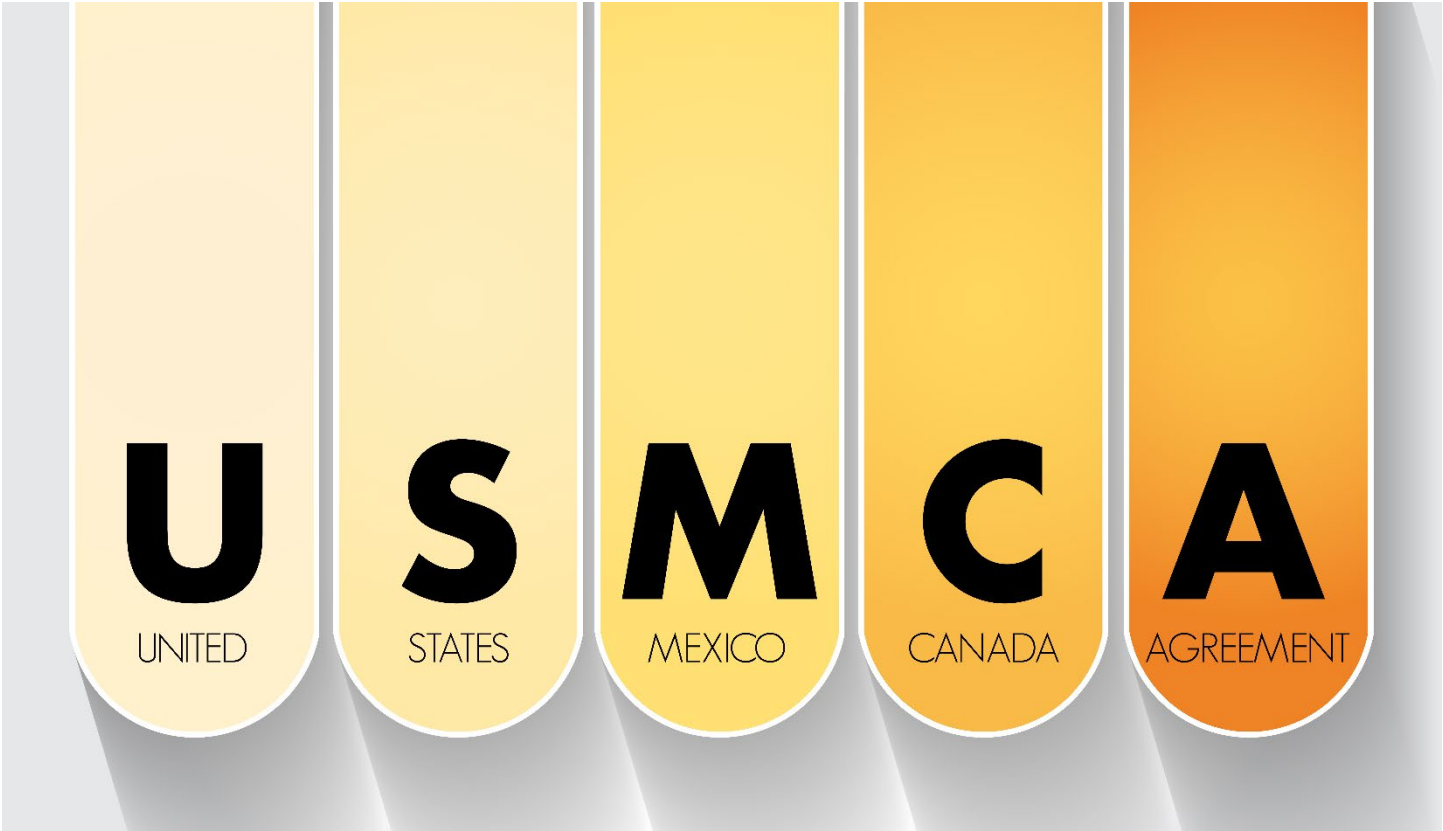


The graphic consists of five vertical, rounded rectangular tabs of increasing orange color from left to right. Each tab contains a large black letter and a smaller word below it. The letters are U, S, M, C, and A. The words are UNITED, STATES, MEXICO, CANADA, and AGREEMENT.

