USMCA: Advantages & Challenges for OFS

August 19, 2020
Call Notes

- **Anti-Trust Compliance**: Everyone will remain muted.
- **Please do not place the call on hold to avoid music disrupting the call.**
- **During Q&A**: Send questions to **msuarez@pesa.org** or via chat
- **PESA will share a post-event summary.**
USMCA: Advantages and Challenges for OFS

08/19/2020

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1. Mexican Official Standards (NOMS): Mexico’s current situation with USMCA and the Oil & Gas industry
   a. Equivalence and Mutual Recognition Agreements
   b. Mexican Official Standards (NOMS)

2. Oil & Gas industry impact
   a. NOM Import procedure
   b. New requirements
   c. NOM impact

3. Final comments

4. Mexico’s Upcoming Reforms
NOMS: MEXICO’S CURRENT SITUATION WITH USMCA AND THE OIL & GAS INDUSTRY
# NAFTA VS. USMCA

<table>
<thead>
<tr>
<th>Description</th>
<th>NAFTA</th>
<th>USMCA</th>
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</thead>
<tbody>
<tr>
<td>1. Chapter IX</td>
<td>Standards-Related Measures</td>
<td>Technical Barriers to Trade</td>
</tr>
<tr>
<td>2. Equivalence and Mutual Recognition Agreements</td>
<td>906 y 908</td>
<td>11.6</td>
</tr>
<tr>
<td>3. Committee on Technical Barriers to Trade</td>
<td>913</td>
<td>11.11</td>
</tr>
</tbody>
</table>

To strengthen their joint work in the fields of technical regulations, standards, and conformity assessment procedures with a view to facilitating trade between the Parties.

... (d) reaching an agreement on priority areas of mutual interest for future work under this Chapter and considering proposals for new sector-specific initiatives or other initiatives;

... (j) undertaking initiatives to support greater regulatory alignment in the region, including through the development of common standards or conformity assessment procedures, in sectors of mutual interest;
STANDARDS & CONFORMITY ASSESSMENT

- **USMCA**
  - *Equivalence Agreements:* To promote the compatibility of a specific standard or conformity assessment procedure with the ones maintained in the territory of the other Party
  - *Mutual Recognition Agreements:* Each Party recognize conformity assessment bodies in the territory of another Party

- **IN MEXICO**
  - *Mexican Official Standards (NOMS):* Technical regulation of mandatory observance issued by the competent agencies
EQUIVALENCE AGREEMENTS

• Since 2010, Mexico had three Mexican Official Standards for electronic products, under NAFTA Equivalence Agreements but starting 08/14/2020, only 2

• By having an Equivalence Agreement in place, allows the importers in Mexico to use a Certificate issued in a foreign country (USA/CA) to comply with Mexican Official Standards upon importation

<table>
<thead>
<tr>
<th>Mexican Official Standard (NOM)</th>
<th>US Standard</th>
<th>CA Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOM-001-SCFI-1993. Safety requirements for main operated electronic and related apparatus for household and similar general use” Note: No Equivalence Agreement starting 08/14/2020</td>
<td>ANSI/UL 60065</td>
<td>CAN/CSA-C22.2 No. 60065-2003</td>
</tr>
</tbody>
</table>
• NOM-019 is one of the most applicable Mexican Official Standards to the O&G industry products, but from the 02 existing equivalence standards, you’re not using anyone
• From 700 part #’s we’ve analyzed for the industry, we’ve found they’re subject to 23 different NOMS related to energy, technology, telecommunication, electronic sectors, etc.

Applicable NOMS to the O&G industry:

- NOM-010-SCFI-1994 (Weighting machine)
- NOM-013-SCFI-2004 (Manometers)
- NOM-001-SCFI-1993 (Power supply, UPS)
- NOM-019-SCFI-1998 (Display, servers, plotters)
- NOM-058-SCFI-2017 (Ballast)
- NOM-208-SCFI-2016 (Radiocommunicati on Systems using Bluetooth, Wifi)
- NOM-063-SCFI-2001 (Cable)
- NOM-011-SCFI-2014 (Thermometers)

O&G industry products exempt from NOM compliance:

- NOM-032-ENER-2013
- NOM-003-SCFI-2014
- NOM-196-SCFI-2016
- NOM-001-ENER-2014
- NOM-046-SCFI-1999
- NOM-133/3-SCFI-1999
- NOM-008-SESH/SCFI-2010
- NOM-002-SEDE/ENER-2014
- NOM-004-ENER-2014
- NOM-045-SCFI-2000
- NOM-218-SCFI-2017
- NOM-093-SCFI-1994
- NOM-014-SESH-2013
- NOM-010-CONAGUA-2000
- NOM-005-CONAGUA-1996
- NOM-221-SCFI-2017
EQUIVALENCE AGREEMENTS

