

## US-Mexico-Canada Trade Agreement (USMCA) Fact Sheet



As of Wednesday, July 1, 2020, the new U.S.-Mexico-Canada Agreement (USMCA) has been implemented, creating new trade opportunities for small businesses that already trade with or are planning to start trading with Canada and Mexico by streamlining several processes.

What does all of this mean for small to medium businesses that are eager to dip their feet in international trade? It's easier than ever before to start – especially if you start with Canada and Mexico.

### Some key highlights:

- New customs procedures
- Increased de minimis shipment value
- Incorporation of e-signatures
- Prohibits customs duties on digital products
- New rules of origin provision

### BENEFITS OF THE AGREEMENT:

#### 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. In Canada, the de minimis for duties is \$150, and taxes \$50, double above the current level.

Countries	Current De Minimis (VAT & 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: 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.

#### Fewer Customs Formalities

The USMCA increases the informal entry document levels in Mexico and Canada, allowing most small goods that move regionally to require less paperwork.

### **Handling of Express Shipments**

Depending on your logistics provider, pre-arrival processing is allowed with single submissions / manifests, minimum documentation and immediate release on arrival.

### **Coordinated Border Inspections**

Customs administrations and other relevant agencies will carry out examinations with appropriate coordination and if possible, in the same location, expanding current US locations and creating joint border examination facilities.

### **Learn more here:**

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