



Summary of the U.S-Mexico-Canada Agreement (USMCA)

The information presented on this website is meant to serve as a guide. Only the agreement text and the customs regulations issued to implement the agreement are definitive.

If you have any questions about the USMCA textile agreement, please contact [Laurie Mease](#) or [Richard Stetson](#).

Implementation date: July 1, 2020

How U.S. Textile and Apparel Companies Benefit from the USMCA

Similar to the [NAFTA](#), U.S. textile and apparel exporters benefit from duty-free entry into Canada and Mexico, the two largest export markets for U.S. textile and apparel products.

Notable Changes from the NAFTA to the USMCA

- Increased de minimis level, from 7% to 10%;
 - 7% de minimis level for elastomeric content
- Rule of origin for the treatment of sets;
- Viscose rayon fiber and filament not required to originate;
- For apparel, visible lining fabric is no longer required to originate
- Subject to a transition period, sewing thread, narrow elastic fabric, and pocket bag fabric must originate;
- Subject to a transition period, coated fabrics must originate for goods in HTS Chapter 63, *excluding* certain products such as tents, tarps, awnings, and sacks;
- Modified tariff preference levels (TPLs);
- Enhanced customs cooperation and verification provisions for textile and apparel products; and
- Government Procurement Annex modified to exclude textiles, apparel and footwear procured by the Transportation and Security Administration (TSA), consistent with the *Kissell Amendment*.

Measures to Prevent Circumvention of the Agreement's Rules of Origin

In order to enforce the provisions of the agreement, the USMCA has enhanced customs cooperation and verification procedures for the textile and apparel trade. The new provisions are found in [Chapter 6](#), Articles 6.5, 6.6, and 6.7.

Duty-Free Access for Textile and Apparel Goods

Product-Specific Rules of Origin

Textile and apparel products receive duty-free (zero tariff) entry into Canada, Mexico, or the United States, if they qualify as "originating" under the terms of the Agreement. "Qualifying" or "originating" products are those that meet the Agreement's Rules of Origin.

Different products follow different rules of origin under the USMCA, as identified below. Please note that these are general guidelines and not definitive for every product. The [USMCA Product-Specific Rules of Origin \(Chapter 4, Annex 4-B\)](#) provide the definitive guide for textile and apparel product-specific rules of origin. In addition, for greater certainty, U.S. Customs provides official [Rulings](#), upon request.

Rules of Origin Definitions:

- Fiber forward: the fiber and all subsequent production processes used to make the finished product must be from a USMCA country.
- Yarn forward: the yarn and all subsequent production processes used to make the finished product must be from a USMCA country. The fiber can be sourced from anywhere.
- Fabric forward: the fabric and all subsequent production processes used to make the finished product must be from a USMCA country. The fibers and yarns can be sourced from anywhere.
- Single transformation/cut-and-assemble: the fiber, yarn, and fabric and other inputs used to make the finished product can be sourced from anywhere. The cutting of the fabric and assembly of the product must take place in a USMCA country

*The Rule of Origin for **Yarn**:*

- Spun yarn of fibers: fiber-forward. Rayon, silk, and linen can be sourced from anywhere.
- Filament yarn: must be formed/extruded in a USMCA country. The petrochemical or cellulosic feedstock used to make the filament may be sourced outside USMCA.

*The Rule of Origin for **Fabric**:*

- Woven fabric in HTS Chapters 50-59: generally, yarn-forward
- Knit fabric in HTS Chapter 60: cotton and man-made fiber knit fabrics – fiber-forward
- Nonwoven and specialty fabric: fiber-forward
- Silk and linen fabric: single transformation

*The Rule of Origin for **Apparel**:*

- Yarn-forward with certain exceptions:
 - Man-made fiber sweaters traded between Mexico and the U.S., classified under HTSUS 6110.30, follow a fiber-forward rule.
 - Single transformation rule of origin:
 - Woven apparel of fabric defined in Note 1 of Chapter 62 ([p. 4-B-53](#))
 - Men's and boys' woven dress shirts of HTS 6205.20 and 6205.30
 - Men's and boys' woven cotton boxer shorts of HTS 6207.11
 - Nightwear and underwear in HTS 6107 and 6108 made from fine-count cotton knit fabric
 - Brassieres
 - Silk and linen apparel
- Chapter Rules: the following must originate when used as a component in an apparel product:
 - Narrow elastic fabrics (fabric forward): Effective 18 months after the USMCA entry-into-force (Jan. 1, 2022)
 - Sewing thread: Effective 12 months after the USMCA entry-into-force (July 1, 2021)
 - Pocket bag fabric (yarn forward): Effective 18 months after the USMCA entry-into-force (Jan. 1, 2022)
 - For apparel of blue denim fabric: Effective 30 months after the USMCA entry-into-force (Jan. 1, 2023)

Other Rules of Origin:

- Finished products in Chapter 63: generally, yarn-forward, but man-made fiber of Chapter 55 must originate in most products
 - For certain goods in Chapter 63, inputs of HTS 5903 (coated fabrics) must originate (fabric forward). The rule does not apply for goods of 63.05, 6306.12, 6306.22, or goods of 6307.90 that are not surgical drapes or national flags.
- Textile travel goods in HTS Chapter 42: fabric-forward
- Silk and linen products: single transformation
- Carpeting: yarn-forward
 - Rugs/carpets classified under HTS 5703.20-5703.30 for trade between the U.S. and Mexico follow a fiber forward rule

Exceptions to the Product-Specific Rules of Origin

- **De Minimis:** Up to 10% of the weight of the fibers and yarns that make up the component that determines the origin of a fabric or apparel good do not have to meet the rule of origin and thus may come from outside the region. Of the 10%, up to 7% of the weight of elastomeric fibers and yarns that make up the component that determines the origin of a fabric or apparel good do not have to meet the rule of origin and thus may come from outside the region.
- **Sets:** for shipments of sets (two or more textile and apparel goods put up in sets for retail sale, classified as a result of the application of Rule 3 of the General Rules for the Interpretation of the Harmonized System), each good in the set must either -
 - meet the product-specific rule or origin or
 - non-originating goods in the set must not exceed 10% of the set's total value
- **Viscose rayon** fibers and filaments: not required to originate
- [Commercial Availability \(Short Supply\)](#)
If the USMCA Parties determine that a fiber, yarn, or fabric is not commercially available in the USMCA region, the product-specific rules of origin can be amended following consultations and agreement among the three Parties and the fulfillment of domestic procedures in each Party. Unlike NAFTA, which allowed an agreement between two Parties, commercial availability determinations to modify a product-specific rule must be tri-lateral.
- **9802 Textiles or Apparel Assembled in Mexico ([Special Provisions](#), Section B, p. 6-A-2)**
Textile and apparel goods, assembled in Mexico from fabrics that are wholly formed and cut in the U.S., may enter the U.S. duty-free, under HTS 9802.00.91. Yarns can be sourced from outside the USMCA region. All fabric components in the finished product, **except visible lining fabric**, must be wholly formed and cut in the United States.
- **Tariff Preference Levels (TPLs)**
Tariff Preference Levels: TPLs provide duty-free access for specified quantities of certain yarns, fabrics, apparel, and made-up textile goods that do not meet the product's rule of origin. The goods must be produced, formed and finished in a USMCA country and meet all other applicable conditions for preferential tariff treatment. The TPLs are restricted by **annual quota levels** (below) that vary by product and by country (see below). Shipments

in excess of the TPL quota levels are subject to the applicable MFN duty. TPLs are found in the USMCA text, [Chapter 6, Annex 6-A, Appendix 1](#).

TPL imports into the U.S. are monitored by [U.S. Customs \(CBP\)](#)

TPL imports into Canada are monitored [Canadian Global Affairs](#)

TPL imports into Mexico are monitored by the [Ministerio de Economia](#)

Imports into U.S.

	from Canada		from Mexico	
Apparel				
Cotton/mmff*	40,000,000 SME*		45,000,000 SME	
wool	4,000,000 SME		1,500,000 SME	
Fabric/Made Ups	71,765,252 SME		22,800,000 SME	
woven	38,642,828 SME		4,800,000 SME	
knit	38,642,828 SME		18,000,000 SME	
Yarn	6,000,000 kgs		700,000 kgs	
acrylic	3,000,000 kgs			

Exports from U.S.

	To Canada		To Mexico	
Apparel				
Cotton/MMF	20,000,000 SME		12,000,000 SME	
Wool	700,000 SME		1,000,000 SME	
Fabric/Made Ups (only knits or 6303)	15,000,000 SME		1,400,000 SME	
Yarn	1,000,000 kgs		950,000 kgs	

*SME= SQUARE METER EQUIVELANTS

*mmf= man-made fiber

Footwear – Rules of Origin

64.01-64.05 A change to heading 64.01 through 64.05 from any heading outside that group, except from subheading 6406.10, provided there is a regional value content of not less than 55 percent under the net cost method.

The regional value content of the footwear must be calculated on the basis of the net cost method:

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

where RVC is the regional value content, expressed as a percentage; NC is the net cost of the good; and VNM is the value of non-originating materials used by the producer in the production of the good.

To qualify for the duty benefits, uppers can only be made in the United States, Canada, or Mexico.

Non-Textile Travel Goods – Rules of Origin

Travel goods in HTS Chapter 42 that are not made of textile inputs follow a single transformation rule of origin

Additional Resources

[USMCA Agreement](#) (text)

[USMCA textile and apparel chapter](#)

[U.S. Customs \(CBP\) USMCA](#)

Inquiries for CBP's USMCA Center can be directed to USMCA@cbp.dhs.gov

[Canada Customs \(CBSA\)](#)

[USTR – USMCA Textiles Fact Sheet](#)