U

UNITED

S

STATES

M

MEXICO

C

CANADA

A

AGREEMENT

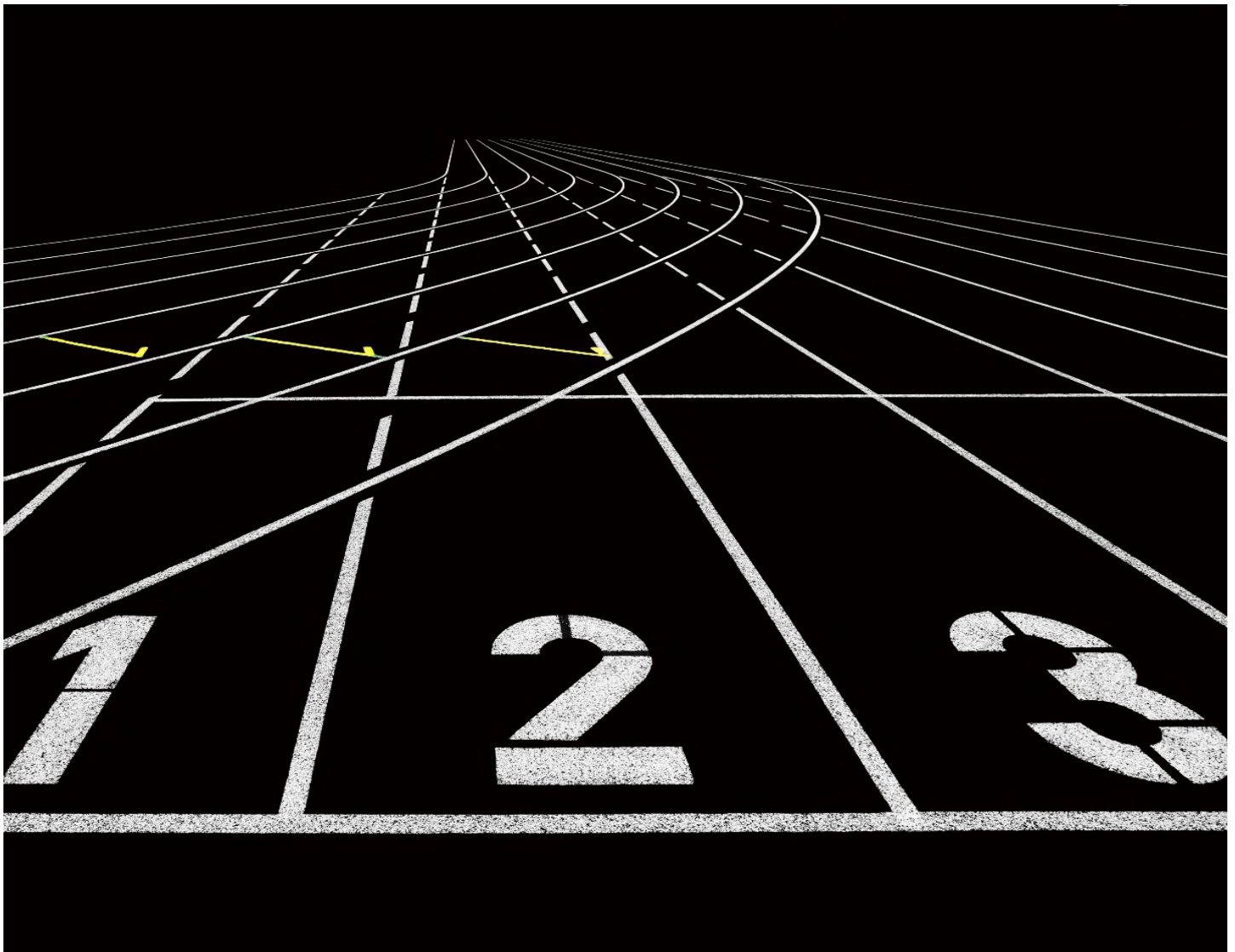
CORPORATE TRADE COMPLIANCE

A NAVIGATION TOOL TO ASSIST YOUR ORGANIZATION IN
GAINING AND MAINTAINING COMPLIANCE

USMCA Free Trade Agreement

NIFCO AMERICA CORPORATION

trade compliance@us.nifco.com



WELCOME TO YOUR STARTING POINT

Hello Valued Supplier,

As of 2020, the United States entered into a new trade agreement with Mexico and Canada. This trade agreement replaced NAFTA and is now formally known as the USMCA. The USMCA brought about some major shifts and changes to how we are now asked to certify documents in order to comply with the current codified standards. As this process requires a complete overhaul of some of the major foundational aspects of certifications, NIFCO Americas Corporation has taken it upon ourselves to provide you with a basic outline to ensure compliance. It goes without saying that compliance with the codified changes is and should always be a top priority within your organization. A lack of adherence to this basic structure could result in serious penalties incurred and subsequently enforced by the United States government. We are actively seeking to assist you in avoiding this result, and hope that this document will aid you in this pursuit. Thank you for your time, as well as, with your help in perpetuating efficiency and compliance on a global scale.

Warm Regards,

The Trade Compliance Team

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- Producer Responsibility -

Producer's Responsibility

The producer holds a heightened responsibility of ensuring compliance. The signed certificate that you supply to Nifco may be submitted to U.S. Customs. In as such, any questions arising from your certification will be directed to your company under this potential scenario. Thus, as a supplier, a heightened duty of care will fall upon you. It is for this reason that we are actively seeking to ensure that you, as a valued supplier, do not incur any consequences brought about by noncompliance.

- Basic Steps and Definitions -

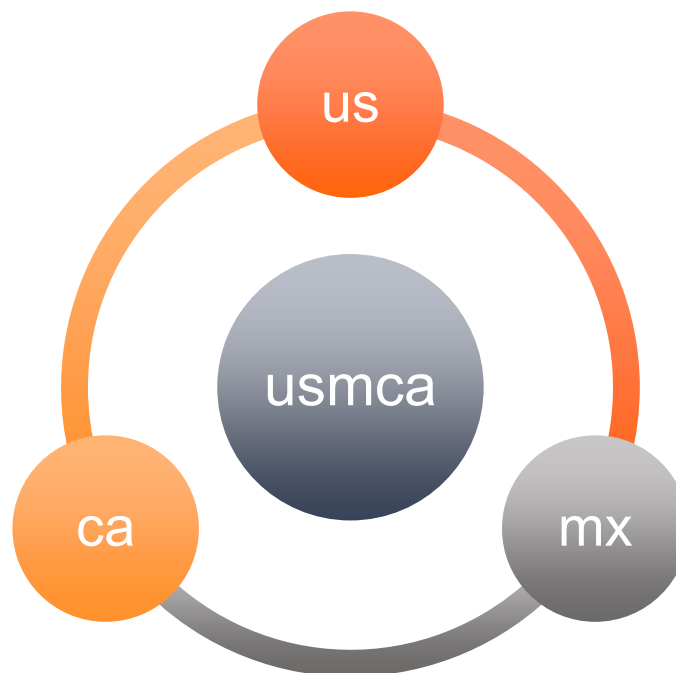
.Originating (USMCA CERTIFICATION)

For a product to originate, it must qualify under the rules set out in Chapter 4. The provided routes will be discussed at greater length below, but we may paraphrase the general provisions as follows. Also, please note that each route is exclusive, and thus multiple pathways must not be used for the same, unique part:

- **Route 1 (Origin Criteria A)**: The good was wholly obtained or produced entirely in one territory of an applicable party to this agreement.
- **Route 2 (Origin Criteria B)**: The good was produced entirely in one of the territories of the parties subject to this agreement by way of non-originating materials.
- **Route 3 (Origin Criteria C)**: The good was produced exclusively from originating materials.

.Non-Originating (NO USMCA CERTIFICATION)

A non-originating good does not qualify under the USMCA. This occurs if it is wholly produced outside of the territories or fails to meet the originating guidelines specified above.

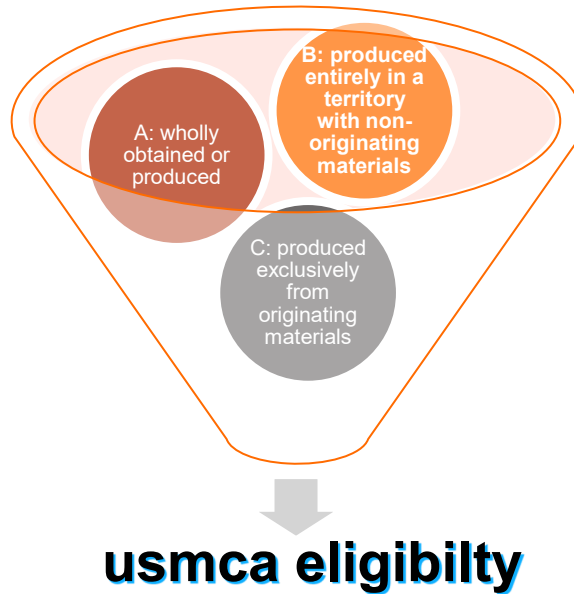


.Territory

As mentioned, this is an agreement between the United States, Mexico, and Canada. However, this also includes certain territories belonging to those nations. For our purposes, application of the USMCA to territories of these nations rarely ever arises. Nevertheless, it should be noted that the District of Columbia and Puerto Rico are subject under the terms of this agreement.

ORINATION

- Origination -



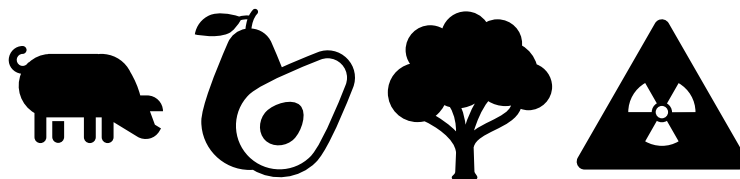
ROUTE 1

CODE TEXT

Origin Criteria A: Wholly obtained or produced entirely in the territory of one or more of the parties if it is...

Interpretation:

You are in luck! It will be a rarity if this provision is ever used by individuals within this industry. At first glance, however, this can seem slightly confusing because wholly obtained and produced sounds quite similar to Route 3's definition. However, reading a little more of the rule (which we omitted here for the sake of your time) will show you otherwise. Specifically, the rule notes that animals, plants, fungi, fish, and waste, among other things, fall into this first category. Surely not something you will find in an automobile.



- Origination -

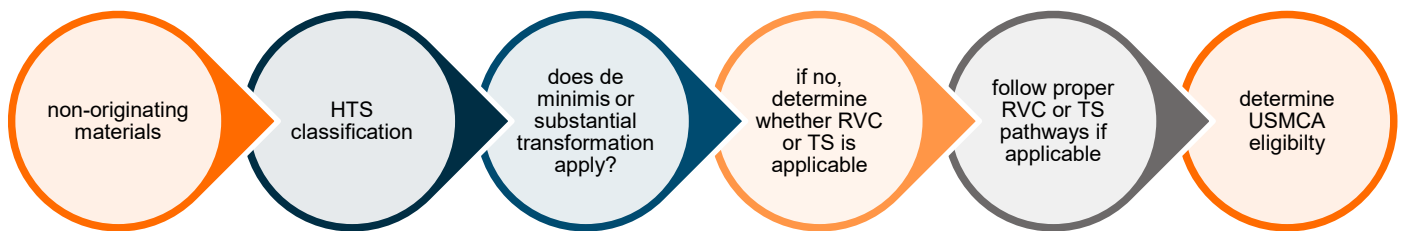


CODE TEXT:

Origin Criteria B: Produced entirely in the territory of one or more of the parties using non-originating materials provided the good satisfied all applicable requirements of Annex 4-B.

