Customs and Regulatory Considerations for Cross-Border Auto Aftermarket Shippers

Purolator

2025

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Introduction

The automotive aftermarket refers to the parts, components, and equipment used to repair, maintain or customize a vehicle after it has left the original manufacturer. Aftermarket parts range from tiny nuts and bolts to seats, batteries, wipers, headlights, and everything in between. Car enthusiasts regularly upgrade their vehicles with customized tires, exhaust systems, and other accessories, which are considered aftermarket products. With a typical gasoline-powered vehicle including about 30,000 parts, it's not surprising that aftermarket SKUs number in the millions.

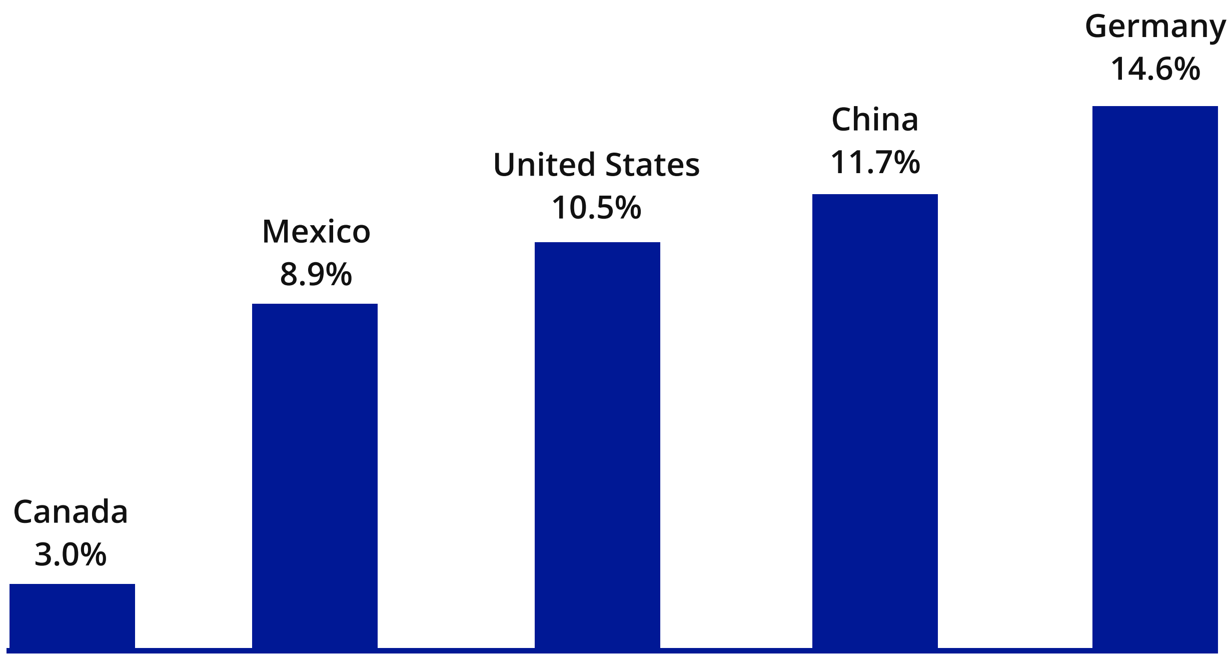
Aftermarket parts are distinguished from original equipment manufacturer (OEM) parts, which are designed to meet the specifications of a particular vehicle.

Ensuring the steady supply of these parts is the purview of the thousands of manufacturers, wholesalers, and suppliers that service the roughly 80% of sales made to "do-it-for-me" (DIFM) professionals including independent garages, jobbers, repair facilities, and dealerships. A second sector, "do-it-yourself" (DIY) represents direct sales to consumers. DIY sales generally occur through retail parts stores, big box retailers or increasingly, via e-commerce sites.

While aftermarket parts are distributed across multiple channels, there is a common purpose in ensuring that parts are in stock when needed, and available for rapid transport to their end-destination.

Increasingly though, parts – OEM parts as well as aftermarket products -- are sourced internationally, but with a sizable portion manufactured throughout North America. The United States, for example, supplies just over 10% of auto parts used worldwide, making it the third largest exporter behind Germany (14.6%) and China (11.7%). Mexico exports 8.9% and is ranked fourth, Canada supplies 3.0% of global parts and ranks 11th in the world.

Together, U.S., Canadian, and Mexican manufacturers not only supply the world, but they also serve domestic market needs. The three countries rely on each other for the parts and components needed both for vehicle manufacturing and aftermarket needs. For aftermarket businesses this means navigating the many customs and regulatory hurdles inherent to cross-border trade. Businesses must also have insight into relevant government incentives, especially provisions of the United States-Mexico-Canada Agreement (USMCA) free trade pact.



The following discussion delves into several key customs and regulatory challenges to help businesses understand their responsibilities in meeting these mandates. The discussion also highlights the need for an experienced logistics partner to help manage the cross-border process. An experienced partner will have insight into applicable trade requirements, first-hand knowledge about customs procedures, and the capabilities to ensure on-time, efficient deliveries, even when shipments must cross an international border.

