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January 28, 2004

Chapter Four

Rules of Origin and Origin Procedures

Section A: Rules of Origin

Article 4.1: Originating Goods

Except as otherwise provided in this Chapter, each Party shall provide that a good is originating where:

- (a) the good is wholly obtained or produced entirely in the territory of one or more of the Parties;
- (b) each of the non-originating materials used in the production of the good undergoes an applicable change in tariff classification specified in Annex 4.1 as a result of production occurring entirely in the territory of one or more of the Parties, or the good otherwise satisfies any applicable regional value content or other requirements specified in Annex 4.1, and the good satisfies all other applicable requirements; or
- (c) the good is produced entirely in the territory of one or more of the Parties exclusively from originating materials.

Article 4.2: Regional Value Content

1. Where Annex 4.1 specifies a regional value content test to determine whether a good is originating, each Party shall provide that the importer, exporter, or producer may calculate regional value content on the basis of one or the other of the following methods:

- (a) Method Based on Value of Non-Originating Materials ("Build-down Method")

$$RVC = \frac{AV - VNM}{AV} \times 100$$

- (b) Method Based on Value of Originating Materials ("Build-up Method")

$$RVC = \frac{VOM}{AV} \times 100$$

where,

RVC is the regional value content, expressed as a percentage;

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AV is the adjusted value of a good;

VNM is the value of non-originating materials acquired and used by the producer in the production of the good; VNM does not include the value of a material that is self-produced;

VOM is the value of originating materials acquired or self-produced and used by the producer for the production of the good.

2. Each Party shall provide that all costs considered for the calculation of the regional value content shall be recorded and maintained in conformity with the Generally Accepted Accounting Principles applicable in the territory of the Party where the good is produced.

3. Where Annex 4.1 specifies a regional value content test to determine if an automotive good¹ is originating, each Party shall provide that the importer, exporter, or producer may calculate the regional value content of that good as provided in paragraph 1 or on the basis of the following method:

Method for Automotive Products (“Net Cost Method”)

$$RVC = \frac{NC - VNM}{NC} \times 100$$

where,

RVC is the regional value content, expressed as a percentage;

NC is the net cost of the good;

VNM is the value of non-originating materials acquired and used by the producer in the production of the good; VNM does not include the value of a material that is self-produced.

4. Each Party shall provide that, for purposes of the regional value content method in paragraph 3, the importer may average the calculation over the producer’s fiscal year, using any one of the following categories, on the basis of all motor vehicles in the category or only those motor vehicles in the category that are exported to the territory of one or more of the other Parties:

¹ Paragraph 3 shall only apply to the following goods: HS 8407.31 through 8407.34 (engines), 8408.20 (diesel engines for vehicles), 84.09 (parts of engines) 87.01 through 87.05 (motor vehicles), 87.06 (chassis), 87.07 (bodies), and 87.08 (motor vehicle parts).

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- (a) the same model line of motor vehicles in the same class of vehicles produced in the same plant in the territory of a Party;
 - (b) the same class of motor vehicles produced in the same plant in the territory of a Party; or
 - (c) the same model line of motor vehicles produced in the territory of a Party.
5. Each Party shall provide that, for purposes of calculating regional value content under paragraph 3, for automotive components or materials² produced in the same plant, the producer of the good may:
- (a) average its calculation
 - (i) over the fiscal year of the motor vehicle producer to whom the good is sold,
 - (ii) over any quarter or month, or
 - (iii) over its fiscal year,provided that the good was produced during the fiscal year, quarter, or month forming the basis for the calculation;
 - (b) calculate the average referred to in subparagraph 5(a) separately for such goods sold to one or more motor vehicle producers; or
 - (c) with respect to any calculation under this paragraph, calculate separately those goods that are exported to the territory of one or more of the Parties.