Interpretation:

This is our most oft applied rule of origin. However, it also requires slightly more work than the other two pathways. Do not fear, though, because for our purposes this is not a daunting task, nor is it overtly difficult. Rather, it is a procedural process that becomes simpler over time. While many of the terms discussed here will be elaborated on below in the HTS and Origin Sections, we thought it important to include the preliminaries now. The small flow chart below should help in this purpose.



Current Breakdown of How Our Parts are Classified



- Origination -

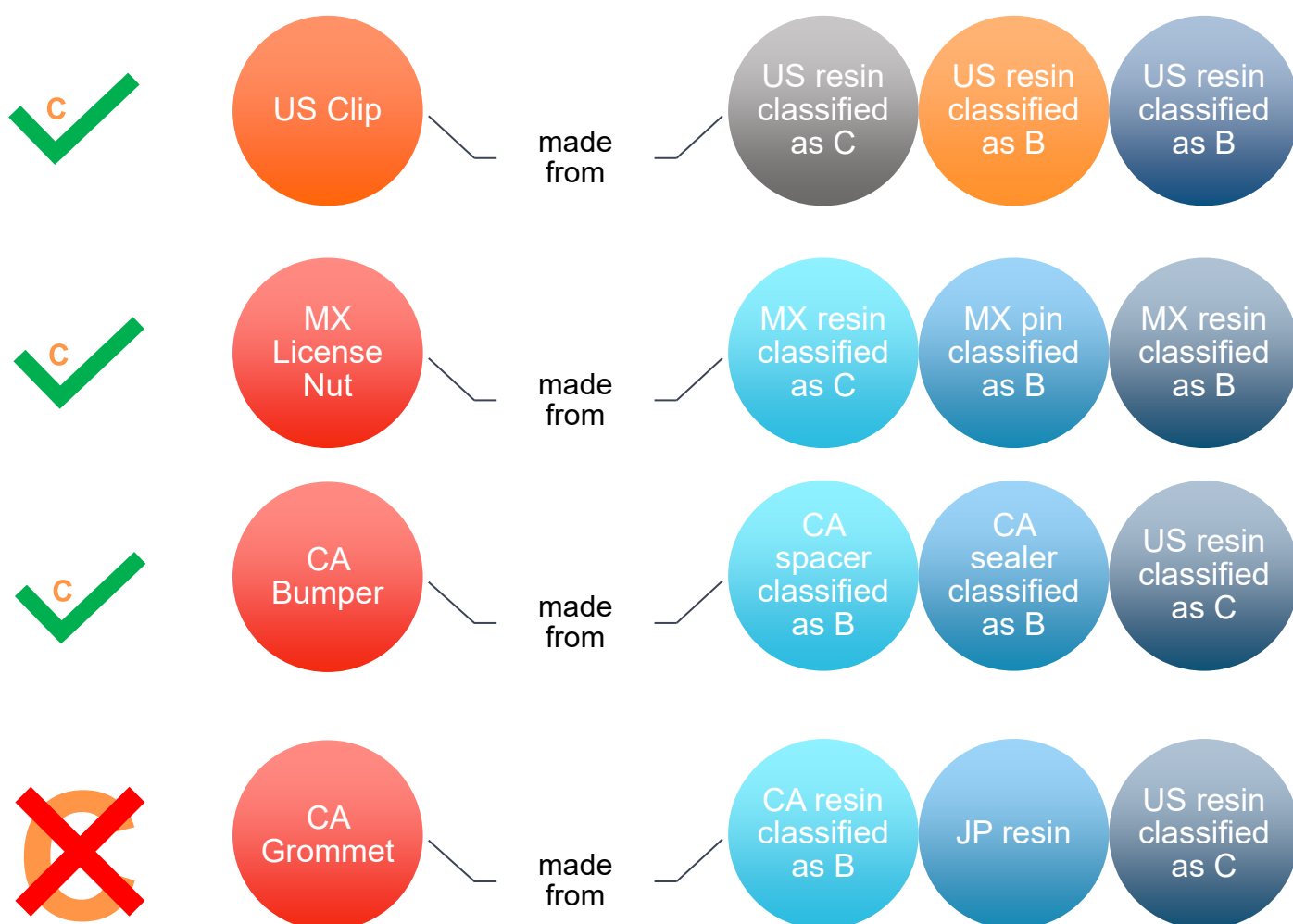


CODE TEXT

Origin Criteria C: Produced entirely in the territory of one or more of the parties exclusively from originating materials.

Interpretation

Under this route, each material used in production of the good must be an originating material, meaning there must be a valid USMCA certificate of origin available for all components. To clarify, this also means that you may have a component part of your product that classifies under B from the U.S., Canada or Mexico and such will still fall upon this route. In other words, if you have a clip with two resins produced in the United States with non-originating materials, and this clip is also produced in the United States, then you may still claim C. This is further illuminated by the chart below.



Harmonized Tariff Schedule

- HTS General Information -

What is HTS?

You are most likely familiar with the HTS codes found on each certification, but you may be curious as to their purpose. HTS refers to the Harmonized Tariff Schedule and is the numeric description of an item. As you will discover in the next section, HTS codes are exceptionally important for helping determine the rule of origin. Therefore, not only do these codes help classify items as they are submitted to U.S. Customs, but they also dictate the duty rate paid as an organization.

Think of this as books in a library. Each book is categorized according to a particular system. Once you go to return a book, the librarian looks at the title, author, and genre and categorizes such appropriately. What happens if she categorizes it incorrectly, however? Well, then you might be stuck with a late fee for a book you knew you returned. In the same way, HTS codes help U.S. Customs, the librarians of all imports and exports, categorize products based upon their characteristics.

Without the proper HTS code, these librarians will never be able to categorize your products, and you will be stuck with the late fee. Unfortunately, if you fail to give Customs the right code, it will be more than the few pennies you pay at the Book Return kiosk.

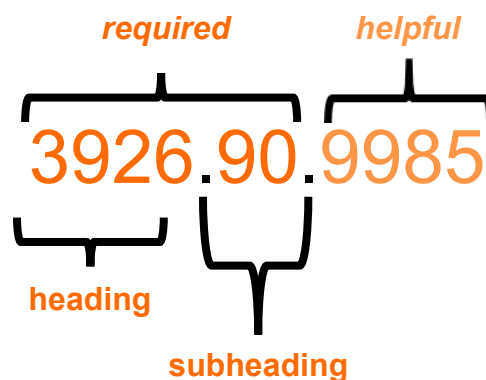


What HTS codes should you use?

You need to exclusively use the HTS codes for the United States when working with Nifco America. We state this because each country can operate under their own tariff codes, thus making classifications somewhat muddled when conducting business on an international level. Again, for our purposes, the U.S. HTS codes are required, which can be found [here](#).

How many numbers should you use when classifying?

U.S. Customs only requires you to classify six total digits on the certificate of origin. This includes the heading and the subheading. While you do not need more than this for recording purposes, it may be helpful to extend to the full ten digits when classifying. The reason we say this is because the greater the detail, the easier it is to categorize the part, and the more accurate the classification.



* Helpful Tip *

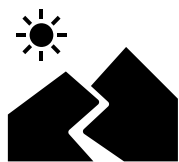
Not sure which HTS code to use for your product? Take a look at old U.S. Custom's cases [here](#)! It is rather easy to use, just like the HTS website. Type in a part description, an HTS code, or a myriad of other information, and you will receive a litany of helpful cases to direct you on your way.

