?
- Trade Remedy Rule 3) Substantial transformation (do all raw materials have a new name, character, and use)
- Trade Remedy Answer 3) Mexico, all materials were substantially transformed in Mexico and have a new name, character, and use.

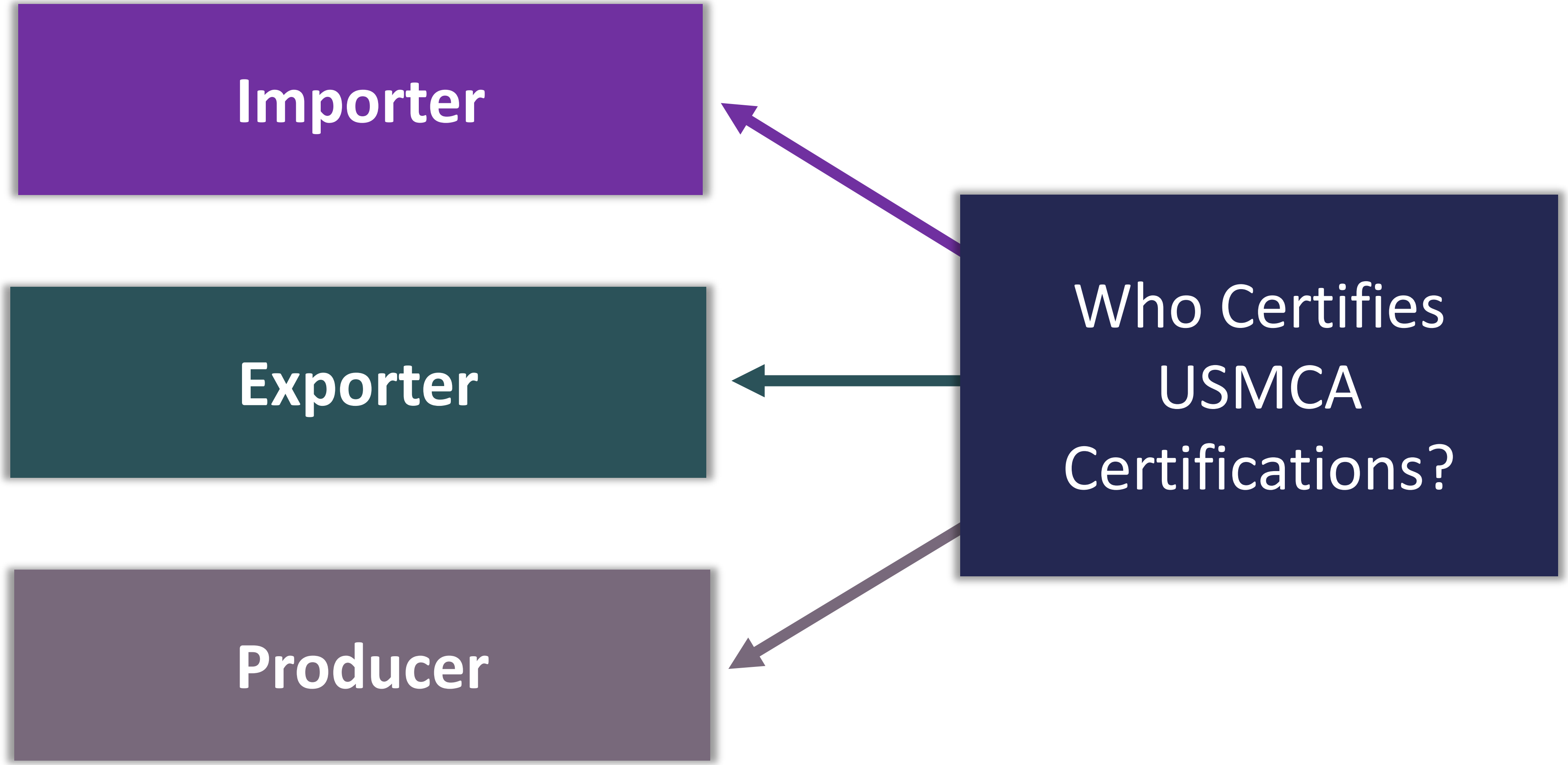
All done! You Made It!