Article 4.3: Value of Materials

Each Party shall provide that, for purposes of Articles 4.2 and 4.6, the value of a material shall be:

- (a) for a material imported by the producer of the good, the adjusted value of the material;
- (b) for a material acquired in the territory where the good is produced, the value, determined in accordance with Articles 1 through 8, Article 15 and the corresponding interpretative notes of the WTO Agreement on Customs

² Paragraph 5 shall only apply to the following automotive components or materials: HS 8407.31 through 8407.34 (engines), 8408.20 (diesel engines for vehicles), 84.09 (parts of engines), 87.06 (chassis), 87.07 (bodies), 87.08 (motor vehicle parts).

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Valuation in the same manner as with imported goods, with such reasonable modifications as may be required due to the absence of an importation; or

- (c) for a material that is self-produced, all the expenses incurred in the production of the material, including general expenses, and an amount for profit equivalent to the profit added in the normal course of trade.

Article 4.4: Further Adjustments to the Value of Materials

1. Each Party shall provide that, for originating materials, the following expenses, where not included under Article 4.3, may be added to the value of the material:

- (a) the costs of freight, insurance, packing, and all other costs incurred in transporting the material within or between the Parties to the location of the producer;
- (b) duties, taxes, and customs brokerage fees on the material paid in the territory of one or more of the Parties, other than duties and taxes that are waived, refunded, refundable, or otherwise recoverable, including credit against duty or tax paid or payable; and
- (c) the cost of waste and spoilage resulting from the use of the material in the production of the good, less the value of renewable scrap or by-product.

2. Each Party shall provide that, for non-originating materials, the following expenses, where included under Article 4.4, may be deducted from the value of the material:

- (a) the costs of freight, insurance, packing, and all other costs incurred in transporting the material within or between the Parties to the location of the producer;
- (b) duties, taxes and customs brokerage fees on the material paid in the territory of one or more of the Parties, other than duties and taxes that are waived, refunded, refundable, or otherwise recoverable, including credit against duty or tax paid or payable;
- (c) the cost of waste and spoilage resulting from the use of the material in the production of the good, less the value of renewable scrap or by-product; and
- (d) the cost of originating materials used in the production of the non-originating material in the territory of a Party.

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Article 4.5: Accumulation

1. Each Party shall provide that originating goods or materials of one or more of the Parties, incorporated into a good in the territory of another Party, shall be considered to originate in the territory of the other Party.
2. Each Party shall provide that a good is originating where the good is produced in the territory of one or more of the Parties by one or more producers, provided that the good satisfies the requirements in Article 4.1 and all other applicable requirements in this Chapter.

Article 4.6: De Minimis

Except as provided in Annex 4.6, each Party shall provide that a good that does not undergo a change in tariff classification pursuant to Annex 4.1 is nonetheless originating if the value of all non-originating materials used in the production of the good that do not undergo the required change in tariff classification does not exceed 10 percent of the adjusted value of the good, provided that the value of such non-originating materials shall be included in the value of non-originating materials for any applicable regional value content requirement and that the good meets all other applicable requirements in this Chapter.

Article 4.7: Fungible Goods and Materials

1. Each Party shall provide that the importer may claim that a fungible good or material is originating based on either the physical segregation of each fungible good or material or through the use of any inventory management method, such as averaging, last-in-first-out (LIFO) or first-in-first-out (FIFO), recognized in the generally accepted accounting principles of the Party in which the production is performed or otherwise accepted by the Party in which the production is performed.
2. Each Party shall provide that the inventory management method selected under paragraph 1 for particular fungible goods or materials shall continue to be used for those goods or materials throughout the fiscal year of the person that selected the inventory management method.

Article 4.8: Accessories, Spare Parts, and Tools

1. Each Party shall provide that accessories, spare parts, or tools delivered with the good that form part of the good's standard accessories, spare parts, or tools shall be considered as originating if the good is originating and shall be disregarded in

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determining whether all the non-originating materials used in the production of the good undergo the applicable change in tariff classification, provided that:

- (a) the accessories, spare parts, or tools are classified with the good and not invoiced separately from the good, regardless of whether they appear specified or separately identified in the invoice itself; and
- (b) the quantities and value of the accessories, spare parts, or tools are customary for the good.

