



Ottawa, March 19, 2010

# MEMORANDUM D11-5-2

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## In Brief

### NAFTA – SPECIFIC RULES OF ORIGIN

1. The title of this memorandum has been changed from *NAFTA Rules of Origin Regulations – Amendments to Schedule I – Specific Rules of Origin* to *NAFTA – Specific Rules of Origin*.
2. This memorandum has been revised to provide a stable link to the official version of the *NAFTA Rules of Origin Regulations – Schedule I – Specific Rules of Origin*. The NAFTA line-by-line rules are no longer fully excerpted in this memorandum.
3. Amendments to the *Schedule I – Specific Rules of Origin* have been made to reflect modifications to the Harmonized Commodity Description and Coding System (HS) which came into force on January 1, 2007, and a liberalization of the rules of origin by the three NAFTA Parties.
4. Changes to the numbering of headings, subheadings or tariff items to reflect modifications to the HS are technical in nature and do not affect the origin of goods. The changes to reflect the liberalization of the rules of origin act to ease the origin requirements for herbs and spices, petroleum, leather, certain textiles and apparel, aluminium, diesel engines, gas turbines and parts, valves, electric transformers, primary cells and batteries, telephonics, televisions, locomotives and parts, medical appliances and parts, and other instruments.



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## NAFTA – SPECIFIC RULES OF ORIGIN

The *NAFTA Rules of Origin Regulations – Schedule I – Specific Rules of Origin* are no longer fully excerpted in this memorandum.

### Regulations

The current version of the *NAFTA Rules of Origin Regulations – Schedule I – Specific Rules of Origin* may be found on the Department of Justice website at: <http://laws-lois.justice.gc.ca/PDF/Regulation/S/SOR-94-14.pdf>.

The *NAFTA Rules of Origin Regulations – Schedule I – Specific Rules of Origin* are referenced in pages 119 through 262 in SOR/94-14.

## GUIDELINES AND GENERAL INFORMATION

1. When applying the *NAFTA Rules of Origin Regulations*, the following may be applicable:
  - (a) As of January 1, 2002, the regional value content requirement for automobiles and light vehicles and their engines and transmissions is 62.5% under the net cost method. (Reference: *NAFTA Rules of Origin Regulations*, Part V, section 13, paragraph 13(1)(a)).
  - (b) As of January 1, 2002, the regional value content requirement for other vehicles (e.g., tractors, vehicles for the transport of 16 or more persons, trucks), and their engines and transmissions is 60% under the net cost method. (Reference: *NAFTA Rules of Origin Regulations*, Part V, section 13, paragraph 13(1)(b)).
  - (c) The de minimis provision allows a good to qualify as originating if the value of all non-originating materials that do not meet the change in tariff classification comprises no more than 7% of the value of the good. (Reference: *NAFTA Rules of Origin Regulations*, Part II, section 5, subsection (1)).
  - (d) For textile goods classified in Chapters 50 through 63 of the *Customs Tariff*, the de minimis rule is applicable only to certain fibres or yarns used in the production of the good. Also, the de minimis rule is applied by weight rather than value. (Reference: *NAFTA Rules of Origin Regulations*, Part II, section 5, subsection (6)).
  - (e) For tobacco products of heading 24.02, the de minimis rule is 9% of the value of the goods. (Reference: *NAFTA Rules of Origin Regulations*, Part II, section 5, subsection (3)).

(f) Exceptions to the application of the de minimis provision are set out in Part II, section 5, subsection (4) of the *NAFTA Rules of Origin Regulations*.