USMCA Certifications

Certificates of Origin / USMCA Certification

- The NAFTA Certificate of Origin (US CBP Form 434) has been eliminated.
- The replacement under the USMCA is a certification from the producer, exporter or importer containing the required data elements and certifying that the article(s) meet the rules of origin.
- The certification is required to be in the importer’s possession at the time a claim for entry under the USMCA is made.

USMCA Certification Minimum Data Elements



Certification of Origin, Minimum Data Elements

1. Importer, Exporter, or Producer Certification of Origin

- Indicate whether the certifier is the exporter, producer, or importer

2. Certifier

- Provide the certifier's name, title, address (including country), telephone number, and email address.

3. Exporter

- Provide the exporter's name, address (including country), e-mail address, and telephone number if different from the certifier.
- This information is not required if the producer is completing the certification of origin and does not know the identity of the exporter.

4. Producer

- Provide the producer's name, address (including country), e-mail address, and telephone number, if different from the certifier or exporter or, if there are multiple producers, state "Various" or provide a list of producers.
- A person who wishes for this information to remain confidential may state "Available upon request by the importing authorities". The address of a producer shall be the place of production of the good in a Party's territory.

Certification of Origin, Minimum Data Elements

5. Importer

- Provide, if known, the importer's name, address, e-mail address, and telephone number.
- The address of the importer shall be in a Party's territory.

6. Description and HS Tariff Classification of the Good

- Provide a description of the good and the HS tariff classification of the good to the 6-digit level. The description should be sufficient to relate it to the good covered by the certification; and
- ***NOTE: The description on the invoice and Certification should match or be traceable.***

7. Origin Criteria

- Specify the origin criteria under which the good qualifies, as set out in Article 4.2 (Originating Goods).
- ***NOTE: This must be A, B, C, or D and you must use the right one.***

Certification of Origin, Minimum Data Elements

8. Blanket Period

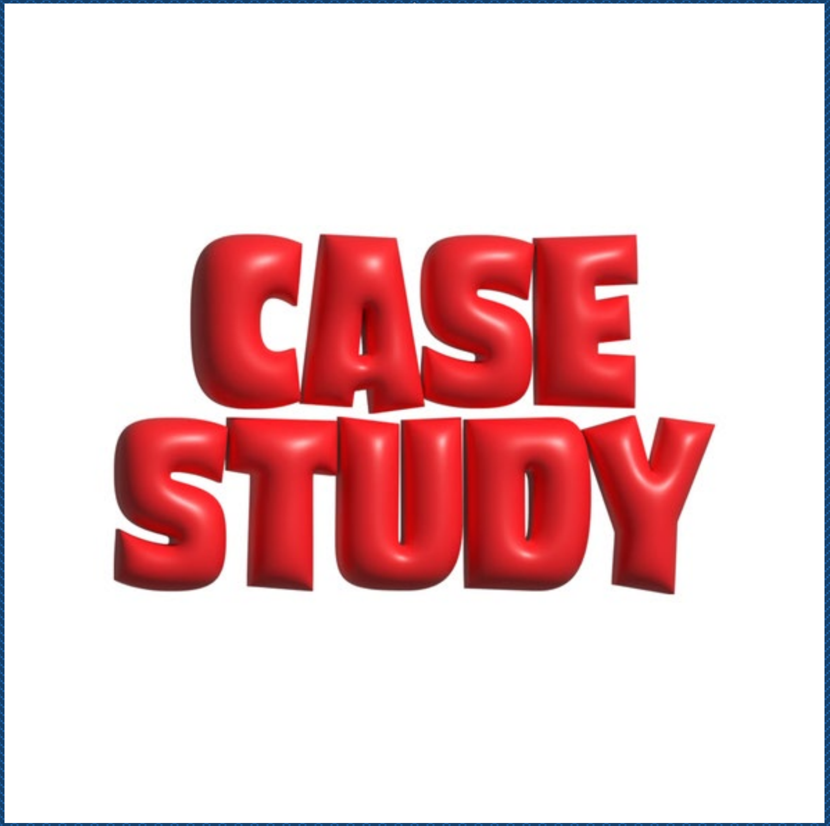
- The certification can cover multiple shipments of identical goods for a specified period of up to 12 months
- ***NOTE: The blanket period must cover the entry date.***