The Integrated North American Auto Aftermarket

"Highly integrated" is a term often used to describe the North American auto market. But what exactly does that mean? A dictionary definition defines integration as a situation "in which many different parts are closely connected and work successfully together."

This is an apt description for the North American automotive industry. Together, the U.S., Canadian, and Mexican automotive industries comprise the third largest vehicle and parts manufacturing region in the world, behind China and the European Union. Former United States Trade Representative Katherine Tai, in a 2022 report to Congress, noted that the industry "plays an outsized role in the U.S. and North American economies," and that "total auto trade (imports plus exports of vehicles and parts) is the largest component of North American trade, accounting for 22 percent of total trade under the USMCA." [See below for more information about the United States-Mexico-Canada Agreement (USMCA).]

While each country maintains a vibrant domestic industry, in which global vehicle and parts manufacturers have put down stakes and operate alongside local suppliers, the industry is strengthened by a high degree of cross-border integration.

The U.S. Aftermarket Industry

The United States automotive aftermarket is the largest in the world, with a 2024 projected value of $535 billion, according to AutomotiveAftermarket.org. The global market overall, including passenger, light duty, and medium/heavy vehicles amounted to $2.33 trillion during 2022, giving the United States a 23% market share. Other top markets, in order, include China, Japan, Germany, and Brazil.

Within North America, the United States aftermarket holds a commanding 76% share of the market. According to the AutoCare Association, the U.S. industry "includes over 500,000 individual businesses consisting of independent manufacturers, repair shops, distributors, marketers, and retailers." These businesses, the analysis notes, serve the more than 290 million light, medium and heavy-duty vehicles currently registered.

The average age of vehicles traveling on U.S. highways is a record-breaking 12.6 years, with the typical truck, SUV and crossover vehicle clocking in at 11.9 years. The average passenger car is 14 years old. A vehicle owner can expect to spend nearly $1,500 on annual maintenance and repair costs, according to the American Automobile Association (AAA), which suggests increased demand for aftermarket parts needed to keep vehicles in peak operating condition.

The manufacturers that produce those parts range from large, complex organizations with operations spread across the globe, to small and medium-size enterprises (SMEs). Most U.S.-based SMEs do not export, notes the U.S. International Trade Administration (ITA). Those that do, the ITA analysis notes, limit operations to Canada and/or Mexico. "This demonstrates untapped potential to introduce U.S. suppliers to foreign markets, particularly for the aftermarket."

Canada's Aftermarket Industry

According to the Automotive Industries Association of Canada (AIA), the country's auto care sector is valued at CAD$43.9 billion (US$31.2 billion).

The industry includes thousands of businesses nationwide that "manufacture, distribute and install automotive replacement parts, accessories, tools, and equipment" used by the nearly 27 million vehicles active on Canada's highways. Specific to parts, Canadian retail sales amount to an estimated $20 billion annually.

The country's aftermarket is a subset of Canada's dominant automotive industry. Most global vehicle manufacturers and parts suppliers have a presence in Canada, including Ford, General Motors, Stellantis, Toyota, and Honda.

Canada is home to Magna International, a global leader in OEM manufacturing. Within North America, the Toronto based company maintains a significant cross-border presence that breaks down as follows:

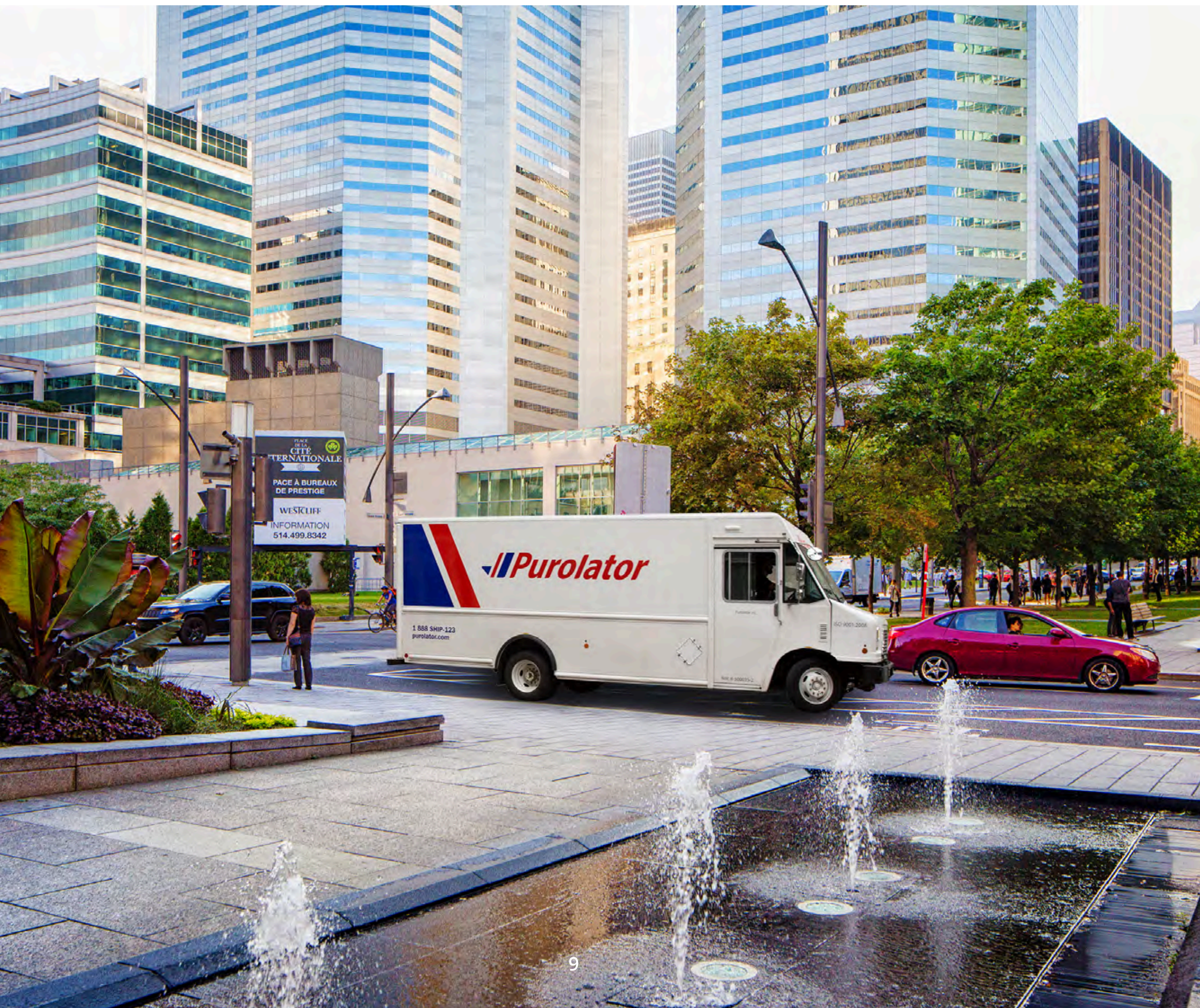
Canada:	United States:	Mexico:
50 manufacturing/ assembly facilities and 9 product development/ engineering/sales facilities.	58 manufacturing/ assembly facilities and 17 product development/ engineering/sales facilities.	33 manufacturing/ assembly facilities.

Other major parts manufacturers rooted in Canada include Linamar Corp.(Ontario), Martinrea International (Ontario), ABC Technologies (Ontario), Multimatic Inc. (Ontario), Uni-Select (Quebec), and MevoTech (Ontario).

These manufacturers are among the companies that supply parts and services to the thousands of businesses that comprise Canada's auto care industry. These businesses, according to AutomotiveAftermarket.org, include roughly 4,600 auto parts, accessories, and tire retailers, and 23,000 repair facilities, among other categories. While many U.S.-based parts suppliers and service providers have expanded to Canada, leading domestic brands include Mr. Lube, Great Canadian Oil Change (division of Valvoline), Lordco, and Wakefield (division of BP/Castrol). In addition, leading domestic e-commerce retailers include Parts Avatar, Parts Monkey, AutoPartsWAY, and CanadaWheels.

Although aftermarket businesses are located throughout the country, AIA notes that "over a third of all Canadian auto repair businesses are located in the province of Ontario, followed by Quebec." This is not surprising, since the provinces of Ontario and Quebec account for nearly half of the entire Canadian population.

Important to note, Canada has committed to an ambitious plan of 100 percent zero-emission vehicle sales by 2035, a goal that would significantly affect current aftermarket practices. To achieve this goal, the government has announced regulations that, according to the CBC, "will effectively end sales of new passenger vehicles powered only by gasoline or diesel in 2035."



Mexico's Aftermarket Industry

According to the U.S. International Trade Administration (ITA), Mexico is the world's seventh-largest passenger vehicle manufacturer, the fifth-largest manufacturer of heavy-duty vehicles, and the fourth largest manufacturer of auto parts (behind Germany, China, and the United States). In addition to manufacturing many of the world's auto parts, Mexico is a top parts buyer, and the leading market for U.S.-made auto parts.

During 2023, Mexican-made OEM and aftermarket parts amounted to US$116 billion. Manufacturing is projected to exceed US$125 billion during 2024, putting it on track for a "historical record," according to Mexico's National Auto Parts Industry.

The automotive industry overall is critical to the Mexican economy, accounting for 3.6% of the nation's gross domestic product and employing more than one million people nationwide. Truck and passenger vehicle makers with a presence in Mexico include Audi, Baic Group, BMW, Stellantis, Ford, General Motors, Honda, Hyundai, Kia, Mazda, Mercedes Benz, Nissan, Toyota, Volkswagen, Volvo, Mack Trucks, Freightliner-Daimler, and Cummins, among others.

Manufacturers, auto parts producers, and suppliers are primarily located in the more than 30 automotive clusters which, . according to TECMA, can be found in the states of Chihuahua, Coahuila, Mexico (state), Guanajuato, LaLaguna, Nuevo León, Queretaro, San Luis Potosi, Puebla, and Tlaxcala.