How to Classify

- HTS Classifications -

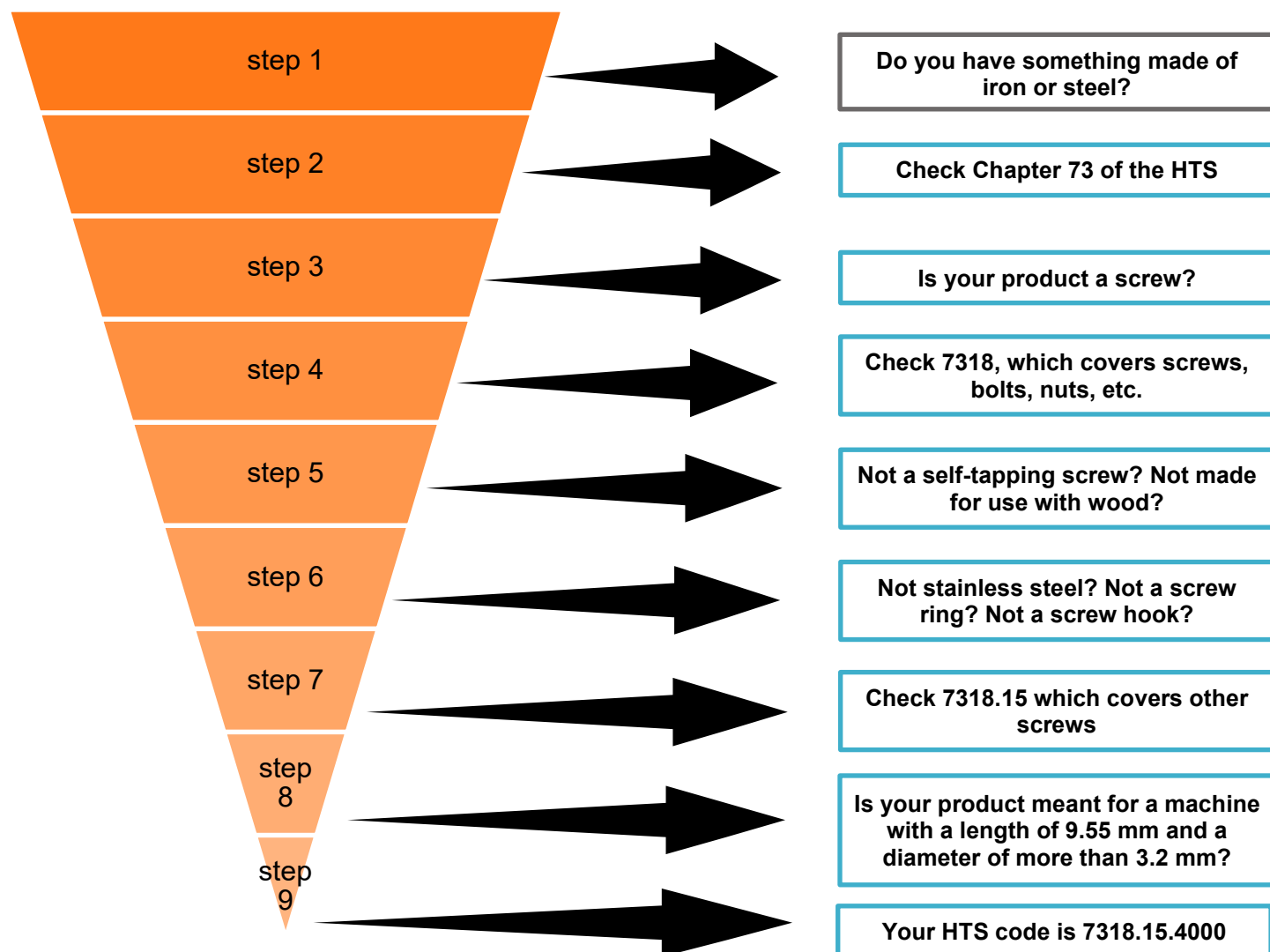
The Trailhead

Nothing is quite as daunting as staring up at a mountain without a map in your hands or a trail in sight. For the unacquainted, classifying your products via HTS code can feel oddly familiar to that type of unfortunate predicament. The good news, however, is that you in fact have these essentials already at your disposal. Your bills of material, drawings, product descriptions, and purchase orders all are immensely beneficial to your journey much like your map, compass, and flashlight. As for the HTS, this in fact is not the mountain at all, but instead the trail you walk upon to reaching USMCA eligibility. Thus, do not consider the HTS as the goal, but rather the means to a potentially duty-free summit.



On the Trail

So now with the knowledge of your extensive research base, the question becomes how do you go about using these tools? Remember how we compared the HTS to a library classification? This analogy is quite accurate. As will be illuminated more in the following section, the HTS works somewhat like an inverse pyramid. You first take broad headings categories, then work inwardly until you classify your product. Consider this example below to give you a good baseline:



- HTS Classifications -

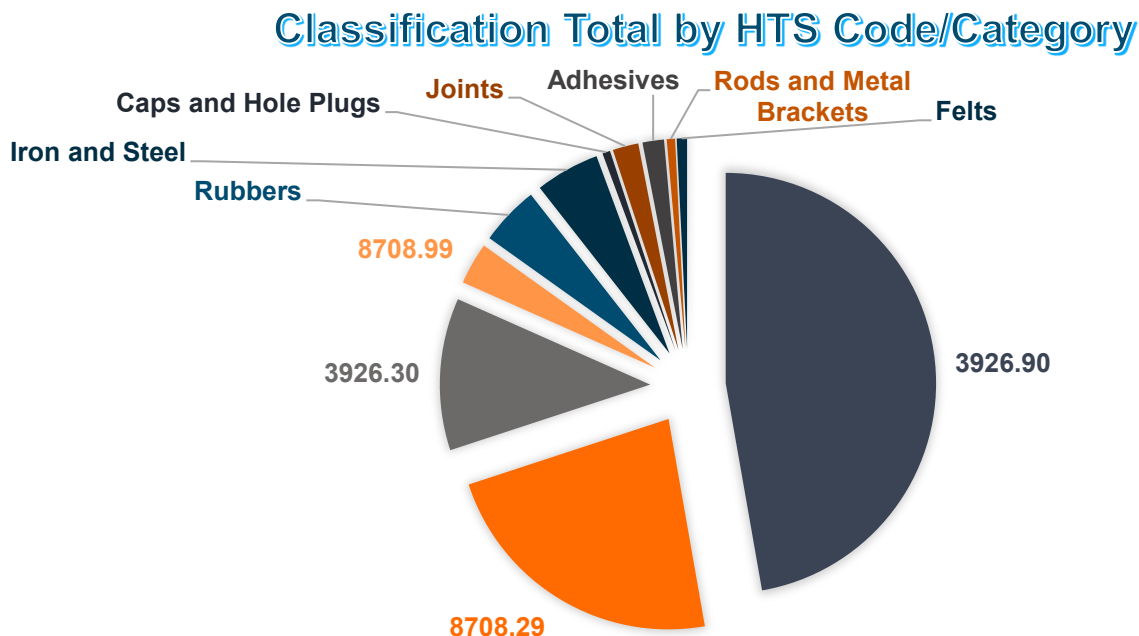
Essential Character

So, you are hiking on your trail and suddenly the heavens unclasp, releasing a torrential downpour that beats relentlessly against the side of your mountain. What do you do? Well, you most likely have an umbrella and tent stored neatly and tightly in your backpack. So maybe you take the umbrella out until you reach a nice meadow where you then set up camp for the evening. In this scenario, you chose those two items because their essential purpose is to protect you from the elements. Sure, you could have held your backpack precariously over your head, attempting to clumsily dodge raindrops as you stumble up the mountain. However, you would not be using the backpack for its proper purpose. The USMCA looks at product classifications the same way. They examine a product and ask, "what is this thing meant to do?" You also must think in this mindset when classifying. It is not only what your product is made of, but also what it does that determines its classification. Keep this in mind as you read through the remaining sections.