• Vendors related to technology equipment are key to provide the Oil & Gas industry with equivalence certificates for NOM-019-SCFI-1998

Foreign Entities approved in Mexico

<table>
<thead>
<tr>
<th>United States of America</th>
<th>Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intertek Testing Services, NA, INC</td>
<td>Intertek Testing Services, NA, LTD</td>
</tr>
<tr>
<td>TUV Rheinland North America, INC</td>
<td>CSA Group Testing &amp; Certification Inc</td>
</tr>
<tr>
<td>Underwriters Laboratories Inc (UL LLC)</td>
<td>Underwriters Laboratories of Canada Inc</td>
</tr>
<tr>
<td>Underwriters Laboratories Inc (UL LLC)</td>
<td>Underwriters Laboratories of Canada Inc</td>
</tr>
</tbody>
</table>
## MUTUAL RECOGNITION AGREEMENTS**

- Communication with vendors is key to know if a product to be imported into Mexico was already approved by one of the following entities:

<table>
<thead>
<tr>
<th>Mexican Certification Entities</th>
<th>Foreign Certification Entities</th>
<th>Country</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normalización y Certificación (NYCE)</td>
<td>CSA-NYCE</td>
<td>Canada</td>
<td>Electrotechnical</td>
</tr>
<tr>
<td>NEMKO Norteamérica</td>
<td></td>
<td>USA</td>
<td>Electrotechnical and medical devices</td>
</tr>
<tr>
<td>UL de México, S.A DE C.V</td>
<td>UL LLC (Estados Unidos) y UL International DEMKO A/S (Dinamarca)</td>
<td>USA and Denmark</td>
<td>Electric</td>
</tr>
<tr>
<td>Cámara Nacional de la Industria Electrónica de Telecomunicaciones y Tecnologías de la Información (CANIETI)</td>
<td>UL LLC</td>
<td>USA</td>
<td>Energy efficiency</td>
</tr>
<tr>
<td>Intertek Testing Services de México, S.A. de C.V.</td>
<td>Intertek Testing Services NA, Inc; Intertek Testing Services Hong Kong LTD; Intertek Testing Services Shenzhen LTD; Guangzhou branch; Intertek SEMKO AB; Intertek ETL SEMKO Korea LTD; Intertek Japan K.K. e Intertek Testing Services, Thailand Co, LTD.</td>
<td>USA, Hong Kong, Korea, Japan, Thailand</td>
<td>Electrical and electronic</td>
</tr>
<tr>
<td>Asociación Nacional de Normalización y Certificación, A.C. (ANCE)</td>
<td>Canadian Standards Association (CSA)</td>
<td>Canada</td>
<td>Energy efficiency</td>
</tr>
<tr>
<td></td>
<td>Canadian Standards Association (CSA) American Testing &amp; certificacion LLC (Cleveland)</td>
<td>USA</td>
<td>Energy efficiency</td>
</tr>
<tr>
<td></td>
<td>Canadian Standards Association (CSA) American Testing &amp; certificacion LLC (Irvine, CA)</td>
<td>USA</td>
<td>Energy efficiency</td>
</tr>
<tr>
<td></td>
<td>Canadian Standards Association (CSA) Group Testing &amp; Certificacion Inc. Operating as CSA Group</td>
<td>Canada</td>
<td>Energy efficiency</td>
</tr>
</tbody>
</table>

** Not used by the Oil & Gas industry so far
NOM IMPORT PROCEDURE

- Mexican authorities found that most of the products were sold in Mexico without NOM compliance, due to an abuse in the use of Declaration letters
- NOM importation rules have changed for all importers in Mexico (no exception to the O&G industry)

PRECEDING IMPORT PROCEDURE

Declaration letter issued by the IOR, indicating that the goods were meant for internal use and not to be sold

When applicable:
1. NOM exception letter issued by local Certification Entities
2. 5–TER Resolutions
3. Highly Specialized Product Certificate
4. NOM Certificates
5. Provide the Customs Broker with Specifications datasheet in Spanish in order to exempt the NOM requirement

06/03/19

In some other cases:
- Not imported
- Returned at origin
- Wait for certification instructions
O&G NEW REQUIREMENTS