Coahuila, for example, is the country's leading producer of auto parts, accounting for 17.7% of total manufacturing. The state of Chihuahua is second, accounting for 11.4% of total production, and home to more than 400 automotive companies. Leading products made in Chihuahua include steering wheels, interior upholstery, wiring harnesses, aluminum wheels, brakes and suspension parts, engine castings, airbags, fuel injection systems, engines, radiators, and pistons.

The state government cites many reasons for the success of Chihuahua's automotive cluster, including its educated workforce, industrial capabilities, and "union free environment." But foremost on the list, the government stresses Chihuahua's "strategic location." The state shares a border with both Texas and New Mexico, with the city of El Paso located 230 miles from the center of Chihuahua.

China's Expansion to the Mexican Auto Industry

Any discussion of Mexico's auto industry must include the influx of Chinese brands – and manufacturers -- into that market in recent years. According to U.S. News & World Report, China has undertaken an "aggressive" expansion of its auto industry, and is now the world's largest vehicle exporter. China's growth has included an ambitious entry to the Mexican market.

Mexico Business News reports that sales of Chinese cars "skyrocketed from 6.5% in 2022 to an impressive 9.4% of total sales in 2023." A big reason for the surge is cost, "with Chinese vehicles being, on average, 36% to 50% more affordable." Chinese automakers including BYD, Chery, and SAIC are looking to build manufacturing facilities in Mexico, while JAC already operates a plant in Hidalgo.

China's footprint in the Mexican market also includes auto parts production.

According to DigiTimes Asia, 33 Chinese auto parts companies were operating in Mexico during 2023, with 18 exporting to the United States. The value of those exports, the report noted, exceeded $1.1 billion during 2023. The influx of Chinese parts manufacturers is due at least in part to overtures from Tesla CEO Elon Musk. Musk reportedly "invited" Chinese suppliers to expand to Mexico to support a Tesla Gigafactory planned for the state of Nuevo León. However, plans for the Tesla facility have been put on hold, with Musk expressing concern about the threat of tariffs being placed on Mexican-made vehicles.

The increased presence of Chinese-based companies in the Mexican market has raised speculation about "back door" efforts to gain access to the U.S. market by taking advantage of provisions of U.S. trade laws. For example, Chinese manufacturers operating in Mexico may be able to avoid the steep 27.5% tariff the U.S. imposes on Chinese imports by taking advantage of provisions of the USMCA. "Imports from Mexico built with Chinese parts pay only a 2.5% duty under the rules of the USMCA," explains Autoweek. Alternatively, the analysis notes, vehicles imported directly from China are subject to a prohibitive 27.5% tariff.

Both the U.S. and Mexican governments have acted to address efforts to unfairly access the North American market. In April 2024, according to Reuters, the Mexican government, "under pressure from the U.S.," agreed to no longer offer incentives to Chinese automakers, while in May 2024 the Biden Administration announced significant tariffs on Chinese-made EVs, batteries and parts. In addition, the Trump Administration has announced its intention to impose a 25% tariff on all goods coming from Mexico. The impact of these actions on what had been an ambitious expansion plan by Chinese auto companies, remains to be seen.

Automotive Aftermarket is Highly Dependent on Cross-Border Trade

Efforts by the Chinese auto industry to establish a firm presence in Mexico highlight both the size of the North American market, and the power of the trade relationship that exists among the United States, Mexico, and Canada.

Specific to auto parts, consider the interconnectedness of the three countries' markets. According to the U.S. International Trade Administration:

- Mexico purchases **40%** of all U.S. auto parts exports, while Canada accounts for **30%.**
- Mexico is the source of **37%** of U.S. parts imports, with **10%** coming from Canada.
- **87%** of Mexican parts exports were sold to the United States; **3.5%** went to Canada.
- **89%** of Canadian parts exports were sold to the U.S.; **7%** to Mexico.
- **61%** of Canadian parts imports were from the U.S.; **13%** from Mexico.

Much of this interdependence can be attributed to the United States-Mexico-Canada Agreement (USMCA), the free trade pact that eliminates many trade barriers and offers incentives including duty-free status for qualified goods. But there are other customs and regulatory considerations that affect cross-border shipments of aftermarket parts. The following is a closer look at several of those provisions.

Free Trade at the Heart of the North American Aftermarket

The U.S., Canadian, and Mexican automotive industries have long understood the benefits of collaboration, with trade-facilitation initiatives that go back as far as the 1960's. But the North American Free Trade Agreement (NAFTA), which took effect in 1994, is widely credited as fostering the environment that created the highly integrated industry that exists today.

"NAFTA helped the auto sector compete with China," analysis by the Council on Foreign Relations explained, primarily by eliminating or reducing tariffs, and ensuring intellectual property protections. "By contributing to the development of cross-border supply chains, NAFTA lowered costs, increased productivity, and improved U.S. competitiveness." Further, the analysis noted, "because Mexico is so close, you can have a regional industry cluster where goods can go back and forth." This has resulted in a highly integrated industry that gives automakers a decisive advantage in the global market.