2. Each Party shall provide that if a good is subject to a regional value content requirement, the value of accessories, spare parts, or tools shall be taken into account as originating or non-originating materials, as the case may be, in calculating the regional value content of the good.

Article 4.9: Packaging Materials and Containers for Retail Sale

Each Party shall provide that packaging materials and containers in which a good is packaged for retail sale shall, if classified with the good, be disregarded in determining whether all the non-originating materials used in the production of the good undergo the applicable change in tariff classification set out in the Annex 4.1 and, if the good is subject to a regional value content requirement, the value of such packaging materials and containers shall be taken into account as originating or non-originating materials, as the case may be, in calculating the regional value content of the good.

Article 4.10: Packing Materials and Containers for Shipment

Each Party shall provide that packing materials and containers in which a good is packed for shipment shall be disregarded in determining whether a good is originating.

Article 4.11: Indirect Materials Used in Production

Each Party shall provide that an indirect material shall be considered to be an originating material without regard to where it is produced.

Article 4.12: Direct Shipment, Transit and Transshipment

Each Party shall provide that a good shall not be considered to be an originating good if:

- (a) the good undergoes subsequent production or any other operation outside the territories of the Parties, other than unloading, reloading, or any other operation necessary to preserve the good in good condition or to transport the good to the territory of a Party; or

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- (b) the good does not remain under customs authority control in the territory of a non-Party.³

Article 4.13: Sets of Goods

1. Each Party shall provide that if goods are classified as a set as a result of the application of rule 3 of the General Rules of Interpretation of the Harmonized System, the set shall be considered originating only if each good in the set is originating and both the set and the goods meet all other applicable requirements in this Chapter.
2. Notwithstanding paragraph 1, a set of goods is originating if the value of all the non-originating goods in the set does not exceed 15 percent of the adjusted value of the set.

Article 4.14: Consultation and Modifications

1. The Parties shall consult regularly to ensure that this Chapter is administered effectively, uniformly, and consistently with the spirit and objectives of this Agreement, and shall cooperate in the administration of this Chapter.
2. A Party that considers that a specific rule of origin set forth in Annex 4.1 requires modification to take into account developments in production processes, lack of supply of originating materials, or other relevant factors may submit a proposed modification along with supporting rationale and any studies to the other Parties and to the Commission for consideration.
3. Upon submission by a Party of a proposed modification pursuant to paragraph 2, the Commission may refer the matter to an ad hoc working group within 60 days or on such other date as the Commission may decide. The working group shall meet to consider the proposed modification within 60 days of the date of referral or on such other date as the Commission may decide.
4. Within such period as the Commission may direct, the working group shall provide a report to the Commission, setting out its conclusions and recommendations, if any.
5. Upon receipt of the report, the Commission may take appropriate action under Article 19.1.3(b) (The Free Trade Commission).

Section B: Origin Procedures

³ The Parties shall review the operation of this paragraph and consider any necessary changes thereto one year after the entry into force of this Agreement.

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Article 4.15: Obligations Relating to Importations