- COVID-19
- Use of technology
- Less staff exposure
- Products subject to NOM-208-SCFI-2016 related to Radiocommunication Systems using Bluetooth and/or Zigbee, and/or WiFi, and/or WLAN, and/or WPAN, and or WAN

In order to be able to import these type of products, the Importer of Record should follow a certification procedure that consists of:

**Step 1:** Laboratory testing – 2 samples prepared according to NOM requirements, declaration letter and User’s Manual, service fees payment

**Step 2:** NOM Certification – Declaration letter, User’s Manual, Blocks diagram or internal pictures, external pictures, laboratory testing results, service fees payment
O&G NOM IMPACT

• At Customs:
  - Experiencing **customs clearance delays (between 30 to more than 100 days) due to new internal procedures**, for example: Specifications datasheet in Spanish, as a new import requirement by the Customs Broker for NOM exemption purposes, in order to avoid jeopardizing his Customs Broker’s license
  - **UL certificates are not available by the vendors**, so certification procedures must be followed

• In addition:
  - New internal procedures related to NOM compliance are required within the O&G companies. For example: Information required by the responsible for ordering the product
  - Inventory / In-transit equipment: Equipment underutilization either in Mexico or another country, which results in losses for the company
  - PNL (Profit & Loss) with the in transit inventory value
  - Storage and certification costs
O&G NOM IMPACT

• Audits and Penalties
  - All importations are subject to authorities’ revision during or post customs clearance
  - Non-compliance with any Safety NOM requirement will be fined as follows:
    o Customs Broker’s license will be cancelled
    o Importer of Record
      - Seized merchandise
      - 70 to 100% product’s commercial value
      - IOR’s registration may be cancelled as well
1. NOM matters are impacting on the Oil & Gas industry and we think they need to be taken to the next level, by:

a. Establishing specific rules to Oil & Gas industry, related to NOM compliance in Mexico
b. Evaluating equivalence standard agreements for equipment subject to technology Mexican Official Standards, such as NOM-208-SCFI-2016, related to Radiocommunication Systems using Bluetooth and/or Zigbee, and/or WiFi, and/or WLAN, and/or WPAN, and or WAN
FINAL COMMENTS

2. Vendors related to technology equipment are key to provide the Oil & Gas industry with:


   b. Laboratory testing results according to Mutual Recognition Agreements

3. No equivalence agreement for NOM-001 (Power supply, UPS, for example) yet, so products subject to this NOM should get a NOM certificate prior to importation
Mexico’s Upcoming Reforms

- **Quality Infrastructure Law**: 09/24/2020
- NOM Decree related to labeling import requirements: TBD
- NOM-001-SCFI-2018 Equivalence Standard: TBD
- 6th. Amendment to the HS Nomenclature: 12/28/2020
Petroleum Equipment & Services Association: The United States-Mexico-Canada Agreement (USMCA) - Panel Discussion

August 19th 2020
USMCA: Old Wine in a New Bottle?

- The consultant’s response = Yes .......No..........Maybe!!

- What is my experience and how it influences my perspective (i.e. a trade janitor, a Harmonized System and rules of origin zealot) ?

- Outline some major changes + some more subtle ones

- Finish with a more specific + detailed look + final commentary
USMCA: Some Changes

Before starting on changes: a word about what does not: the Harmonized System (HS)

Certificates of Origin gone - certification of origin in. Data elements only.

Importer certification now an option: issues you are all more likely to be familiar with than me
USMCA: Certification

- **Note:** no country of origin field: in Canada no longer a tariff schedule for goods of mixed US and Mexican origin (i.e. MUST)

- **But:** country of origin determination still required for customs declaration purposes

- For example: a USMCA “originating” in Mexico can be shipped from the USA under the Canadian schedule for “Mexican” goods (code 11) providing that:
Mexico was the country in which the last production process, other than a minimal operation, occurred and

(a) the goods are shipped to Canada from a CUSMA country without transhipment through a country that is not a CUSMA country, either

   (i) on a through bill of lading, or

   (ii) without a through bill of lading and the importer provides, when requested by an officer, documentary evidence that indicates the shipping route and all points of shipment and transhipment before the importation of the goods; or

AND

minimal operation means any of the following:

(a) an operation to ensure the preservation of a good in good condition for the purposes of transport and storage;

(b) packaging, re-packaging, breaking up of consignments or putting up a good for retail sale, including placing a good in bottles, cans, flasks, bags, cases or boxes;

(c) mere dilution with water or another substance that does not materially alter the characteristics of the good;

(d) the collection of goods intended to form sets, assortments, kits or composite goods; and

(e) any combination of operations referred to in paragraphs (a) to (d). (activité minimale)
Other USMCA-CUSMA Basics

- **Importer Liability**
  
  Always liable for duties - so if you want to do importer certification make sure you have exporter and/or producer origin certification

- **Refunds**
  
  When CUSMA came into force, the period of one year to submit a claim for a refund of duties that were overpaid was extended by the Canada Border Services Agency (CBSA) to provide importers with a period of four years from the date the goods were accounted for, in which to claim the CUSMA preferential tariff treatment.