USMCA and Auto Parts

NAFTA was replaced in 2020 by the United States-Mexico-Canada Agreement (USMCA). The USMCA continues NAFTA's core principles of duty-free trade, reduced administrative burdens, and intellectual property protection. The agreement, however, introduces several significant changes regarding auto parts, particularly regarding the materials used in each part and their country of origin.

Regional Value Content (RVC)

Regional value content refers to the proportion of a product's final value that originates within a USMCA-partner country. Specific to parts used in the manufacture of a vehicle, the Center for Automotive Research explains, the USMCA requires that at least 75% of "core parts" including engines, transmissions, and axles, originate in North America. For "principal parts," including tires, glass, pumps, compressors, and safety belts, the content requirement is 70%. "Complementary parts" which include catalytic converters, pipes, and windshield wipers must meet a 65% origination threshold.

However, according to the Specialty Equipment Market Association (SEMA),the agreement distinguishes between OEM and aftermarket parts. “The new and complex origin requirements apply only to passenger vehicles, light trucks, heavy trucks, and original equipment parts,” the SEMA analysis notes, adding that “regional value content for aftermarket parts is typically less stringent...” Aftermarket parts, the analysis continues, are generally held to a domestic content requirement of 50% to 60%, depending on the specific product. Aftermarket businesses can determine USMCA eligibility based on the tariff classification code assigned to each product.

Tariff classification codes identify products as they move between international markets. In the United States, tariff classification codes are found in the Harmonized System, managed by the International Trade Commission. Canada’s system is called the Customs Tariff and is administered by the Canada Border Services Agency (CBSA). In Mexico, tariff classifications are found in the Mexico Tariff Schedule, administered by the National Customs Agency (ANAM).

Once the correct tariff classification code has been identified, several online “lookup tools” are available to determine the corresponding rate of tariff – and eligibility for USMCA benefits. Available tools include:

- **Purolator’s Trade Assistant** – maintained by cross-border logistics provider Purolator. Assists businesses with harmonized system codes, estimating duty rates for U.S. bound shipments and suggesting required customs documentation.
- **FTA Tariff Tool** – maintained by the U.S. International Trade Administration. Identifies eligibility for benefits under all U.S. free trade agreements.
- **Schedule B Search Engine** – maintained by the U.S. Census Bureau. Helps shippers identify the correct Schedule B export code.
- **Canada Tariff Finder** – maintained by Export Development Canada and the Canadian Trade Commissioner. Identifies tariff information for products and countries with which Canada has free trade agreements in place.

In addition to these core USMCA benefits, aftermarket businesses may also be eligible for trade incentives that include:

Duty/Tax Savings. Shipments arriving at the border via an express carrier (i.e. Purolator), may be eligible for duty and/or tax savings due to changes in each country’s de minimis threshold. The de minimis threshold refers to the dollar amount at which duties and/or taxes are applied. Any product valued below the de minimis threshold is exempt, while products valued above the threshold are liable for applicable duties and/or taxes.

The USMCA addresses de minimis thresholds as follows:

- **Canada-bound shipments** valued at less than CAD$40 are exempt from taxes. Shipments valued at less than CAD$150 are not subject to duties. Qualified shipments can also avoid "formal entry" procedures, which means a faster and less onerous clearance process.

- **Mexico** raised its de minimis threshold for duty-free eligibility from US$50 to the equivalent of US$117. For tax-free eligibility, the de minis value is US$50.

- **The United States** maintains a de minimis threshold of $800, which is the highest in the world. This allows goods valued at $800 or less to enter the U.S. duty-free.

BUT, only shipments transported via **express delivery carriers** are eligible for these duty and tax savings. This is a critical distinction, and means shipments delivered by a non-express carrier are unaffected and may be subject to higher tax and duty rates.

- **Low Value Shipment Threshold.** Canada-bound shipments may benefit from that country's Courier Low Value Shipment (CLVS) program, which allows informal entry for all commercial shipments valued up to CAD$3,300. To be eligible, a shipment must be transported by a company that participates in the CLVS program, and the goods must not be "regulated, controlled, or prohibited."

- **Regulatory Harmonization.** Cross-border trade is also facilitated by the harmonization of regulatory standards. According to the International Trade Administration, "the Canadian regulatory environment for the automotive sector is harmonized to that of the United States," which avoids the administrative burden of products having to meet separate testing and compliance standards. Mexican products are subject to provisions of that country's Quality Infrastructure Law, which was enacted in 2021. The law seeks to ensure compliance with USMCA provisions but does not harmonize regulatory requirements.

Aftermarket Compliance – 5 Critical Steps

Regardless of whether an aftermarket business can take advantage of USMCA provisions, every shipment crossing between the U.S., Canada, and/or Mexico must meet specific customs requirements. While specific requirements can vary based on unique product attributes, all aftermarket products must satisfy mandates in five specific areas:

I. Tariff Classification
II. Product Description
III. Country of Origin
IV. Valuation
V. Product Specific "OGD/PGA" Permits.