1. Each Party shall grant any claim for preferential tariff made in accordance with this Chapter, unless the Party makes a factual or legal determination that the claim is invalid.
2. Each Party may deny preferential tariff treatment to a good if the importer fails to comply with any requirement in this Chapter.
3. Where a Party denies a claim for preferential tariff treatment, it shall not subject the importer to penalties, provided that the importer did not engage in negligence, gross negligence, or fraud in making the claim and pays any duties owing. Further, an importing Party shall not subject an importer to any penalty for making an invalid claim for preferential tariff treatment if the importer, upon becoming aware that such claim is not valid, promptly and voluntarily corrects the claim and pays any duty owing.
4. Each Party may require an importer who claims preferential tariff treatment under this Agreement for a good imported into its territory:
 - (a) to declare in the import document that the good is originating;
 - (b) to have a written or electronic certification in its possession at the time the declaration that the good qualifies as originating referred to in subparagraph (a) is made, in those circumstances where such certification forms the basis for the claim;
 - (c) to provide a copy of the written or electronic certification when its customs authority so requests, where such certification forms the basis for the claim;
 - (d) to submit, without delay, a correction to the import document in subparagraph (a) and pay any customs duties owing as a result of the correction when the importer has reason to believe that the certification of origin on which the documentation is based contains inaccurate information;
 - (e) in those cases where an importer is making a claim for preferential tariff treatment on the basis of a written or electronic certification by a producer or exporter, that the importer, at the importer's option, either provide or have in place an arrangement to have the producer or exporter provide, upon request of the importing Party's customs authority, all information relied upon by such producer or exporter in making such certification; and

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- (f) to demonstrate, upon request of the Party's customs authority, that the good is originating under Article 4.1, including that the good satisfies the requirements in Article 4.12.

5. Each Party shall provide that, where a good was an originating good when it was imported into the territory of that Party, but no person made a claim for preferential tariff treatment at that time, the importer of the good may, within one year of the date on which the good was imported, make a claim for preferential tariff treatment and apply for a refund, if the request is accompanied by:

- (a) a written declaration, stating that the good was originating at the time of importation; and
- (b) if the customs authority so requests, a copy of a written or electronic certification, in those circumstances where such certification forms the basis for the claim, or other information demonstrating that the good is originating; and
- (c) any such other documentation relating to the importation of the good as the Party's customs authority may require.

6. Each Party shall provide that an importer claiming preferential tariff treatment for a good is responsible for submitting, upon request by the Party's customs authority, a written or electronic certification, where such certification forms the basis for the claim, or other valid supporting information demonstrating that the good is originating and that the importer's responsibility for submitting such certification or information exists notwithstanding that the claim may be based on information provided to the importer by the exporter or producer.

Article 4.16: Certification of Origin

1. Each Party shall provide that an importer may make a claim for preferential tariff treatment under this Agreement based on either:

- (a) a written or electronic certification⁴ by the importer, exporter, or producer; or
- (b) the importer's knowledge that the good is an originating good, including reasonable reliance upon information in the importer's possession that the good is an originating good.⁵

⁴ The obligation to provide an importer with the option to provide electronic certification shall enter into force in Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua within three years after the entry into force of this Agreement.

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2. Each Party shall provide that the certification of origin need not be made in a prescribed format, provided that the certification is in written or electronic form, including but not limited to the following elements:
- (a) the name of the certifying person, including as necessary contact or other identifying information;
 - (b) tariff classification under the Harmonized System and the description of the good;
 - (c) information demonstrating that the good is originating;
 - (d) date of the certification; and
 - (e) in the case of blanket certification issued as set out in paragraph 5(b), the time period over which the certification is applicable.

3. Each Party shall provide that the certification by the producer or exporter of the good may be completed on the basis of:

- (a) the producer's or exporter's knowledge that the good is an originating good; or
- (b) in the case of the exporter, reasonable reliance upon the producer's written or electronic certification that the good is an originating good.

Nothing in paragraph 3 shall be construed to require an exporter or producer to provide a written or electronic certification to another person.

4. Each Party shall provide that a certification of origin may apply to:

- (a) a single shipment of a good into the territory of a Party; or
- (b) multiple shipments of identical goods within any period specified within the written or electronic certification not exceeding 12 months from the date of the certification.

5. Each Party shall provide that a certification of origin shall be valid for four years after the date it was issued.

⁵ Subparagraph (b) shall enter into force in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua within three years after the entry into force of this Agreement.