9. Authorized Signature and Date

- The certification of origin must be signed and dated by the certifier and must be 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.
- ***NOTE: The Certification must be signed before the date of entry.***

Certification of Origin Quality Review

- Is the Certification of origin (C/O) in English?
- Is the C/O complete (every field), signed by the Certifier, and dated on or before the date of entry into the US?
- Is the person/title who signed the C/O knowledgeable of the origin of the merchandise for USMCA purposes?
- Does the “blanket” period (e.g., from January 1 to December 31), cover the date of entry?
- Does the C/O list the same product item number and/or description as found on the invoice ?
- Is the country of origin on the C/O, MX, CA, or US?
- Is the preference criterion "B." Certificates containing an "A" (wholly grown) or "C" (all raw material are NAFTA originating) as the preference criterion should be further scrutinized.
- Does the tariff number on the C/O match the tariff number used for entry?



Certification of Origin

Certification of Origin Quality Review

- EXERCISE
  - Facts:
    1. Date of CBP entry is <u>October 16, 2024</u>
    2. Classification on entry is HTSUS <u>9503.00</u>
    3. On commercial invoice merchandise is described as: <u>1080-000 Red Wagon</u>

    Instructions: Identify any issues with the certificate of origin per the "quality review" guidance.

Certificate of Origin Quality Review

Please print or type

1. IMPORTER, EXPORTER, or PRODUCER Certificate of Origin: EXPORTER

2. CERTIFIER NAME AND ADDRESS		**3. EXPORTER NAME AND ADDRESS**	
			Exporter Mexico SA de CV
Name:	Mr. Bigote Calzones	**Address:**	53 Avenida de la Chancla
Title:	Receptionist		Aguascalientes, Mexico
Address:	53 Avenida de la Chancla		
	Aguascalientes, Mexico	**TaxID#:**	EXP2305011K3
Telephone:	+52 449 123 4567	**Telephone:**	+52 449 123 4567
Email:	bigotes@emsadecv.com	**Email:**	bigotes@emsadecv.com

4. PRODUCER NAME, ADDRESS, AND EMAIL		**5. IMPORTER NAME, ADDRESS, AND EMAIL**	
	Exporter Mexico SA de CV		Deleon Trade LLC
Name:	Mr. Bigote Calzones		Cindy Deleon
Title:	Receptionist	**Address:**	4 Riverway
Address:	53 Avenida de la Chancla		Houston, TX 77076
	Aguascalientes, Mexico		
Telephone:	+52 449 123 4567	**Telephone:**	713-444-6789
Email:	bigotes@emsadecv.com	**Email:**	cindy@deleontrade.com

6. DESCRIPTION OF GOOD(S)		**6. 6-DIGIT HS TARIFF CLASSIFICATION NUMBER**	**7. ORIGIN CRITERIA**	**COUNTRY OF ORIGIN**
1081-000	Blue Wagon	9505.00	A	CO

8. BLANKET PERIOD: *From:* **1/1/2023** *To:* **12/31/2023**

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.

• THIS CERTIFICATE CONSISTS OF 1 PAGES, INCLUDING ALL ATTACHMENTS.

9. AUTHORIZED SIGNATURE	**NAME (*Print or Type*)**	**DATE**
	Bigote Calzones	11/10/2024

DELEON TRADE LLC
CUSTOMS COMPLIANCE CONSULTANTS

Certificate of Origin Quality Review - Answers

Issues with Certificate:

1) Preference Criterion was “A” and Red Wagons are not wholly grown in Mexico
2) Part number and Description on invoice (i.e., 1080-000 Red Wagon) does not match part number on certificate (i.e., 1081-000 Blue Wagon).
3) CO was signed AFTER entry date (i.e., CO signed Nov 10th, but entry is October 16th).
4) HTS on entry does not match HTS on certificate (i.e., Entry HTS was 9503.00, but HTS on certificate was 9505.00). The rule of origin is HTS specific.
5) CO signatory was “receptionist” and may not have knowledge of the facts surrounding USMCA eligibility.
6) Blanket Period was 2023 (does not cover entry date).
7) Country of Origin was listed as Colombia.