Tariff Classification. As mentioned above, tariff classification is an essential step in determining product eligibility for USMCA and other free trade agreement benefits. But proper tariff classification serves other purposes as well. A product's tariff rate is determined by the assigned classification code. In addition, countries rely on classification codes to track which goods are crossing the border, and to determine if a product requires an additional permit or license.

Product Description. Shipment invoices must include accurate and detailed product information. Consider the following direction from U.S. Customs and Border Protection (CBP): "...classification is

just guesswork if invoices do not give complete and accurate descriptions of what is being imported."

A detailed product description will help customs agents determine if an assigned tariff classification is accurate and will minimize the risk of a shipment being held for extra scrutiny. When it comes to auto parts, CBP cites fasteners as an example of a product category that is often miscategorized. "Many shippers of automotive parts consider just about any threaded fastener that can be used with a nut to be a bolt," CBP explains."To Customs and the fastener industry, however, a threaded fastener which is used with a nut may be a 'screw' that has a duty rate which is more than 12 times higher!"

As this example makes clear, shippers have a financial interest in providing detailed, accurate invoice information. Rather than listing a vague "auto parts" description, notes A&A customs brokers, documentation should be as specific as possible. A catch-all description like "auto parts," A&A warns, is a "red flag" for customs officials and increases the risk of an audit inquiry.

Country of Origin. Shippers must provide specific information about a product's country of origin. This information is necessary for several reasons including:

- Determining eligibility for free trade agreement benefits.
- Determining rate of duty.
- Assessing applicability of antidumping or countervailing duties.
- Determining eligibility for import.

In many instances, when a product is 100 percent grown or produced in a single country, and proof of that origin is easily proven, compliance with customs requirements is not difficult. Unfortunately, this is not usually the case. Since many imported goods consist of materials from more than one country, or are manufactured in processes performed in multiple countries, complex rules have been established to determine the country of origin. Importers are expected to exercise "reasonable care" in evaluating their product's components to determine the correct country of origin.

Valuation. Every product crossing a border must be assigned a value that is used for a number of purposes, including assessing duties and collecting accurate statistics. Determining the correct valuation can be complicated though, since many factors need to be considered. In general, the value listed on a commercial invoice should be the price a buyer has paid for a product (and not the amount for which the goods will be sold). This is called the product's transaction value, and should also reflect money paid for commissions, assists, royalties, production costs and packaging. Factors that should not be considered include transportation or insurance costs, or any taxes paid on the item.

Product Specific "OGD/PGA" Permits. Certain aftermarket parts must comply with requirements mandated by applicable government agencies. These agencies are referred to as "other government departments (OGDs)" or "partner government agencies (PGAs)" and are an unavoidable part of the import process. Each shipper is responsible for determining if a product is subject to PGA/OGD review, and for satisfying all documentation requests.

With regard to aftermarket parts, multiple government agencies oversee the importation process.

A few examples include:

- In the United States, the National Highway Traffic Safety Administration (NHTSA) ensures that all imported motor vehicle equipment meets safety standards established via Federal Motor Vehicle Safety Standards. This includes brake hoses, lamps, tires, seat belts, and glazing materials.
- The Department of Transportation (DOT) regulates the importation of tires into the United States and maintains labeling and marking requirements.
- The Environmental Protection Agency (EPA) regulates imports of engines along with all emissions-related aftermarket parts.
- In Canada, Transport Canada establishes requirements for imports of vehicles, parts, and tires.

In addition to U.S. and Canadian federal import requirements, aftermarket manufacturers must comply with state and provincial requirements. In the United States, for example, 15 states plus the District of Columbia (California, Colorado, Connecticut, Delaware, Maine, Maryland, Massachusetts, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, Washington) have adopted emissions standards that exceed federal EPA requirements. This means emissions-related parts must meet each state's individual requirements.

Shipments Originating in Mexico Require a Few Extra Steps

Customs and regulatory compliance is trickier for aftermarket parts originating in Mexico. The process of bringing shipments across the Mexican border requires a few extra steps. In addition, shipments headed to Canada – a process that involves crossing two international borders – must work with U.S. customs to avoid having to pay U.S. duties and undergo a formal customs filing.

A few considerations include:

- Mexican trucks and drivers are not permitted to travel beyond a 25-mile radius of the U.S.-Mexico border. The U.S. Federal Highway Administration (FHWA) offers this assessment: "Currently, Mexican tractors are restricted to circulation in a narrow commercial zone extending out to 25 miles from the border (or up to 75 miles in Arizona)." Therefore, Mexican shipments into the United States are required to use a drayage strategy. This involves use of a Mexican-based truck to pick up a shipment on the Mexican side of the border and transports it into the United States. "Once in the U.S," the FHWA explains, "the shipment is dropped off so a U.S. long-haul tractor can carry the trailer further into U.S. territory."

To accommodate this restriction, shipments have two options for crossing the Mexican border:

- Transloading (also called Cross-Docking). Freight is physically transferred to a different trailer after crossing the border.

