



NATIONAL ASSOCIATION OF PRINTING INK MANUFACTURERS

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United States Mexico/Canada Agreement (USMCA) of 2020 and Printing Inks October 2020

Purpose

This paper will provide guidance on tariff applicability for printing ink exports/imports to countries covered under the 2020 USMCA and the Harmonized Tariff Schedule of the United States (HTSUS).

Overview

The 2020 USMCA is the result of a negotiation and modernization of the North American Free Trade Agreement which had been in force since 1994. In general, the USMCA (and its antecedent – NAFTA) was the elimination of trade barriers between the United States, Canada and Mexico. The USMCA entered into force on July 1, 2020.

Tariffs

General

US tariffs are specified in the Harmonized Tariff Schedule of the United States (HTSUS). Printing inks are listed in Chapter 32 of the HTSUS under heading/sub-heading 3215/3215.11 and 3215.19. These HTSUS listings (as well as a series of other free trade agreements) provide for duty free treatment of printing inks. However, the duty free provisions are subject to the Merchandise Processing Fee (MPF). This means that even a naturally, duty-free entry may owe the MPF upon importation into the United States. This fee is 0.3464% of the value of the imported merchandise, with a minimum fee of \$26.79 per entry and a maximum fee of \$519.75 per entry. The minimum and maximum adjust periodically to reflect inflation. No MPF is due on entries making valid USMCA claims. For some companies avoiding MPF is a sufficient reason to claim USMCA, even for duty free articles.

Claiming USMCA Coverage under the “Tariff Shift Rule”

In this context a printing ink is classified as an “originating good” under the USMCA. The general USMCA rule of origin (for originating good classification) for subheadings 3215.11 and 3215.19 (i.e. printing inks) is found in General Note 11, Chapter 32, Note 8:

A change to headings 3207 through 3215 from any other chapter.

This rule is supplemented by the special Chapter rule that “pigment or coloring materials classified under headings 3206 or 3212 shall be disregarded in determining the origin of the goods classified under headings 3207 through 3215, except for any such pigments or materials based on titanium dioxide.” In other words, unless they are based on titanium dioxide, pigments or coloring materials of headings 3206 or 3212 are not required to undergo a tariff shift.

In order to analyze/classify their products for USMCA eligibility importers, exporters, or manufacturers (whoever issues the certificate of origin) should:

- (1) Classify the finished product under the tariff (assuming it is 3215.11 or 3215.19);



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- (2) Identify all input materials that are manufactured outside of North America
- (3) Classify all non-North American input materials under the tariff
- (4) Identify any pigment or coloring materials classified under 3206 or 3212 and confirm that they are not based on titanium dioxide; and
- (5) Ensure that all remaining non-North American inputs are classified outside of Chapter 32.

In simpler terms, printing inks may qualify as USMCA duty free/originating good under the “tariff shift” if all non-North American inputs (e.g. resins, vehicles, additives, solvents, etc.) are classified outside of HTSUS Chapter 32 (pigments/colorants other than titanium dioxide can be excluded in the tariff shift calculation).

Grace Period (July 1, 2020 – December 31, 2020)

The United States Customs and Border (CBP) is the primary USMCA compliance enforcement entity. Under the heading entitled - Phase I Implementation - First Six Months upon Entry into Force - (July 1, 2020 to December 31, 2020) in the **Implementing Instructions - June 30, 2020** (CBP Publication Number 1118-0620) CBP indicates that”

“In order to provide for sufficient time to adjust to the new requirements and in consideration of the business process changes necessary to achieve full compliance, CBP may in appropriate cases, show restraint in enforcement during the six-month period after USMCA’s entry-into-force. CBP will take into account the difficulties importers may face in complying with the new rules, as long as importers are making satisfactory progress toward compliance and are making a good faith effort to comply with the rules to the extent of their ability.”

Additional Information

Documentation, forms and other USMCA information is available in the Business section of the NAPIM member’s website: <https://napimtech.org/Business/USMCA#/>

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