The Trails Most Traveled

Before delving into the specifics, we thought it helpful to provide you with some of our most common HTS codes. The word common is important here. In other words, this list is by no means exhaustive or complete. Thus, you still must ensure that your part correctly falls under the proper HTS classification code. Nevertheless, this list acts as a helpful cheat sheet. In addition, please remember that you are only required to provide the first six numbers of the HTS code. Yet, once again, these codes do extend to ten total digits. Hence, while they are not required to that extent, such information is helpful by giving additional metrics to place your product within. Recall that these are tools, so the more tools you use the more successful the venture. While you may climb up a mountain with just walking boots, it is not a bad idea to have a walking stick by your side. Before reading the list, take a glance at just how many of our parts fall into four HTS categories. Keep this in mind while you read!



- HTS Classifications -

Plastics

Under this category of HTS Codes, you will find our top four most common classifications. As we have disclaimed repeatedly in the past, commonality is not synonymous with correctness. Yes, there is a high probability that you supply us with a part that falls into this heading type. However, we implore you to ensure that this the correct pathway. The Big Four parts noted below are highlighted in red for your convenience and clarity.

3926.90

This is our most common classification. It refers to articles of plastic not wholly specified in the HTS codes. So think small and plastic. In many ways this is the catchall provision that our parts fall under. This is not a default, though, but instead a last resort if all other plastic classifications fail.

Most Common Usage: Plastic Clips and Grommets

Official HTS Definition: Other articles of plastic and materials of headings 3901 to 3914; other; other.



3926.30

This classification includes fittings for coachwork and the like, thus falling within the breadth of automobiles. There is a requirement that these parts be under 12 inches, thus this will require measurement of the applicable part. This heading also excludes 8708.29, so be careful not to confuse the two. To keep with the hiking analogy above, consider this the stitching in the brand logo on your designer jacket. 8708.29, however, is the grappling rope clinging to the cliffside. In essence, one serves a slightly more functional purpose than the other.

Most Common Usage: Garnish, Covers, and Handles

Official HTS Definition: Other articles of plastic and materials of headings 3901 to 3914; fittings for furniture, coachwork or the like.



8708.29

As we stated above, this is more synonymous with a grappling rope than a furnishing. This category boasts utility over fashion. This is not to say you cannot have both in one part, but parts under this classification first and foremost serve a purpose.

Most Common Usage: This often comprises more complex assemblies like Roof Consoles, but includes items such as Holders, Latches, Lids, and Caps/Fuel Caps. Brackets are specifically excluded under this heading.

Official HTS Definition: Parts and accessories of the motor vehicles of headings 8701 to 8705; other parts and accessories of bodies (including cabs); other.



- HTS Classifications -

8708.99

This is strongly similar to 8708.29, but this subheading acts as more of a catchall provision for those parts that do not fall specifically under the subheading. This HTS applies to parts of automobiles not specifically mentioned elsewhere, so the part cannot be applied to the body if you seek to use this heading.

Most Common Usage: Absorbers, Adapters, Breather Tube Boxes, Cases, and Plates.

Official HTS Definition: Parts and accessories of the motor vehicles of headings 8701 to 8705; other; other.

3923.50

These are plastic pieces that must encompass something. Think of this like a water bottle cap encasing/enclosing the water. Parts under this classification must act in the same way. However, fuel caps are specifically excluded under this provision.

Most Common Usage: Cap or stopper, it must encompass something (think plastic water bottle cap). Not a fuel cap.

Official HTS Definition: Other articles of plastic and materials of headings 3901 to 3914; stoppers, lids, caps and other closures.

Rubbers

This category includes, as the HTS specifies, "Other articles of vulcanized rubber other than hard rubber." If you sell a product that is primarily rubber, then this is the place to go. We just ask that you be careful here because the fact your product contains rubber is not determinative of the part itself being primarily rubber. For example, many of the parts noted under the plastics section contain rubber, often times in the form of rubber sealers. Think of this as classifying an entire automobile. If you were to look at a sedan, would you call the car rubber? No, you would say it is made from metal despite the fact that there are four rubber tires separating the frame from the pavement. Meanwhile, if you were just looking at the tire detached from the car, you would consider it primarily rubber despite the metal rims. In the same grain, products under this category fall more into this latter category.

4016.93

Most Common Usage: Gaskets, washers, and rubber seals.

Official HTS Definition: Other articles of vulcanized rubber other than hard rubber; gaskets, washers and other seals.

4016.99

Most Common Usage: Dampers, bumpers, and cushions.

Official HTS Definition: Other articles of vulcanized rubber other than hard rubber; other.

- HTS Classifications -

4016.10

The greatest distinction between this category and the other rubber subheadings above is that this rubber must be a cellular rubber.

Most Common Usage: Rubber, including rubber packing, and pads.

Official HTS Definition: Other articles of vulcanized rubber other than hard rubber; of cellular rubber.

Iron and Steel

All articles found under this heading are made with iron and steel. Again, just because a part contains iron or steel does not mean that the part is entirely classified as such. Refer to the same mindset contained under the rubber section description.

7318.15

Most Common Usage: Screws

Official HTS Definition: Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of iron or steel; threaded articles; other screws and bolts, whether or not with their nuts or washers.

7318.16

Most Common Usage: Nuts

Official HTS Definition: Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of iron or steel; threaded articles; nuts.

7318.22

Most Common Usage: Washers

Official HTS Definition: Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of iron or steel; non-threaded articles; other washers.

Iron and Steel Classifications Continue on Next Page

- HTS Classifications -

7318.29

Most Common Usage: Metal collars

Official HTS Definition: Screws, bolts, nuts, coach screws, screw hooks, rivets, cotters, cotter pins, washers (including spring washers) and similar articles, of iron or steel; non-threaded articles; other.

7320.20

Most Common Usage: Springs

Official HTS Definition: Springs and leaves for springs, of iron or steel; helical springs.

7320.90

Most Common Usage: Spring plates

Official HTS Definition: Springs and leaves for springs, of iron or steel; other.

Joints

These are plastic joints, including pipes and hoses.

3917.29

Most Common Usage: Plastic tubes

Official HTS Definition: Tubes, pipes and hoses and fittings therefor (for example, joints, elbows, flanges), of plastics; tubes, pipes and hoses, rigid; of other plastics.

3917.40

Most Common Usage: Plastic joints

Official HTS Definition: Tubes, pipes and hoses and fittings therefor (for example, joints, elbows, flanges), of plastics; fittings.

- HTS CLASSIFICATIONS -

Adhesives

3919.90

Most Common Usage: Plastic tape

Official HTS Definition: Self-adhesive plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls; other.

Felt

5602.90

Most Common Usage: Felt, regardless of whether or not it is adhesive

Official HTS Definition: Felt, whether or not impregnated, coated, covered or laminated; other.

Rods and Metal Brackets

8302.30

Most Common Usage: Metal brackets

Official HTS Definition: Base metal mountings, fittings and similar articles suitable for furniture, doors, staircases, windows, blinds, coachwork, saddlery, trunks, chests, caskets or the like; base metal hat racks, hat-pegs, brackets and similar fixtures; castors with mountings of base metal; automatic door closers of base metal; and base metal parts thereof; other mountings, fittings and similar articles suitable for motor vehicles; and parts thereof.

How to Use HTS and the Rules of Origin

- HTS and Origin -

The Big Picture

Hopefully we do not ruin your love of hiking, but let us use this analogy once more. The tools you take on your trip determine your trail, and your trail determines what you encounter on your journey as well as your destination. If you have nothing more than a walking stick, your best route up the mountain may be over gentler terrain. However, if armed with a pickaxe and grappling rope, you may choose to scale directly up the side of the cliff. As we have stated, these tools determine your trail.



