

Factsheet: United States–Mexico–Canada Agreement (USMCA)

On September 30, 2018, the United States, Mexico, and Canada reached an agreement to revise the North American Free Trade Agreement (NAFTA). The new deal – officially called the United States-Mexico-Canada Agreement (USMCA) – preserves core NAFTA principles and includes priorities of the recreational boating industry.

Full text of the USMCA is available here: <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/united-states-mexico>.

Summary of Recreational Boating Industry Priorities in the USMCA

Rules of Origin

- Preserves NAFTA language for recreational marine engine and boats. Regional Value Calculation of not less than: (a) 60 percent where the transaction value method is used; or (b) 50 percent where the net cost method is used.

Technical Barriers to Trade

- Recognizes the importance of international standards and seeks to avoid unnecessary obstacles for conformity assessment.
- Requires each party to review technical regulations for impact analysis, examine efforts for alignment, and petition directly for review.
- Establishes guidelines that expand acceptance of conformity assessment, particularly by bodies outside of the home country and preference for internationally recognized standards. Also includes process for mutual accreditation/recognition of technical regulations with transparency for stakeholder input. *(Note: This is an important win for the industry and could pave the way for automatic recognition of ABYC standards/NMMA certification for vessels.)*

Section 232

- While USMCA does NOT end Section 232 tariffs on aluminum and steel and subsequent retaliatory tariffs on U.S. boats, the agreement clears the deck for future negotiations to address these issues. The current retaliatory tariffs by Canada and Mexico on boats will remain in place until further resolution.

Regulatory Coherence

- Recognizes the need for good regulatory practices, including transparency and the elimination of unnecessary, duplicative, or burdensome regulations. Also creates an inter-governmental coordinating body to promote cross border regulatory best practices.

Environmental Chapter

- Establishes first-ever articles to improve air quality, prevent and reduce marine litter, support sustainable forest management, and ensure appropriate procedures for environmental impact assessments.

Intellectual Property

- Requires full national treatment for copyright and related rights to ensure United States creators receive the same protections that domestic creators receive in a foreign market.
- Requires a minimum copyright term of life of the author plus 70 years. And, for works with a copyright term that is not based on the life of a person, the term is a minimum of 75 years after first authorized publication.
- Enhances provisions for protecting trademarks, including well-known marks, to help companies that have invested effort and resources into establishing goodwill for their brands.

Term Duration of USMCA

- Establishes a 16-year term with review periods at least every 6 years. Within 6 years parties can agree to another 16-year extension. If there is no agreement after 6 years, then a 1-year review will commence. While NAFTA had no sunset provision, the final USMCA language is better than previous drafts.