### Rules of Origin Amendments

2. Modifications to the Harmonized Commodity Description and Coding System (HS) and the liberalization of the NAFTA Rules of Origin have resulted in changes to the Rules for the following chapters, headings, subheadings, and tariff items (Sections II, V, VI, VII, VIII, X, XI, XIII, XV, XVI, XVII, XVIII, and XX):
  - (a) Section II - Vegetable Products (Chapters 6 through 14)
    - 06.01 through 06.04
    - 07.01 through 07.14,
    - 08.01 through 08.14,
    - 0904.20, 0906.10, 0910.40,
    - 0910.50 through 0910.91,
    - 0910.99,
    - 1207.10 through 1207.60,
    - 12.08 through 12.14
  - (b) Section V - Mineral Products (Chapters 25 through 27)
    - Notes to Chapter 27,
    - 27.05 through 27.09,
    - 27.10,
    - 27.11 through 27.15
  - (c) Section VI - Products of the Chemical or Allied Industries (Chapters 28 through 38)
    - 2809.10 through 2814.20,
    - 2824.10 through 2824.90,
    - 2825.10 through 2826.90,
    - 2827.10 through 2827.36,
    - 2827.39,
    - 2830.10 through 2833.40,
    - 2835.10 through 2835.39,
    - 2836.10,
    - 2836.40 through 2836.99,
    - 2837.11 through 2840.30,
    - 2841.10 through 2841.30,
    - 2841.50,
    - 2841.61 through 2841.90,
    - 2842.90, 28.51,
    - 2903.21 through 2903.30,
    - 2903.41 through 2903.69,
    - 2905.11 through 2905.49,
    - 2906.11 through 2906.29,
    - 2907.11 through 2907.23,
    - 2908.10 through 2908.90,
    - 2909.41 through 2909.60,

2910.10 through 2911.00,  
 2912.13 through 2912.50,  
 2915.22 through 2915.31,  
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 2915.39 through 2915.40,  
 2916.11 through 2917.39,  
 2918.19, 2918.90,  
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 2922.21 through 2922.29,  
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 2930.10 through 2930.90,  
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 2939.21 through 2939.42,  
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 3006.10, 3006.20,  
 3006.30 through 3006.60,  
 3006.70, 3006.80,  
 3102.10 through 3105.90,  
 3206.11 through 3206.50,  
 3301.11, 3301.14, 3301.19,  
 3301.21 through 3301.26,  
 3301.29 through 3301.90,  
 3404.10 through 3404.90,  
 3805.10 through 3805.90,  
 38.21,  
 3824.10 through 3824.20,  
 3824.71 through 3824.90

*(d)* Section VII - Plastics and Articles Thereof; Rubber and Articles Thereof (Chapters 39 through 40)

39.24 through 39.26

*(e)* Section VIII - Raw Hides and Skins, Leather, Furskins and Articles Thereof; Saddlery and Harness; Travel Goods, Handbags and Similar Containers; Articles of Animal Gut (Other Than Silk worm Gut) (Chapters 41 through 43)

41.03, 41.14, 4202.12, 4202.22, 4202.32, 4202.92

*(f)* Section X - Pulp of Wood or of Other Fibrous Cellulosic Material; Waste and Scrap of Paper or Paperboard; Paper and Paperboard and Articles Thereof (Chapters 47 through 49)

48.11,  
 48.14 through 48.15,  
 48.23

*(g)* Section XI - Textiles and Textile Articles (Chapters 50 through 63)

5407.61.11, 5407.61.19, 56.01,  
 56.02 through 56.05,  
 56.06,  
 6101.10 through 6101.30,  
 6101.90,  
 6103.11 through 6103.12,  
 6103.19, 6103.19.90,  
 6103.21 through 6103.29,  
 6104.11 through 6104.13,  
 6104.19, 6104.19.90,  
 6104.21 through 6104.29,  
 62.06 through 62.10,  
 6203.21 through 6203.29,  
 6205.10,  
 Note to 6205.20 through 6205.30,  
 6211.31 through 6211.49,  
 6303.92.10

*(h)* Section XII - Footwear, Headgear, Umbrellas, Sun Umbrellas, Walking-sticks, Seat-sticks, Whips, Riding-crops and Parts Thereof; Prepared Feathers and Articles Made Therewith; Artificial Flowers; Articles of Human Hair (Chapters 64 through 67)

65.03 through 65.07

*(i)* Section XIII - Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials; Ceramic Products; Glass and Glassware (Chapters 68 through 70)

6812.50, 6812.60 through 6812.90

*(j)* Section XV - Base Metals and Articles of Base Metal (Chapters 72 through 83)