But as this example illustrates, this trail also determines the type of journey you encounter along the way. HTS operates along these same lines. Particular HTS codes require a little more work or effort to reach the summit, whereas others take you over easier slopes and hills. In addition, once you arrive at the summit, the casual passerby will be able to spot where you came just by the tools in your hand. If you walk up to the mountain pass with nothing more than your boots, another hiker could safely assume you did not traverse over Devil's Peak. So you see, now this hiking trip is coming together a bit more. You have tools that determine your trail, your trail determines what you do during your journey, this journey tells others where you came from, and this all goes together to tell the tale of your destination.

The Smaller Picture

In this training, we have tried to ensure that you never lost the forest through trees. There is a big picture and purpose, and it is important that you first grasp the game before telling you all the smaller rules. Now, however, we are focusing on the trees in that forest. The following details can be more meticulous than what you have done so far, but meticulous is not synonymous with difficult. Once you learn of and familiarize yourself with these pieces of USMCA, certifying no longer holds a frightening and ominous position in your organization. Remember, this is not some scary villain. Certifying is meant to save you money and save you from "late fees." These are positive things for your company. With this in mind, the following subsections should be taken as rungs on a ladder. Once you climb up a rung, you move onto the next. When you run out of rungs, you will know whether you have qualified for USMCA. Again, you only have to traverse this ladder once you reach some chasm on your



journey that you are incapable of crossing with the normal tools. In other words, this is when you realize you have material from countries outside of the U.S., Mexico or Canada, and are lost as to whether you have a chance of qualifying. Here substantial transformation, de minimis, RVC and TS come into play. These words can seem intimidating, but the methods and procedures behind them are not. Regardless, take heart! You are almost at the end! You are mere moments away from your summit.

- HTS and Origin -

Substantial Transformation

As a child, there are few wonders that parallel being in your grandmother's kitchen. In a matter of moments, she carefully would take a handful of ingredients such as flour, milk, sugar, and eggs, and produce the best cake you had ever tasted. While those ingredients were still present in the final product, they had been substantially transformed into something brand new.



The USMCA also recognizes this process in the production and manufacture of goods. Regardless of the amount of foreign substance within a product, so long as it possesses a new name, character and use than its components, it possesses a new HTS and place of origination. Going back to the analogy, while the eggs and sugar may have been purchased from the store, the baking of the ingredients gave this product a new name (cake), a new character (a dessert), and a new use (a baked item for eating). In addition, this cake is now considered originating in your grandmother's kitchen, rather than originating from the supermarket. Thus, to be succinct, if you have components from other countries outside of the agreement, your production or assembly of a new product could change the HTS and origin so long as the final product has a new name, character, and use.



- HTS and Origin -

De Minimis

There are few powers as wonderful on earth as being in elementary school and knowing what “things” go into your hot dogs. “You are eating bugs!!!” may have been something echoed in your school lunchroom. Whether you were the perpetrator or the victim in that scenario, you nonetheless received a hefty shock when first learning that insect parts were embedded in hot dogs during the manufacturing process. Next, you likely pondered about how hot dog producers were allowed to get away with this? The answer is that it has been determined that these not-so-tasty ingredients are found in such small quantities that they meet FDA approval standards.



The USMCA has similar standards. They say that if your product is comprised of non-originating components, and these components compose less than 10% of the final good, then your product will qualify for USMCA assuming the remaining 90% originates from a party to the USMCA. Hence, you do not have to do anything else at this point. You do not have to check for substantial transformation, nor check RVC and/or TS. You can just scream in your breakroom, “This part contains non-originating material, and that is okay!” This time, however, instead of turning up your peers’ noses, you may receive a gentle round of applause considering all the money you saved your company. (Disclaimer: we would not advise doing this because you most likely will not receive applause but rather frightened stares. You may find a nice email in your inbox, though!)



- HTS and Origin -

RVC or TS

If you realize that you do not qualify for de minimis, there is still the possibility that your part may classify under the USMCA. These are the final two pathways to gaining eligibility if all else fails. Again, you only use the following methods if you have a part with non-originating material, that is more than 10% of your final product is non-originating and is not substantially transformed. However, please note that the classification of your product dictates whether you can use both RVC and TS or just one or the other. We have provided a little cheat sheet for those top four parts mentioned above. Note that the percentage signs designate how much of the part must be originating for the following years. Each of these concepts will be further elaborated upon below.

3926.90

☐ Only TS

3926.30

☐ Only TS

8708.29

☐ RVC or TS

☐ 2021: 65%

☐ 2022: 67.5%

☐ 2023: 70%

8708.99

☐ RVC or TS

☐ 2021: 65%

☐ 2022: 67.5%

☐ 2023: 70%

RVC

This is the unfortunate point where we must do a little bit of math. However, we promise that this math is not difficult in the least. In truth, this is nothing more than a plug-and-chug equation with information you already have at your disposal. Specifically, RVC means “regional value content.” Thus, the USMCA is indicating that a certain percentage from the regions to this agreement qualify. However, the bar for qualification shifts over time. For example, in 2021 your finished good only has to have a RVC of 65%, but in 2022 it must have a RVC of 67.5%. Therefore, it is important to know what year you fall within because a good that qualifies in 2021 under RVC may not qualify in 2022 or 2023.

Now for the math. Again, do not be afraid of this section, you already have all the tools to make this process extremely simplistic. There are two methods to test RVC, one being the transaction value method and the other being the net cost method. If the rule of origin does not specify that you must use transaction value, then your default is to enlist the net cost method. The good news, though, is that this is actually the simpler of the two methods in our opinion.

- HTS and Origin -

Method 1:
Transaction
Value Method

Method 2:
Net Cost
Method

RVC: regional value content,
expressed as a percentage

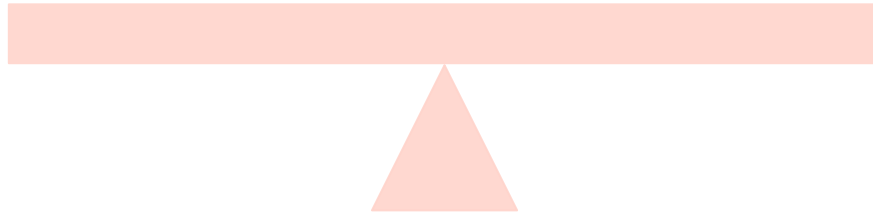
RVC: regional value content,
expressed as a percentage

TVC: transaction value of the good,
adjusted to exclude any costs incurred
in the international shipment of the good

NC: net cost of the good

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

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



1

$$RVC = \frac{TVC - VNM}{TVC} \times 100$$

2

$$RVC = \frac{NC - VNM}{NC} \times 100$$

- HTS and Origin -

RVC Calculation

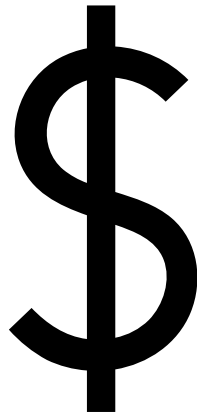
Please note, however, that there are certain aspects you can include in these figures and certain things you cannot. These are broken out below for your convenience.

