

## U.S. Mexico Canada Agreement: Institute of Scrap Recycling Industries Discusses Impact on Scrap/Waste



**Walter Wright, Jr.**  
wwright@mwlaw.com  
(501) 688.8839

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The Institute of Scrap Recycling Industries (“ISRI”) discussed in a publication yesterday certain aspects of the U.S. Mexico Canada Agreement (“USMCA”) that United States and Canadian negotiators recently agreed to for replacing the existing North America Free Trade Agreement (“NAFTA”).

ISRI briefly discusses the potential impact of the USMCA on scrap/waste.

ISRI notes by way of background that:

. . . for Customs clearances, the USMCA provides more detailed guidelines for the three governments to cooperate in ways that allow for improved border-crossings, such as information sharing, law enforcement collaboration, procedures for adjudicating disputes, etc.

The USMCA is stated to especially enhance collaboration between the governments to prevent illegal transshipments by outside parties who are trying to circumvent import restrictions. As to scrap specifications, ISRI notes that its Specifications are not specifically identified as a standard for traded scrap commodities. However, it further notes that the agreement does not reference specific standards bodies as preferred guidelines. The relevant language from the negotiated agreement states:

The Parties recognize the important role that international standards, guides, and recommendations can play in supporting greater regulatory alignment, good regulatory practices and reducing unnecessary barriers in supporting greater regulatory alignment, good regulatory practices and reducing unnecessary barriers to trade.

ISRI concludes that its Specifications are acknowledged as the guidelines for scrap.

ISRI also states as to “Rules of Origin”:

. . . waste and scrap maintain the same origin classification as in the NAFTA in that scrap materials are considered “originating” in North America if processed in one of the three countries (whether collected in North America or collected elsewhere and imported for processing) as well as derived from used goods collected in one of the three countries for purposes of extracting raw materials.

This is stated to be beneficial for manufacturers purchasing scrap that produce goods from scrap commodities processed in North America (as they will be able to include scrap as part of the new 60% transaction value [or 50% of cost] accumulation threshold for a duty-free trade within North America).

As to timing and effect, it is noted that a final agreement must go through a number of “legally-required procedures” in the United States prior to going into effect.