USMCA Verifications & Audits

USMCA Verifications or Audits by CBP

- CBP can conduct a USMCA Audit or Verification;
- Written requests or questionnaires, such as **a <u>CBP Form 28,</u>** Request for Information to importer, exporter, or producer of the good are typically used;
- **<u>Verification visit to the premises</u>** of the exporter or producer of the good in order to request information, including documents, and to observe the production process and the related facilities;
- CBP may initiate the verification to the importer or to the person who completed the certification of origin. If CBP initiates a verification to the exporter or the producer, it will **<u>inform the importer</u>** of the initiation of the verification.
- If the importer does not provide sufficient information to demonstrate that the good is originating, and the importer was not the certifier, CBP shall **<u>request information from the certifier</u>** (i.e., exporter or producer) before it may deny the claim for preferential treatment.
- CBP will **<u>accept information</u>**, including documents, **<u>directly</u>** from the exporter, producer, or importer.

Recordkeeping & Verification Documents

- Entry Package, payment records, Certification of Origin
- Flow-charts, technical specifications and other documents explaining the manufacturing process.
- Explanation of how the good meets the specific rule of origin in GN 11;
- Bill of materials showing the HTS, origin, and cost of each material;
- Certifications or affidavits from the producer of each originating material **<u>attesting to the country of manufacture and its originating status</u>**;
- Purchase orders and proof of payment to substantiate values;
- Documentation pertaining to assists, inventory management methods, indirect materials, etc.;
- Raw materials invoices (**<u>including payment records</u>**);
- Production records; and
- Export documents.

USMCA Verifications

- Types of documents are consistent with the list of documents in the [Implementing Instructions](#) (See “Verification by CBP” section)
- CBP Trade Regulatory Audit works with Import Specialists in conducting FTA verifications

DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection

OMB CONTROL NO: 1651-0023
EXPIRATION DATE: 11-30-2022

REQUEST FOR INFORMATION

REQUEST FOR INFORMATION CBP CBP Officer Message (Continuation)
ENTRY: [redacted]
PREFERENTIAL TREATMENT FOR YOUR GOODS: WAS CLAIMED UNDER THE UNITED STATES-MEXICO-CANADA AGREEMENT (USMCA ENTRY, LINE 001. THIS IS NOTIFICATION THAT U.S. CUSTOMS AND BORDER PROTECTION IS VERIFYING THE ORIGINATING STATUS OF GOODS PURSUANT TO ARTICLE 19 CFR 182. THE PURPOSE OF THE VERIFICATION IS TO DETERMINE WHETHER THE GOODS ARE ORI THE RULES OF ORIGIN SET FORTH IN GENERAL NOTE 11(b) OF THE HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES.

PROVIDE SUPPORTING DOCUMENTATION AND INFORMATION TO SUBSTANTIATE YOUR CLAIM FOR THE [redacted] TRADE AGREEMENT SU LIMITED TO THE FOLLOWING;

A CERTIFICATION OF ORIGIN OR SUPPORTING STATMENT

AFFADAVITS FROM MANUFACTURERS

BILLS OF MATERIALS FROM FOREIGN SUPPLIERS

DIRECT COST OF PROCESSING AND MANUFACTURING (COST DATA)

PRODUCTION PROCESS DETAILS

PRODUCTION AND MANUFACTURING RECORDS

FACTORY INVOICES FOR THE MERCHANDISE

IMAGES OR PHOTOS OF THE MERCHANDISE

A RESPONSE TO THIS REQUEST IS REQUIRED WITHIN 30 DAYS FROM THE DATE OF THIS NOTICE. PLEASE ALSO RESPOND TO ITEMS CBP 28 FORM, SIGN, DATE, AND RETURN A COPY TO THIS EMAIL ADDRESS.

Fax No.	Email [redacted]

CBP Form 28 (3/20) Page 1 of 2

DELEON TRADE LLC
CUSTOMS COMPLIANCE CONSULTANTS

USMCA Rulings

2025 ATCC Conference

Summary of USMCA Rulings

When in doubt consider consulting an expert or getting a ruling.

Since USMCA's inception on July 1, 2020:

- CBP has issued 294 rulings associated with USMCA eligibility.
- 149 of the 294 rulings also addressed whether Section 301 duties applied.

How would you rate your current NAFTA/USMCA rule of origin analysis skills?