What Can Be Used:

- Each party shall provide that if a non-originating material is used in the production of a good, the following may be counted as originating content for the purpose of determining whether the good meets a regional value content requirement:
 - (a) the value of processing of the non-originating materials undertaken in the territory of one or more of the Parties; and
 - (b) the value of any originating material used in the production of the non-originating material undertaken in the territory of one or more of the Parties
- *SIMPLE BREAKDOWN*: originating components and labor may be included

What Cannot Be Used:

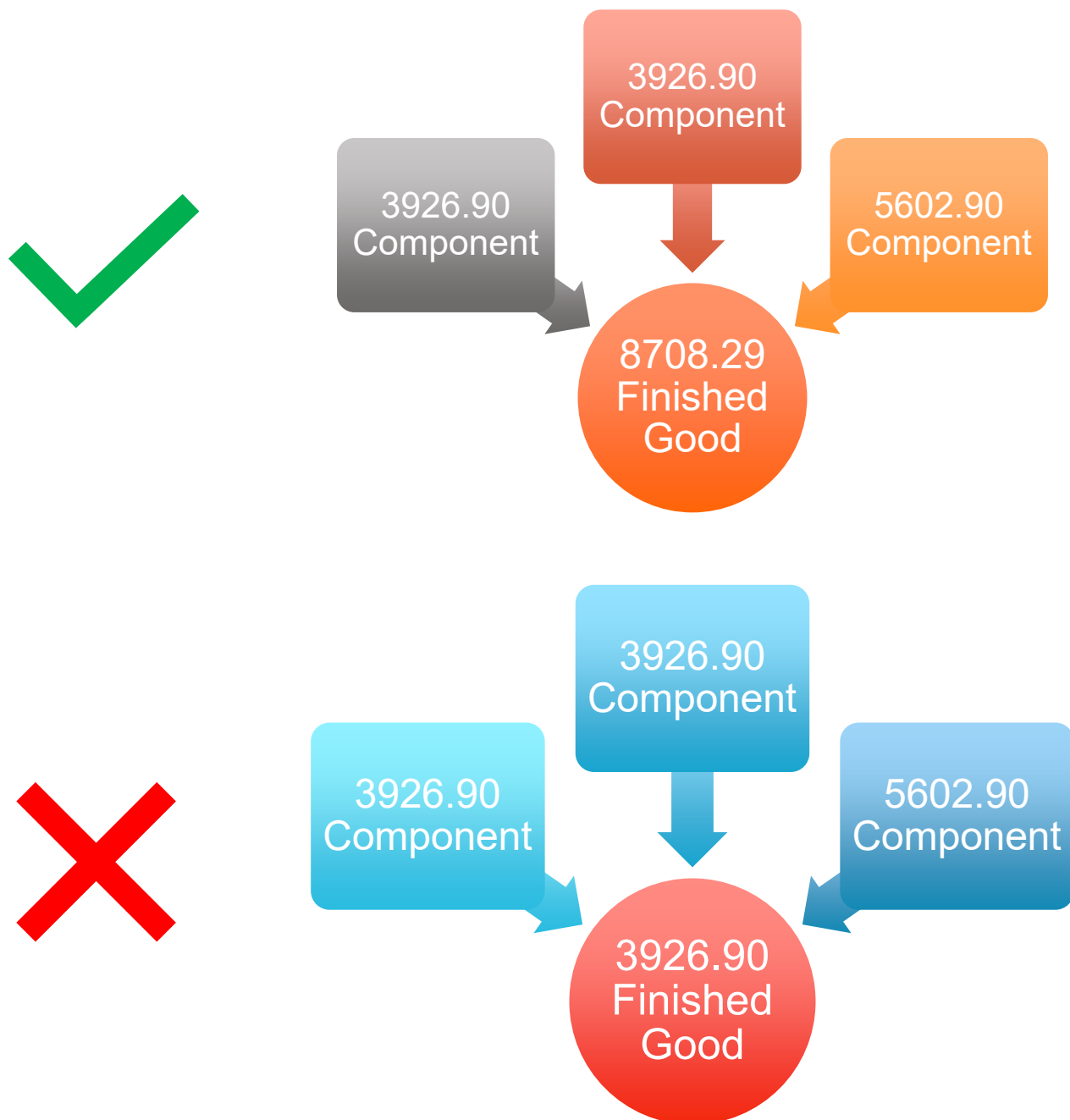
- Sales promotion, marketing, and after-sales service costs, royalties, shipping and packing costs, and non-allowable interest costs that are included in the total cost of all those goods
- *SIMPLE BREAKDOWN*: do not include any sales/marketing costs, service, royalties, and/or shipping/packaging costs



- HTS and Origin -

Tariff Shift

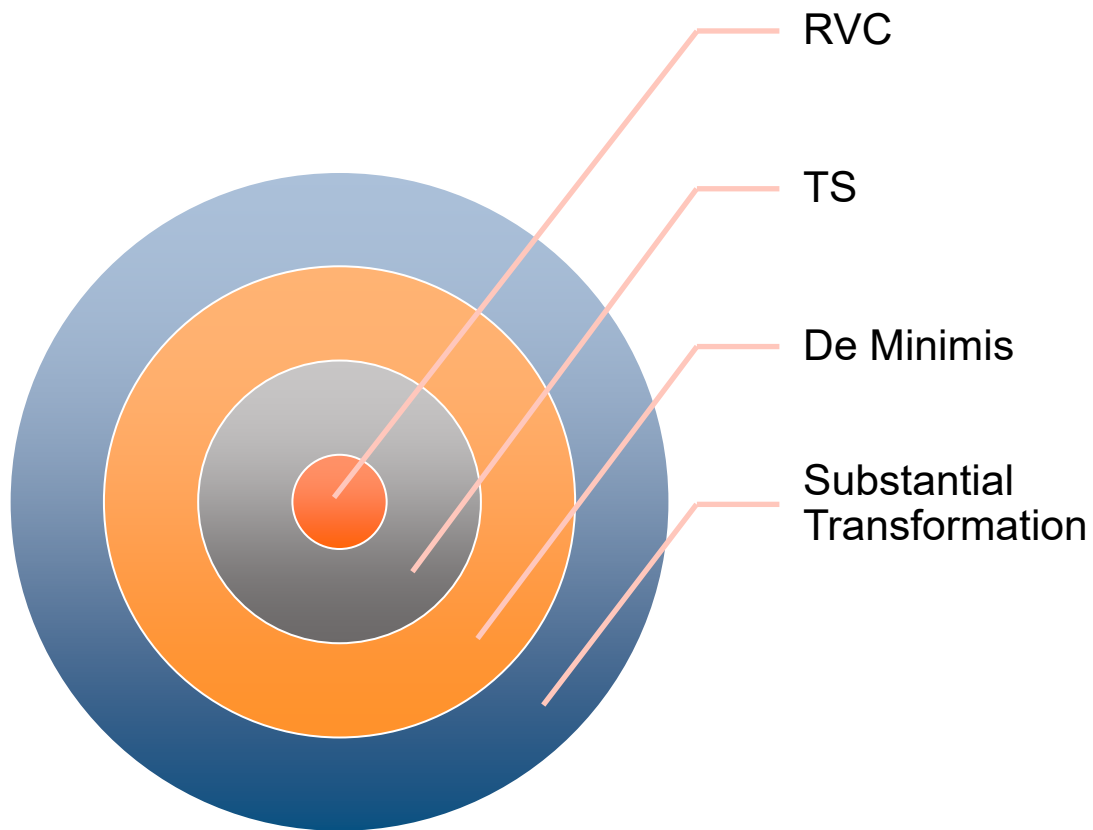
This occurs when the non-originating materials are classified under one HTS code prior to manufacturing, but after manufacturing they are incorporated into a good that has a different classification. In essence, this describes the process wherein materials lose their identity and their classification under the HTS and then fall into a new classification as a finished good. This requires a heading shift on each component of the finished good. Remember, headings are the first four digits of an HTS classification. Also, to state once more, every heading for the components must be classified differently than the heading for the finished good. Below are some examples to illustrate this point.