- Through-trailer. Shipments remain on the same trailer.The process requires multiple drivers, but since no freight transfers are required, shipments move faster.

- **In-Bond Shipping for Canada-bound shipments.** Canada-bound shipments may be eligible to move through the U.S. as "in-bond" shipments. This allows shipments to move uninterrupted through the U.S. without having to pay customs duties or file formal entry paperwork. In-bond shipping is offered by the U.S. Customs and Border Protection, but shipments are restricted to authorized carriers, including Canada-based Purolator, Inc.

Help is Available to Ensure Customs and Regulatory Compliance

Customs compliance is, of course, an unavoidable part of cross-border trade. But the complexities of successful compliance don't have to be overwhelming. For starters, shippers can get expertise and guidance from Purolator's team of trade compliance specialists. Team members help businesses manage the compliance and regulatory processes and identify opportunities to add efficiency and reduce costs.

Customs Brokers. Customs brokers act as intermediaries between businesses and customs agencies in the clearance process. A customs broker will fully understand all relevant compliance requirements for a particular shipment and have experience in navigating the clearance process. Among their many services, brokers prepare required documentation, identify tariff classification codes and other information, calculate duties and fees, and interact with customs officials on a shipper's behalf.

Although the use of a customs broker is voluntary, most businesses enlist a broker to assist in the cross-border process.

A benchmark study prepared by the World Customs Organization found that on average, 85% of shippers use a customs broker.

Both U.S. Customs and Border Protection and the Canada Border Services Agency provide listings of licensed customs brokers. However, businesses should ensure that a potential brokerage partner has the required expertise. This includes expertise with Mexican clearance requirements, full knowledge of the USMCA, and the ability to seamlessly manage shipments moving between the three North American countries.

Important to note, while customs brokers may manage the customs process on a business's behalf, they do NOT assume responsibility. Instead, responsibility for information submitted to customs remains with the shipper. As noted by CBSA: "Although importers may use an agent to transact business with the CBSA, the importer is ultimately responsible for the accounting documentation, payment of duties and taxes, and subsequent corrections such as re-determination of classification, origin and valuation."

Logistics Expertise. An experienced logistics provider can be another essential tool in ensuring customs and regulatory efficiency. While many businesses prioritize core supply chain services such as transportation, inventory management, and warehousing when choosing a logistics provider, customs and regulatory expertise are essential for cross-border shipments. With the right provider, a business can truly "have it all" – customs and regulatory expertise, cross-border logistics capabilities, supply chain management, and full-service delivery coverage throughout both the United States and Canada.

Such is the case with Purolator, which offers end-to-end logistics solutions for cross-border shipments, including products that originate in Mexico. Purolator is one of only a few transportation companies that offers coverage to all Canadian provinces and territories. This allows shipments to remain within the Purolator network and avoid time-consuming and damage-inducing vehicle transfers. The extensive Purolator network offers a wide portfolio of delivery options that can easily accommodate aftermarket needs for time-definite services.

Purolator International is the company's U.S. subsidiary. The company works with each customer to build an ideal solution. For a parts manufacturer or supplier this could mean strategically timed pickups, for example, or a pickup that has both courier and freight shipments carried on the same truck. Many times, shipments are consolidated with other Canada-bound shipments for fast, uninterrupted service to the Canadian border. Shipments often arrive in Canada on the same day as their U.S. pickup.

Once in Canada, shipments seamlessly enter Purolator's Canadian network for final delivery to retail stores, repair facilities, suppliers' distribution centers, dealerships, or direct to consumers' homes.

Purolator's extensive capabilities and proven track record make the company a preferred choice for many auto aftermarket businesses. A few cross-border Purolator-specific offerings include:

Border Expertise/Trade Specialists. Shippers have access to Purolator's team of trained trade specialists who help ensure compliance with all customs requirements. Trade specialists have established relationships with CBSA and CBP personnel which provide a high level of insight and knowledge about the cross-border process. Specialists also ensure paperwork and documentation are accurate and filed appropriately with all applicable government agencies. This provides an "extra layer" of precaution to ensure shipments can pass through customs smoothly, minimizing risk of delays or fines.

Seamless service. Most U.S. logistics companies do not offer comprehensive Canadian coverage. Instead, shipments are often transported to the border and then transferred to a Canadian company. A better option is to stick with a provider – such as Purolator – that maintains extensive distribution capabilities in both the United States and Canada. U.S. shipments enter Purolator's network at point-of-pickup and remain in-network until they reach their final Canadian destination. This ensures key benefits that include:

- Uninterrupted visibility.
- Chain of custody/Accountability.
- Improved transit time.
- Seamless movement from the U.S., through the customs process, and into Canada.
- Direct integration into Purolator's Canadian network which ensures coverage to every province and territory, including 100% of all postal codes.
- Direct access to Purolator's courier network which includes extensive delivery services that accommodate aftermarket business needs.