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6. Each Party shall allow the importer to submit a certification of origin in the language of the importing Party or the exporting Party. In the latter case, the customs authority of the importing Party may require that the importer also submit a translation of the certification of origin in the language of the importing Party.

Article 4.17: Exceptions

A Party shall not require a certification of origin in the following instances:

- (a) importation of goods where the customs value does not exceed US \$1,500 or its equivalent in the currency of the importing Party or a greater value to be established by each Party, unless the importing Party considers the importation to be part of a series of importations carried out or planned for the purpose of evading compliance with the certification of origin requirements; or
- (b) importation of goods for which the importing Party has waived the requirement to present a certification of origin.

Article 4.18: Obligations Relating to Exportations

1. Each Party shall provide that:

- (a) an exporter or a producer in its territory that has provided a written or electronic certification to an exporter or an importer shall provide a copy of that certification to the appropriate authority of the exporting Party, upon the request of the exporting Party;
- (b) a false certification by an exporter or a producer in its territory that a good to be exported to the territory of another Party is an originating good shall have the same legal consequences, with appropriate modifications, as would apply to an importer in its territory with respect to a contravention of its customs laws and regulations regarding the making of a false statement or representation; and
- (c) an exporter or a producer in its territory that issues a certification must promptly notify in writing all persons to whom such certification was given of any change in circumstances that could affect the accuracy or validity of the certification.

2. A Party may not impose penalties on an exporter or a producer for issuing an incorrect certification if the exporter or producer voluntarily provides a written notification to all persons to whom it has given the incorrect certification.

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Article 4.19: Record Keeping Requirement

1. Each Party shall provide that an exporter or a producer in its territory that issues a certification shall maintain, for a minimum of five years from the date the certification was issued, all records and documents related to the origin of the good required to demonstrate the eligibility of a good for preferential tariff treatment, including records associated with:

- (a) the purchase of, cost of, value of, and payment for, the good that is exported from its territory;
- (b) the purchase of, cost of, value of, and payment for all materials, including indirect materials, used in the production of the good that is exported from its territory; and
- (c) the production of the good in its exported form.

2. Each Party shall provide that an importer claiming preferential tariff treatment for a good imported into the Party's territory shall maintain, for a minimum of five years from the date of importation of the good, a certification of origin, if applicable, and all other required documentation relating to the importation of the good.

Article 4.20: Origin Verifications

1. For the purpose of determining whether a good imported into its territory from the territory of another Party is an originating good, the importing Party may conduct a verification of origin, in accordance with its domestic law, by means of:

- (a) written requests for information from the importer, exporter, or producer;
- (b) written questionnaires to the importer, exporter, or producer;
- (c) visits to the premises of an exporter or producer in the territory of the other Party, to review the records referred to in Article 4.19 or observe the facilities used in the production of the good, in accordance with the framework that the Parties jointly develop pursuant to Article 4.21 pertaining to the verification; or
- (d) such other procedures to which the importing and exporting Parties may agree.

2. A Party may deny preferential tariff treatment to an imported good where:

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- (a) the exporter, producer, or importer fails to respond to written requests for information or questionnaires within a reasonable period, as established by the importing Party's domestic law;
 - (b) after receipt of a written notification for a verification visit agreed upon by the importing and exporting Parties, the exporter or producer does not provide its written consent within a reasonable period, as established by the importing Party's domestic law; or
 - (c) it finds a pattern of conduct indicating that an importer, exporter, or producer has provided false or unsupported declarations that a good imported into its territory is an originating good.
3. A Party conducting a verification of origin shall provide a written determination of whether the good is an originating good, which shall include factual findings and the legal basis for its determination.
4. If an importing Party determines that a good is not originating, the Party shall not apply that determination to an importation made before the date of the determination, provided that:
- (a) the customs authority of the exporting Party has issued an advance ruling under Article 5.10 (Advance Rulings) on which a person is entitled to rely; and
 - (b) the advance ruling was issued prior to the written determination of origin.
5. Where an importing Party determines through verification that an importer, exporter, or producer has engaged in a pattern of conduct in providing false or unsupported statements, declarations, or certifications that a good imported into its territory is an originating good, the importing Party may suspend preferential tariff treatment with respect to identical goods covered by subsequent declarations or certifications by that importer, exporter, or producer until the importing Party determines that the importer, exporter, or producer has established compliance with the requirements of this Chapter.

