



WEBINAR

Mexico in a World of Electric Vehicles

April 19, 2023 | 1:00-2:30 pm CDT



**THE UNITED STATES-MEXICO
CHAMBER OF COMMERCE**
MID-AMERICA CHAPTER

Automotive Rules of Origin and Electrification

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Topics



Rules of Origin



Electric Vehicles

Battery requirement for vehicle

Battery origin

Transition period



Regional Value Dispute

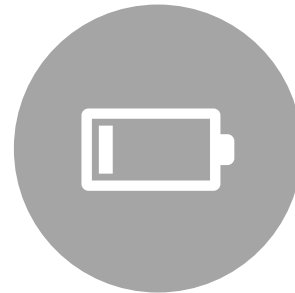
Rules of Origin

	PV/LT	Truck	Other
Vehicles	75% (7/1/2023)	70% (7/1/20227)	62.5%
Core Parts (A1 and A2)	75% (7/1/2023)/Originating		
Principal Parts (B, D)	70% (7/1/2023)	70% (7/1/2027)	
Complementary (C, E)	65% (7/1/2023)	60% (7/1/2027)	
LVC	40% PV, 45% LT	45%	
Steel & Aluminum	70% originating	70% originating	

Electric Vehicle Batteries



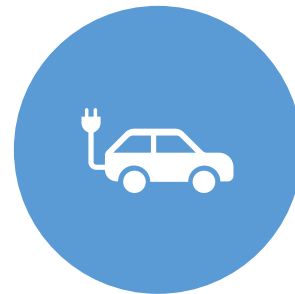
Battery is a core part that must be originating



Allows for a change from non-originating battery cells to batteries.



Rule of origin through Jan. 1, 2025: A change to a battery of subheading 8507.60 . . . From within that subheading or from any other subheading.”



Future Rule: A change to a battery of subheading 8507.60, of a kind used as the primary source of electrical power for the propulsion of an electric passenger vehicle or light truck from any other subheading, excluding battery cells of 8507.90; or 75% RVC.

Rule of Origin Dispute

Rules allow for “Roll Up” on non-originating material

Rules require that core parts be “originating”

Regulations allow super-core calculation for origin of core parts

Industry understood that test to apply to RVC calculation too

U.S. gov’t disagreed and made producers commit to its methodology

Mexico (with Canada support) instituted formal dispute

USMCA Panel sided with Mexico

No practical ramifications yet