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USMCA ‘Tariff-Shift’ Provisions Offer ‘Massive’ Incentive for Plastics Manufacturers to Route Supply Chains Through Mexico Rather than Rebuild Manufacturing Capacity in U.S.

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Charlene Goldfield and Ryan Last, attorneys with Troutman Pepper Locke, were quoted in the April 30, 2025 *Capital Forum* article, “USMCA ‘Tariff-Shift’ Provisions Offer ‘Massive’ Incentive for Plastics Manufacturers to Route Supply Chains Through Mexico Rather than Rebuild Manufacturing Capacity in U.S.“

Tariff-shift provisions help determine origination. USCMA provides for reduced or tariff-free trade between the U.S., Mexico, and Canada if goods meet the agreements’ “rules of origin.” For certain goods, one of the ways to meet the rules of origin is through a tariff-shift rule, which delineates what constitutes a “significant transformation” that must happen within a USMCA country for a good to be originating, said Ryan Last, an associate who specializes in international trade at Troutman Pepper Locke.

Goods are classified using the Harmonized Tariff Schedule (HTS), an internationally recognized system wherein each product receives a code. Tariff shift rules define product shifts in terms of these classifications, said Charlene Goldfield, who is also an associate at Troutman Pepper Locke and specializes in international trade. These tariff-shift rules “showcase that a product is substantially made in North America,” said Goldfield.

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Scrutiny of imports typically occurs through an audit by Customs and Border Patrol (CBP) after the good is imported. Around 10% of imports are typically audited, according to Mazard. CBP is conducting more audits under the Trump Administration, according to Last and Goldfield, who expect this trend to continue.

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