- **NAFTA**: Don’t forget to keep NAFTA records for six years

- **Rules of Origin**: mostly the same or better and in many instances identical (i.e. pumps, centrifuges and compressors....) BUT
Panels of 85.37+ Parts

Now entering into the realm of process control related to automation + IoT + AI

85.37: Boards, panels, consoles, desks, cabinets and other bases, equipped with two or more apparatus of heading 85.35 or 85.36, for electric control or the distribution of electricity, including those incorporating instruments or apparatus of chapter 90, and numerical control apparatus, other than switching apparatus of heading 85.17

USMCA Rule of Origin 85.37

A change to heading 85.37 from any other heading, except from printed circuit assemblies of subheading 8538.90 or moulded parts of subheading 8538.90; or

A change to heading 85.37 from printed circuit assemblies of subheading 8538.90 or moulded parts of subheading 8538.90 or, whether or not there is also a change from any other heading, provided there is a regional value

- content of not less than:
  - (a) 50 percent where the transaction value method is used; or
  - (b) 40 percent where the net cost method is used.
USMCA: Schedule II Goods Deemed Originating

- "Schedule II goods" are computers, disk drives, computer parts including power supplies, USB memory sticks and other non-volatile memory such as SSDs (Solid-State-Drives) are, by and large, NOT made in North America, but they nevertheless qualify as "originating" regardless of the actual country of manufacture.

- A wholesaler located in USMCA Country A imports non-originating storage units provided for in subheading 8471.70 from outside the territory of the USMCA countries. The wholesaler resells the storage units to a buyer in USMCA Country B. While in the territory of Country A, the storage units do not undergo any production and therefore do not meet the rule in Schedule I for goods of subheading 8471.70 when imported into the territory of USMCA Country B. **Notwithstanding the rule in Schedule I, the storage units of subheading 8471.70 are considered originating goods when they are imported to the territory of USMCA Country B because they are referred to in Schedule II** (CBP Uniform Regs)
CUSMA Schedule II Goods

Schedule II (Most-Favored-Nation Rates of Duty on Certain Goods set out in Table 2.10.1 of the Agreement)  

A. Automatic Data Processing Machines (ADP)  
- Canada 8471.30  
- Mexico 8471.40  
- United States 8471.49  

B. Digital Processing Units  
- Canada 8471.50  
- Mexico 8471.50  
- United States 8471.50  

C. Input or Output Units  
- Canada 8471.60  
- Mexico 8471.60  
- United States 8471.60  

D. Storage Units  
- Canada 8471.70  
- Mexico 8471.70  
- United States 8471.70  

E. Other Units of Automatic Data Processing Machines  
- Canada 8471.80  
- Mexico 8471.80  
- United States 8471.80  

F. Parts of Computers  
- Canada 8443.99  
- Mexico 8443.99  
- United States 8443.99  

G. Computer Power Supplies  
- Canada 8504.40  
- Mexico 8504.40  
- United States 8504.40  

Part of monitors and projectors of subheading 8528.42, 8528.52, and 8528.62  
- Canada 8529.90.19  
- Mexico 8529.90.01  
- United States 8529.90.06  

Part of monitors or projectors of subheadings 8528.41, 8528.51, and 8528.61  
- Canada 8529.90.22  
- Mexico 8529.90.75  
- United States 8529.90.99  

Parts of goods classified in tariff item 8504.40.12  
- Canada 8504.40.60  
- Mexico 8504.40.70  
- United States 8504.90.20  

8504.90.41
USMCA: A Few Observations

- Mastery of the Harmonized System
- Use your customs brokers properly - but remember you can’t outsource customs liability
- Implications of importer liability: as an importer + as an exporter
- How to manage USMCA customs risks?
Origin + Customs Risks: What Can Be Done?

