



Several regulatory and policy developments have occurred in the Latin American region over the past few months that may impact the customs and global trade activities of many multinational companies:

- A new feature in the Brazilian customs environment (SISCOMEX) named “Product Catalog”.
- The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CP-TPP) has entered into force for Chile.
- Colombia and Guatemala have entered into Mutual Recognition Agreements (MRAs) for their Authorized Economic Operator (AEO) programs with US Customs and Border Protection (CBP) under the Customs and Trade Partnership Against Terrorism (C-TPAT) program.
- Nicaragua may be suspended from the Central America-Dominican Republic and United States of America Free Trade Agreement (CAFTA-DR) by the United States.
- The import into Mexico of goods produced through forced labor has been prohibited.
- The CP-TPP has entered into force for Peru.
- The United Kingdom is joining the CP-TPP.

Brazil: a new feature in SISCOMEX named Product Catalog

The Product Catalog is a new feature in SISCOMEX that aims to centralize information in accordance with the Single Trade Window principle of the World Customs Organization (WCO).

The Product Catalog is a data repository created for each company (based on the taxpayer’s ID number) that will compile detailed information about all imported products, based on attributes predefined by the Brazilian customs authority for each tariff classification code (NCM–Mercosur Common Nomenclature). These attributes are characteristics considered by the Brazilian authority to be fundamental to describe a certain product (e.g., brand, application, color, etc.). There are more than 77,000 possible attributes to be filled in and companies should note which attributes are mandatory for each product in their portfolio.

This initiative aims to standardize the description of imported products under the same NCM and simplify the gathering of information that was previously collected through several different forms.

While the Product Catalog is already operating in the training environment of SISCOMEX, it is expected to be fully operational by the end of 2026.

Although this is a new obligation that may result in additional complexity for taxpayers, the Product Catalog presents companies with an opportunity to review internal procedures and improve compliance with national and international guidelines, increasing efficiency and reducing the risks of fines in foreign trade operations. It is important that companies be prepared to adjust and implement the new requirements, so that the import processes are not impaired.

Chile: the CP-TPP has entered into force

The CP-TPP, a Free Trade Agreement (FTA), entered into force for Chile on 21 February 2023. The CP-TPP currently includes 11 Pacific Rim countries, which in 2021 represented 6.5% of the world's population, 12.1% of world GDP, and 14.2% of the world's trade. The entry into force of the CP-TPP for Chile makes Chile the 10th country to become a full member of the Agreement after Australia, , Canada, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. The CP-TPP is expected to enter into force for Brunei Darussalam in mid-July 2023.

With CP-TPP, Chile's exports will benefit from additional tariff preferences to those provided under Chile's other FTAs. Furthermore, the CP-TPP establishes a broad origin cumulation methodology for products that are produced within CP-TPP countries, generating new business opportunities and creating new value chains among the member countries. In addition, it incorporates self-certification of origin by importers and exporters.

The CP-TPP expands the benefits of advance rulings and incorporates modern rules on the origin verification mechanism associated with a self-certification system. The CP-TPP also broadens opportunities in services, investments, public procurement, and other sectors.

Companies with import and export operations in Chile should assess whether their products qualify under the CP-TPP to benefit from these new opportunities.

Colombia and Guatemala: Colombia and Guatemala have entered into MRAs for their AEO programs with CBP under the C-TPAT program

AEO and C-TPAT programs make customs processes more efficient for pre-approved businesses recognized as low risk. They facilitate trade for importers, exporters, carriers, manufacturers, and others in the supply chain, as well as enhancing global competitiveness.

MRAs are partnerships between customs administrations from different countries that extend AEO benefits to other international markets. MRAs allow companies recognized as an AEO or under C-TPAT to receive customs facilitation benefits in the signatory countries.

MRAs aim to strengthen the security of the international supply chain, facilitate trade in the region, improve commercial ties, and consolidate the competitiveness of companies. They can create greater access to streamlined trade procedures, reduce physical and documentary inspections, and provide preferential treatment when entering goods into other countries.

On 17 April 2023, Colombia and Guatemala signed MRAs with the United States within the framework of Colombia and Guatemala's AEO programs and CBP's C-TPAT program, with the objective of facilitating trade between the countries and guaranteeing the security of their supply chains.

Additional objectives include reducing the time and costs associated with customs control, reducing costs and delays by limiting inspections, improving the predictability and accuracy of the movement of goods from one country to another, and improving security to reduce cargo theft.

These MRAs allow companies that are AEO or C-TPAT certified to enjoy easier access to customs facilitation benefits in Colombia, Guatemala, and the United States.

Nicaragua: Nicaragua may be suspended of the CAFTA-DR by the United States

In addition to existing sanctions and import restrictions, the United States continues to review Nicaragua's participation in the CAFTA-DR as a potential alternative way to address concerns about continued human rights violations and electoral interference in Nicaragua.