7304.10 through 7304.39,  
 7321.12 through 7321.83,  
 74.11,  
 74.14 through 74.18,  
 7419.91 through 7419.99,  
 76.01 through 76.03,  
 76.04 through 76.06,  
 78.03,  
 78.05 through 78.06,  
 79.06 through 79.07,  
 80.04 through 80.07,  
 8101.10 through 8110.90,  
 8112.12 through 8113.00

*(k)* Section XVI - Machinery and Mechanical Appliances; Electrical Equipment; Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts and Accessories of Such Articles (Chapters 84 through 85)

Note 1 to Chapter 84,  
 Note 3 to Chapter 84,  
 8418.22,

8418.29 through 8418.40,  
 8442.10 through 8442.30,  
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 Note 1 to Chapter 85,  
 Note 2 to Chapter 85,  
 8504.10 through 8504.34,  
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 8509.40 through 8509.80,  
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 8528.12.95, 8528.13, 8528.21, 8528.21.10, 8528.21.81,  
 8528.21.82, 8528.21.91, 8528.21.92, 8528.21.93,  
 8528.22, 8528.30, 8528.30.10, 8528.30.31, 8528.30.32,  
 8528.49, 8528.69, 8528.72, 8529.90.40, 8531.10,  
 8531.20, 8531.80, 8536.30.10, 8536.30.20, 8536.50.11,  
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 8540.71 through 8540.79,  
 8540.81 through 8540.89,  
 85.41 through 85.42,  
 8543.10,  
 8543.11 through 8543.81,  
 8543.89.30, 8543.89, 8543.90, 8548.90.

(l) Section XVII - Vehicles, Aircraft, Vessels and  
 Associated Transport Equipment (Chapters 86 through 89)

86.01 through 86.06,  
 8607.11 through 8607.12,  
 8607.21 through 8607.99,  
 8708.31, 8708.39, 8708.40, 8708.50, 8708.50.20,  
 8708.60, 8708.60.20, 8708.80, 8708.80.11, 8708.80.19,  
 8708.91, 8708.92, 8708.94,  
 8801.10 through 8803.90.

(m) Section XVIII - Optical, Photographic,  
 Cinematographic, Measuring, Checking, Precision, Medical  
 or Surgical Instruments and Apparatus; Clocks and  
 Watches; Musical Instruments; Parts and Accessories  
 Thereof (Chapters 90 through 92)

Note 1 to Chapter 90,  
 Note 3 to Chapter 90,  
 9009.11, 9009.12,  
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 9009.91 through 9009.93,  
 9009.99.10, 9009.99,  
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 9030.20 through 9030.39,  
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 9031.10 through 9031.30,  
 9032.10, 91.01 through 91.07

(n) Section XX - Miscellaneous Manufactured Articles  
 (Chapters 94 through 96)

9403.10 through 9403.80,  
 9501.00 through 9505.90,  
 9614.20.20, 9614.20, 9614.90

### **Additional Information**

3. For more information, within Canada call the Border Information Service at **1-800-461-9999**. From outside Canada call 204-983-3500 or 506-636-5064. Long distance charges will apply. Agents are available Monday to Friday (08:00 – 16:00 local time/except holidays). TTY is also available within Canada: **1-866-335-3237**.

**REFERENCES**

<p><b>ISSUING OFFICE –</b> Origin and Valuation Division</p>	<p><b>HEADQUARTERS FILE –</b> 4571-6-1</p>
<p><b>LEGISLATIVE REFERENCES –</b> Order in Council P.C. 1993-2186 Order in Council P.C. 1994-2153 Order in Council P.C. 1995-2233 Order in Council P.C. 1995-2234 Order in Council P.C. 1997-0585 Order in Council P.C. 2000-0266 Order in Council P.C. 2001-2417 Order in Council P.C. 2002-2240 Order in Council P.C. 2004-1605 Order in Council P.C. 2006-497 Order in Council P.C. 2009-994 Order in Council P.C. 2009-995</p>	<p><b>OTHER REFERENCES –</b></p>
<p><b>SUPERSEDED MEMORANDA “D” –</b> D11-5-2 dated December 20, 2006</p>	

Services provided by the Canada Border Services Agency are available in both official languages.