Mexican Logistics Capabilities. Mexico-based shipments require a few extra steps, but Purolator offers comprehensive services that include:

- **Transloading/Through-trailer coordination.** As discussed in Section 6, U.S. trucks are generally not permitted to travel into Mexico, requiring shippers to rely on either transloading or through-trailer services to transport goods into the United States. Purolator's team of trade specialists will help a business determine the best option for its precise needs.

- **Direct integration into Purolator network.** Once in the United States, shipments move directly to Purolator's processing center in Dallas, TX, which serves as "command central" in processing Canada-bound shipments.

- Once in Canada, shipments continue within the Purolator network. Shipments are routed for end delivery based on their ultimate destination in the Canadian market.

- Purolator also offers extensive mission critical services for extremely time sensitive shipments. Mexican-based parts shipments are flown directly into Canada and immediately transported to their end destination. Mission critical services include the highest levels of customer service and ensure that parts are delivered by a specific time to essentially any location in Canada.

- In-bond shipments. Canada-bound shipments may be eligible to move through the U.S. as "in-bond" shipments. This allows shipments to move uninterrupted through the U.S. without having to pay customs duties or formal entry paperwork.

Dangerous Goods. Many aftermarket parts include hazardous materials that require special packaging and handling, and trigger additional customs requirements. A few examples include batteries (multiple chemicals), air bags (compressed gas), shocks & struts (hydraulic fluid and compressed gas), paint, adhesives and sealants, refrigerant, brake accumulators (high pressure gas), and speakers (magnetized metal).

Purolator has the necessary equipment, experience, and certification required for intra-Canada Dangerous Goods transport. The company is closely aligned with all Transport Canada dangerous goods requirements, including opportunities to simplify paperwork requirements via a 500kg Exemption.

Special Handling. Other types of parts – sensors, gauges, and GPS systems to name a few – are highly fragile and require special attention. Purolator takes extra care with regard to wrapping, packaging, and labeling, along with steps to ensure shipments are properly palletized and unable to shift during transit. In addition, the company takes great care to ensure the safety of staff and customers.

Conclusion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Purolator Inc.

In June 2024, the Wall Street Journal published an article titled "No One Wants a New Car Now. Here's Why." The boldly titled article explored why drivers are holding onto their cars longer, with the average age of a passenger car approaching 14 years. Factors such as inflation, interest rates, and insurance premiums are driving this trend along with a growing sense that well, older cars are simply better.

"Lately," the article notes, "another, stranger element is showing up in the numbers: a motivated belief among consumers that automakers' latest and greatest offerings – whether powered by gasoline, batteries, or a hybrid system – are inferior to the products they are replacing." Reasons cited include everything from privacy concerns related to digitally connected vehicles to engines that shut off when a vehicle stops at a red light, to preferences for built-in CD players.

While today's vehicles are sleeker and more efficient, they are not necessarily what consumers want. This points to robust demand for aftermarket parts, as consumers hang onto their older vehicles, and invest in the parts and equipment needed to keep them road worthy.

For aftermarket businesses, meeting this demand means ensuring the right parts are available, at the right time, and in the right place. With an increasing number of these parts crossing international borders, partnering with a reliable logistics provider is critical to success. An experienced provider such as Purolator will offer the extensive logistics services aftermarket businesses require, along with essential customs and clearance expertise. Core Purolator capabilities include:

- Customs management and border expertise
- Internal trade specialists with extensive CBP/CBSA relationships. Specialists have a deep understanding of the USMCA and other trade agreements and ensure compliance with all customs requirements. In addition, team members identify opportunities for clearance-related efficiencies.
- Mexico-based specialists who develop logistics solutions for Mexico-based shipments headed to Canada.
- Extensive dangerous goods service options. Purolator accepts more classes of dangerous goods than any other small parcel carrier and is the only Canadian carrier with a 500KG exemption.
- Membership in all U.S. and Canadian trusted trader programs which demonstrates Purolator's prioritization of supply chain security, and allows access to expedited clearance crossing lanes, among other favorable benefits.
- Comprehensive, end-to-end cross-border logistics solutions.
- Extensive U.S. capabilities for flexible, customized pickups.
- Consolidation services allow a single pickup for both OEM and aftermarket parts, as well as for freight and courier shipments.
- In-network service throughout Canada ensures fast, direct service to all provinces and territories.
- Guaranteed in-network to 100% of Canadian postal codes.

- Service to remote areas including off-road job sites.

- § Extensive service options ensure aftermarket businesses meet their precise delivery needs. This includes multiple daily pickups/deliveries and service to all types of repair and retail facilities.

- Seamless cross-border solutions for aftermarket shipments originating in Mexico.

- Extra care to ensure shipment security. This includes proper packing and handling, as well as extensive precautions to minimize the risk of theft.

- Inventory management that ensures direct access to most-utilized SKUs, and ready access to less-requested products.

- Returns management.

- The highest levels of customer service that features a dedicated representative assigned to each account. Your Purolator customer service representative is always a quick phone call or text away – no more faceless 800 numbers!

Learn how Purolator can optimize your cross-border aftermarket logistics strategy.

Speak with an expert

Purolator