- **FTA Compliance Visibility at the Executive Level**: Duty free market penetration is important but must be balanced with awareness of duty and reputational risks. Executive level support also prevents cost cutting initiatives that might lead to increased origin risk.

- **Create Cross-Functional FTA/Origin Team**: Properly managed origin is a multi-departmental issue that includes sourcing, production, logistics, finance, customs compliance, legal/tax (get Advance Rulings...)

- **Education + Training + FTA Manual**: Support all the above with educational investments and eventual origin management manual.
FTA +Origin Compliance: The Role of Sourcing

- Sourcing is the bedrock of global value chains: what is purchased from where and from who

- Sourcing must have potential origin and FTA duty savings considerations as part of their sourcing decision matrix (quality, delivery, cost, supplier qualification)

- Total landed cost analysis and reduction - not only for imported inputs but also for preferential finished goods exports that requires total end-to-end management
Thank you for listening

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USMCA – Presentation Roadmap

• Introduction

• Revisions to U.S. Customs and Border Protection (CBP) processes and procedures, including certificates of origin, marking, foreign trade zones

• Impact of changes to PESA Members
  – ISDS and Environment
  – Rules of Origin
  – China 301 and Other Trade Actions
USMCA - Introduction

• Implementation Date: July 1, 2020
• Economic impact (per ITC report)
  – $68.2 billion increase in US GDP
  – 176,000 additional US jobs
  – Increased exports
    • $19.1 billion to CA, $14.2 billion to MX
• Sunset provision (16 years)
• USMCA fully replaces NAFTA
  – Is it NAFTA 2.0 or an entirely new agreement?
• Consequences for North American companies?
• Opportunities for North American companies?
USMCA - Introduction

• Guidance/Resources for Companies
  – Text of Agreement
  – HTSUS General Note 11
  – Uniform Regulations
    • Released in June by USTR
    • Uniform between the 3 parties
    • CBP Interim Final Regulations (85 FR 39690), effective 7/1/2020, comments due 8/31/2020
  – CBP’s USMCA Center
    • Launched online portal to coordinate CBP’s implementation
    • Provides
      – “Implementation Instructions”
      – Compliance guidance
      – Key agency contacts
USMCA - CBP Processes and Procedures

Certificates of Origin - What’s the Same and What’s New?

• USMCA requires Certification of Origin
  – Importer is required to have a valid Certification of origin **in its possession** at the time the USMCA preference claim is made.
    • Certification is not required for importations valued less than US$ 2,500.
  – Certification by the Importer, Exporter or Producer is permitted, but the Importer is responsible for exercising reasonable care concerning the accuracy of all documentations submitted to CBP.
  – Key Distinction: A Certificate of Origin (CBP Form 434) is no longer needed, but a Certification of Origin is required.
    • “The certification **need not be in a prescribed format**; it may be provided on an invoice or any other document, except a commercial document issued in a non-Party, may be submitted electronically, and may cover single or multiple importations of identical goods within a maximum 12-month period.”
Certification Minimum Data Elements

- Certification of origin by the Importer, Exporter or Producer
- Identification of and contact information for the Certifier
- Identification of and contact information for the Exporter, Producer and Importer
- Description and HS Tariff Classification of the Good
  - Description should be sufficient to relate to the good covered by the Certification and HS should be to the 6-digit level.
  - If the Certification covers a single shipment of a good indicate the invoice number related to the exportation (if known).
- Origin criteria (set out in Article 4.2, “Originating Good”)
- Blanket Period
- Authorized Signature and Date, with a specified certification 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”
USMCA - CBP Processes and Procedures

Certificates of Origin - Next Steps for Importers

- Have the rules of origin changes for my product?

- If the rules of origin have changed, do my products still qualify as originating goods under USMCA?

- Execute new Certificates of Origin—or ensure that an existing document (e.g., commercial invoice) includes the required data elements for certification—per the July 1, 2020 implementation.
USMCA - CBP Processes and Procedures

Low-Value Shipments - USMCA Article 7.8: Express Shipments

• *De Minimis* Thresholds
  – US: US$ 800 under “Section 321 De Minimis” (i.e., no change under USMCA)
  – MX: US$ 117 for duty-free entry; US$ 50 for tax-free entry
  – CA: CAN$ 150 (about US$ 117) for duty-free entry; CAN$ 40 (about US$ 31) for tax-free entry

• Reduced Formalities
  – United States: Shipments valued at less than US$ 2,500
  – Mexico: Shipments valued at less than US$ 2,500
  – Canada: Shipments valued at less than CAN$ 3,300 (about US$ 2,500)