The United States is Nicaragua's main trading partner, so the potential suspension would have trade repercussions in the Central American region, including interruption of commercial supply chains that have been created based on the benefits that CAFTA-DR provides.

While no decision has been made by the United States, companies with operations in Nicaragua should be prepared to assess potential actions to mitigate the impact of the suspension of CAFTA-DR for Nicaragua.

Mexico: the import into Mexico of goods produced through forced labor has been prohibitedIn order to comply with the objectives negotiated under the United States-Mexico-Canada Agreement (USMCA) related to the elimination of all forms of forced or compulsory labor (USMCA's article 23.6), on 17 February 2023, the Mexican Ministry of Economy published a notice in the Mexican Official Journal that establishes that the importation into Mexico of any good produced in whole or in part through forced labor will be prohibited. The notice establishes the mechanism by which the Ministry of Labor will conduct a procedure to identify the use of forced labor in the production of goods.

The Ministry of Labor may begin the procedure to identify the use of forced labor in the production of goods on its own initiative or at the request of an individual or corporate entity incorporated in Mexico. A request to begin a procedure by an individual or corporate entity will have to meet specific requirements including providing evidence that supports the opening of the procedure, the details of the goods (e.g., description, tariff classification, technical specifications, functions, use, components, etc.) that are allegedly produced through forced labor, the details of the corresponding producers, and the name of the region, country or countries in which the goods are produced through forced labor.

If sufficient elements exist then the Ministry of Labor will commence the procedure and, in accordance with the interinstitutional agreements entered into by Mexico in matters of forced labor, the Ministry of Labor will request the cooperation of the corresponding authorities in the applicable country to conduct a verification to determine whether the goods are produced through forced labor. The determination issued by the foreign authority will be adopted by the Ministry of Labor. In its resolution of the procedure, the Ministry of Labor may determine that the existence of forced labor in the production of the goods has not been demonstrated, or that the goods are produced through forced labor, in which case the goods will be included in a list of resolutions published by the Ministry of Labor and their importation into Mexico will be prohibited. The Ministry of Labor will maintain the list of resolutions including all goods that are prohibited from importation on its website.

Mexico has taken an important step towards restricting the importation of goods produced through forced labor and complying with the USMCA objectives. Mexican importers should carefully review their supply chains and implement due diligence measures to identify and address any potential risks of forced labor, as well as monitor the list of resolutions including the goods that are prohibited from importation into Mexico.

Peru: the CP-TPP enters into force

Over the last decade, Peru has signed and ratified FTAs that provide economic benefits to multinational companies by reducing or eliminating customs duties and facilitating the trade of products.

The CP-TPP is the latest FTA that has entered into force for Peru, in force since September 2021. This agreement has improved market access conditions in those countries where Peru already had a bilateral agreement (for example, in the bilateral agreement with Chile, approximately 89% of foreign products have preferential treatment; however, through the CP-TPP, approximately 99% of foreign products receive preferential treatment).

The CP-TPP will continue to benefit Peru's trade operations, providing additional incentives for traders to acquire exports from Peru, and also offers a stable and predictable legal framework, which is expected to attract foreign investment and consolidate protection frameworks according to international standards for Peruvian companies who intend to expand their businesses in the other CP-TPP countries.

United Kingdom: the United Kingdom is joining the CP-TPP


After its withdrawal from the European Union on 31 January 2020, the United Kingdom began unilateral negotiations with countries to remove or reduce tariff and non-tariff barriers to trade through free trade agreements.

The United Kingdom officially applied for entry into the CP-TPP on 21 February 2021. On 31 March 2023, ministers from the CP-TPP member countries met virtually to discuss UK accession to the CP-TPP and announced the acceptance of the United Kingdom as a new member.

The United Kingdom's acceptance process is expected to be concluded at the upcoming CP-TPP ministerial meeting in Auckland, New Zealand, in July 2023, when the United Kingdom will officially enter into the CP-TPP as the 12th member.

Companies with trade operations with the United Kingdom should assess whether their products meet the CP-TPP's requirements.

Deloitte's Global Trade Advisory specialists are part of a global network of professionals who can provide specialized assistance to companies in global trade matters. Our professionals can help companies seeking to manage the impacts and potential impacts of the developments described above, as follows:

- Our professionals in Brazil can assist companies with navigating the Product Catalog requirements and preparing their data repository for the implementation of the Product Catalog;
 - Our professionals in Chile and Peru can assist companies in identifying FTA opportunities and analyzing whether products meet origin requirements under the CP-TPP;
 - Our professionals in Colombia and Guatemala can assist companies registering under the AEO programs and benefiting from MRAs with CBP under the C-TPAT program;
 - Our professionals in Central America can assist companies analyzing the impact in their business of Nicaragua's suspension from the CAFTA-DR; and
 - Our professionals in Mexico can help companies review their supply chains and implement due diligence measures to identify and address any potential risks of forced labor.
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