- HTS and Origin -

Summary of the Auxiliary Paths We Mentioned

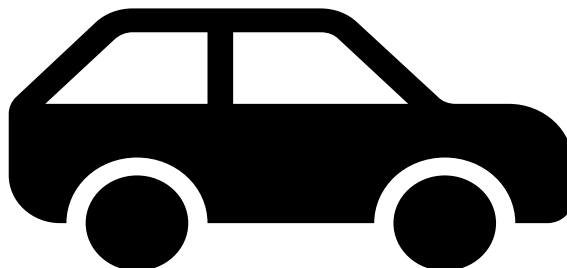
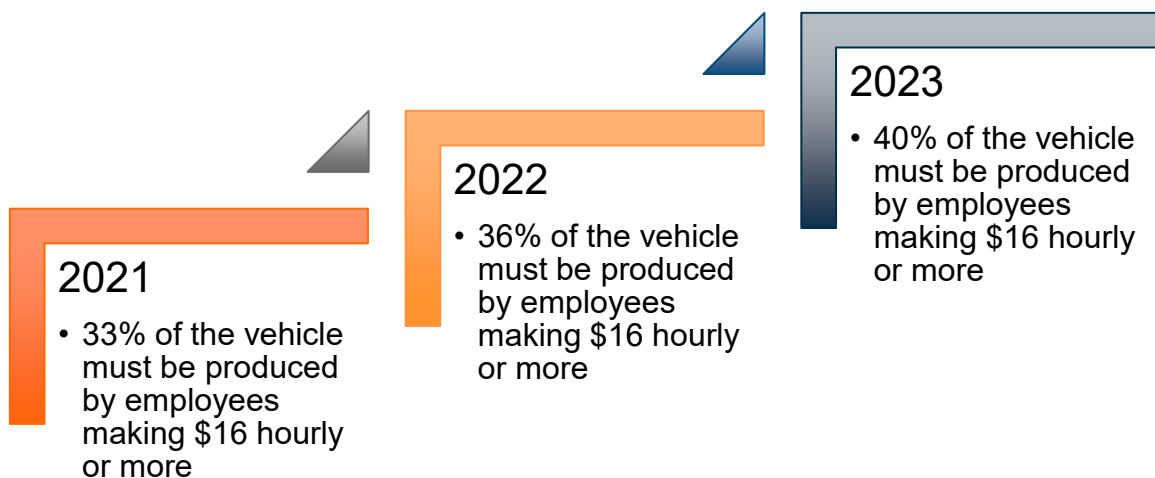
With these four major auxiliary paths mentioned, below we provided a simple figure that indicates which of these paths we considered the easiest and most fundamental. The farther away from the bullseye, the earlier in the process you are in terms of gaining eligibility.

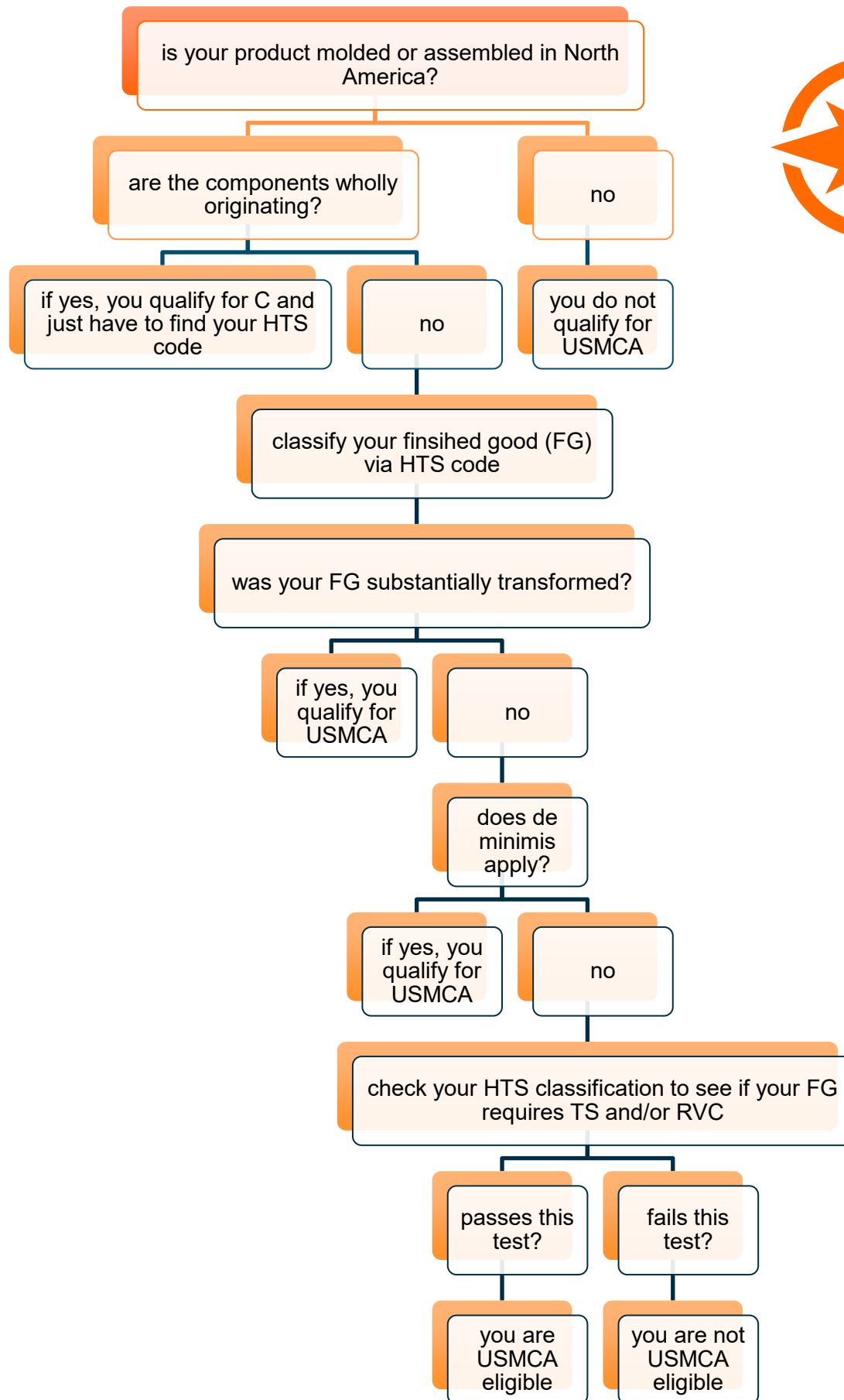


LVC

You are done with the tough stuff, woo-hoo!!! This last piece of USMCA is not closely related to anything you have completed thus far, but it is still a part of the USMCA nonetheless. First of all, LVC stands for “labor value content.” To simplify the LVC, this portion of the agreement provides a cost reduction to those that produce vehicles. In order to qualify, a portion of the finished car must be created by employees making a base wage of at least \$16 an hour. While the OEM is responsible for the creation of the car, this metric is calculated by the very last company to touch the vehicle, even if it is nothing more than stamping a sticker on the roof console. While it may appear as if your company receives no benefit from this process, you do gain some retroactive benefits. Think of it this way, if a company you work with makes an additional sum off of something you have completed for their benefit, that benefit is likely to be passed back onto you.

To complete the required form, you must simply sign the affidavit that ensures your employees fall into that aforementioned bracket. Again, however, if your employees do not make \$16 an hour, DO NOT sign the form. Also, below we provided the progressive scale indicating what percentage of the car must be created by these \$16 and up employees. While this is for the purpose of the OEM, it helps give you a bit more clarity into this requirement.





Resource List

Here we have included some links we think are helpful to employ in your USMCA journey. Click on the compass next to the headings in order to be transferred to that section.

HTS website



USMCA full text



Customs' Rulings (CROSS)



Informed Compliance



General Rules of Interpretation (GRI) for the HTS



Link to a USMCA Template



Link to LVC Letter Template



The End