• Reduced formalities apply provided that a shipment is not part of a series of shipments designed to evade duties, taxes or regulations provided for formal entries
USMCA - CBP Processes and Procedures

De Minimis Threshold for Non-Originating Materials in an Originating Good

• NAFTA
  – Non-Textiles: 7% \textit{de minimis} threshold, see GN 12(f)(i)
  – Textiles: 7% \textit{de minimis} threshold, see GN 12(f)(vi)

• USMCA
  – Non-Textiles: 10% \textit{de minimis} provision for most goods, see GN 11(e)(i)
    • The value of all non-originating materials that do not undergo an applicable change in tariff classification is not more than 10% of either (1) the transaction value of the good adjusted to exclude any international shipment costs incurred; or (2) the total cost of the good.
    • Certain exceptions for goods classified in Chapters 1-27 (Annex 4-A) and for textile and apparel goods
  – Textiles: 10% \textit{de minimis} provision, see GN 11(e)(iv)
    • Goods classified in Chapters 50 through 60 or heading 9619
    • Goods classified in Chapters 61 through 63
USMCA - CBP Processes and Procedures

More on NAFTA v. USMCA - Other Customs Matters

• Marking
  – USMCA does not require satisfaction of a separate marking rule to qualify for preferential treatment, but CBP still will apply Part 102 for country of origin marking of products imported from Mexico and Canada

• Self-produced Materials Rule
  – Included in the newly published Uniform Regulations (Rules of Origin, §3(8), Ex.6)

• Foreign Trade Zones
  – NAFTA prohibits goods produced in US FTZs with non-originating components from receiving preferential treatment
  – CBP has confirmed that this rule is excluded from the USMCA, but advised the matter is still under review
USMCA – Impact on PESA

Investor-State Dispute Settlement (ISDS) - Background

• ISDS became a controversial chapter in NAFTA
  – Particularly for U.S. Investors bringing claims against Canada

• For USMCA, ISDS is being significantly scaled back
  – Investors from Canada and U.S. will no longer have access to ISDS mechanisms against the other country
  – Canada and Mexico will have access to ISDS between each other via “CPTPP”
  – The U.S. and Mexico have negotiated an annex that will allow ISDS to continue in certain circumstances
USMCA – Impact on PESA

Investor-State Dispute Settlement (ISDS) – Key Exceptions

• Pending and legacy cases

• Five privileged sectors maintaining current ISDS system (US/MX only)
  – Oil and Gas
  – Power Generation
  – Telecommunications
  – Transportation
  – Infrastructure
USMCA – Impact on PESA

Environment - Background

• NAFTA was the first U.S. FTA to include a side agreement related to the environment

• USMCA reflects environmental chapters in more recent FTAs
  – Requires Parties to adopt, maintain, and implement laws, regulations and other measures to fulfill certain multilateral environmental agreements (MEAs) to which they are a party:
    • Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);  
    • Montreal Protocol on Substances that Deplete the Ozone Layer;  
    • International Convention for the Prevention of Pollution from Ships (MARPOL);  
    • Ramsar Convention on Wetlands;  
    • Convention on Antarctic Marine Living Resources;  
    • International Whaling Convention;  
    • Inter-American Tropical Tuna Convention
USMCA – Impact on PESA

Environment - Enforcement

• Improvements to State-to-State Dispute Settlement
  – Violation of environmental obligations is now presumed to affect trade or investment
  – Parties may no longer block the establishment of a review panel through refusal to participate in the panel establishment procedure.

• Establishment of USMCA Interagency Environment Committee for Monitoring and Enforcement of (IECME)
  – USTR will serve as chair
  – Monitor compliance with USMCA environmental obligations and enforcement
USMCA – Impact on PESA

Rules of Origin - What’s New and What’s Not

• **Product Specific Rules:**
  - 7326 (other iron/steel articles): heading shift; no change
  - 8430 (boring/excavating machines): subheading shift; easier
  - 8431 (parts of 8430 machines): heading shift or RVC; simpler and easier
  - 8479 (other machines and parts): subheading shift; easier
  - 8481 (valves): heading shift or RVC test, lower RVC test for some products
USMCA – Impact on PESA

China 301 and other Trade Actions

• China 301 – No Change

• Antidumping and Countervailing Duty Challenges – NAFTA Chapter 19 is now USMCA Chapter 10

• Section 232 (steel/aluminum) – No U.S. duties on MX import (exempt), but duties on CA aluminum imports
Questions?
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