

# USMCA and NAFTA: Breaking Down the Differences

At first glance, there appears to be many similarities between the United States-Mexico-Canada Agreement (USMCA) and its predecessor, the North American Free Trade Agreement (NAFTA), but a closer look reveals quite a few differences.

The new rules of origin may be similar in format, but they require careful review for potential impact if you're utilizing the program to qualify goods and minimize duty payments.

	NAFTA	USMCA
<b>Automotive</b>	<ul style="list-style-type: none"> <li>• Up to 62.5% RVC</li> <li>• Light Duty and Heavy Duty vehicles</li> <li>• Tracing of listed materials</li> <li>• Two lists for tracing</li> </ul>	<ul style="list-style-type: none"> <li>• Up to 75% RVC</li> <li>• Light Duty, Heavy Duty, and other vehicles</li> <li>• Light Duty Core Materials and Super Core</li> <li>• Multiple ways to calculate the RVC</li> <li>• Lists A.1 through G</li> <li>• 70% aluminum and steel</li> <li>• Labor Value Content</li> <li>• New accumulation rules</li> </ul>
<b>Enhanced labor laws</b>	Manufacturers have long blamed NAFTA for sending jobs to Mexico due to lower wages	<ul style="list-style-type: none"> <li>• Labor reform and compliance with obligations</li> <li>• Rapid response panels to review possible facility violations</li> </ul>
<b>Dairy</b>	Eliminated tariffs on most agricultural goods	<ul style="list-style-type: none"> <li>• Zero tariffs will remain</li> <li>• Canadian markets will further open market to US dairy, poultry, and eggs</li> <li>• US markets will open to Canadian dairy, peanuts, and limited amount of sugar</li> </ul>
<b>Technology</b>	Digital trade was not part of the original NAFTA	Canada and Mexico can no longer force US companies to store data on in-country servers
<b>Environmental</b>	Difficult to enforce environmental requirements	\$600 million to address environmental issues

For many years, companies have relied on NAFTA to minimize duty payments and support their customers; therefore, it is critical that they can continue benefitting from preferential duty savings under USMCA.

Leveraging a software tool like Thomson Reuters ONESOURCE™ Free Trade Agreement (FTA) Management will help you streamline the solicitation and qualification of goods under USMCA, so that you can decrease overall duty spend across your supply chain.

**Thrive globally. Compete confidently with ONESOURCE Global Trade Solutions.**

**Contact us today:**  
 +1 800 865 5257  
[tax.tr.com/globaltrade](https://tax.tr.com/globaltrade)