(A) Fundamental Awareness (basic knowledge)	0%
(B) Novice (limited experience)	0%
(C) Intermediate (some practical application)	0%
(D) Advanced (extensive experience)	0%
(E) Expert (recognized authority)	0%

DELEON TRADE LLC
CUSTOMS COMPLIANCE CONSULTANTS

Home | About Us ▾ | Our Team ▾ | Services ▾ | Forced Labor | Trade Resources ▾ | Webinars ▾

Importer Services

Importers of Record Services play a crucial role in ensuring compliance with customs regulations. Our team of experts provide a range of services aimed to help importers navigate the complex world of customs regulations, ensuring that they are operating within the law and minimizing the risk of penalties or fines. By partnering with Deleon Trade, importers can streamline their operations, improve efficiency, and avoid costly mistakes.

CBP Focused Assessments, Audits & Audit Surveys

Facing CBP audits can be daunting, but our team of former Customs Auditors and Audit Supervisors is here to guide you through each step. From Audit Surveys to in-depth Focused Assessments, we not only prepare you for what to expect but actively assist in responding to requests for information. Our seasoned experts attend site visits while CBP is present, leveraging their extensive experience to navigate audits effectively, ensuring a successful outcome.

Prior Disclosure Quantifications & Stat Sampling

When it comes to statistical sampling, our team of former Customs Auditors stands out with in-depth knowledge and training. We assist clients in developing and implementing statistical sampling methods, ensuring accuracy and compliance with U.S. Customs requests. By efficiently reviewing import data without having to examine every transaction, statistical sampling allows auditors to draw conclusions and determine compliance with U.S. Customs laws and regulations.

Risk Assessments & Post Entry Audits

Internal controls play a pivotal role in ensuring compliance, and our auditors are well-versed in developing, testing, and evaluating systems of internal control. Most importers overlook the Risk Assessment component, but we specialize in developing and implementing risk assessments, including macro-based AD/CVD risk assessments. Our comprehensive post entry audit programs are designed to test the accuracy of import entry declarations and identify discrepancies with customs laws and regulations.

Forced Labor

Forced labor poses a significant risk to supply chains, and our auditors work collaboratively with law firm partners to address Uyghur Forced Labor Protection Act (UFLPA) detentions. Whether it's securing the release of detained goods or designing a due diligence strategy, we provide actionable advice to help companies efficiently address their forced labor risks. Partner with us to enhance supplier onboarding and gain practical insights that minimize business disruption while ensuring ethical practices in your supply chain.

Complex Valuation Reviews

Do you know your basis of appraisement? It is one of the first questions CBP will ask in any value review. Our team is also well versed in general ledger reviews to identify undeclared additions to value (e.g. commissions, royalties, assists, packing, and proceeds) as CBP would during an audit. Our team of trained auditors also conducts first sale valuation assessments to ensure compliance, reduce duties, and develop robust internal controls. Partner with us to achieve optimal results in customs valuation.

Customs Value Reconciliation Program

Reconciliation enables importers to amend entry summary elements previously undetermined. From transfer price adjustments to assists and royalties, our experienced team provides comprehensive support throughout the reconciliation process. Trust us to guide you through the intricacies, ensuring compliance with U.S. Customs requirements and minimizing risks associated with valuation discrepancies, enabling you to focus on your business operations with confidence.

FTA Rule of Origin Analysis & Audits

Our team of former Customs Auditors brings extensive training in free trade agreements (FTAs) to the table. From USMCA to GSP, we not only assist in rule of origin analysis but also conduct audits to ensure products qualify under specific FTA rules. With experience in assisting clients during audits conducted by customs officials in different countries, we help you confidently navigate the complex world of FTAs, ensuring compliance and maximizing the benefits available.

Import Compliance Manual & SOP Development

Every importer is unique, and their compliance programs should be too. We specialize in assisting importers in developing and implementing comprehensive U.S. Customs import compliance programs and manuals tailored to their specific needs. During an audit, having written policies and procedures is crucial, and our experts ensure these documents describe detailed internal controls to ensure compliance in each risk area.

HTSUS Tariff Classification

Accurate tariff classification is essential across industries. Whether building a classification database, analyzing existing databases, or classifying new products or components, our focus on detail and reasoned judgment ensures robust classification solutions tailored to your business. Optimize opportunities afforded by current trade programs, and verify that your products have been properly classified to ensure compliance and maximize efficiency.

Thank You

2025 ATCC Conference