Article 4.21: Common Guidelines

The Parties shall agree to publish common guidelines for the interpretation, application, and administration of this Chapter and the relevant provisions of Chapter Three (National Treatment and Market Access for Goods) and shall endeavor to do so by the date of entry into force of this Agreement. The Parties may agree to modify the common guidelines.

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Article 4.22: Definitions

For purposes of this Chapter:

adjusted value means the value determined in accordance with Articles 1 through 8, Article 15, and the corresponding interpretative notes of the WTO Customs Valuation Agreement, adjusted, if necessary, to exclude any costs, charges, or expenses incurred for transportation, insurance, and related services incident to the international shipment of the merchandise from the country of exportation to the place of importation.

class of motor vehicles means any one of the following categories of motor vehicles:

- (a) motor vehicles provided for in subheading 8701.20, motor vehicles for the transport of 16 or more persons of subheadings 8702.10 or 8702.90, and motor vehicles of subheadings 8704.10, 8704.22, 8704.23, 8704.32, or 8704.90, or headings 87.05 and 87.06;
- (b) motor vehicles provided for in subheading 8701.10 or 8701.30-8701.90;
- (c) motor vehicles for the transport of 15 or fewer persons provided for in subheadings 8702.10 or 8702.90, and motor vehicles of subheadings 8704.21 and 8704.31; or
- (c) motor vehicles provided for in subheading 8703.21-8703.90

fungible goods or materials means goods or materials that are interchangeable for commercial purposes and whose properties are essentially identical;

generally accepted accounting principles means recognized consensus or substantial authoritative support given in the territory of one of the Parties with respect to the recording of revenues, expenses, costs, assets and liabilities, the disclosure of information and the preparation of financial statements. Generally Accepted Accounting Principles may encompass broad guidelines for general application, as well as detailed standards, practices and procedures;

good means any merchandise, product, article, or material;

goods wholly obtained or produced entirely in the territory of one or more of the Parties means

- (a) plants and plant products harvested or gathered in the territory of one or more of the Parties;
- (b) live animals born and raised in the territory of one or more of the Parties;

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- (c) goods obtained in the territory of one or more of the Parties from live animals;
- (d) goods obtained from hunting, trapping, fishing, or aquaculture conducted in the territory of one or more of the Parties;
- (e) minerals and other natural resources not included in subparagraphs (a) through (d) extracted or taken from the territory of one or more of the Parties;
- (f) fish, shellfish, and other marine life taken from the sea, seabed or subsoil outside the territory of one or more of the Parties by vessels registered or recorded with a Party and flying its flag;
- (g) goods produced on board factory ships from the goods referred to in subparagraph (f), provided such factory ships are registered or recorded with that Party and fly its flag;
- (h) goods taken by a Party or a person of a Party from the seabed or beneath the seabed outside the territory of one or more of the Parties, provided that a Party has rights to exploit such seabed or subsoil;
- (i) goods taken from outer space, provided they are obtained by a Party or a person of a Party and not processed in a non-Party
- (j) scrap and waste derived from
 - (i) manufacturing or processing operations in the territory of one or more of the Parties, or
 - (ii) used goods collected in the territory of one or more of the Parties, provided such goods are fit only for the recovery of raw materials; and
- (k) recovered goods derived in the territory of one or more of the Parties from used goods, and utilized in the territory of one or more of the Parties in the production of remanufactured goods;
- (l) goods produced in the territory of one or more of the Parties exclusively from goods referred to in subparagraphs (a) through (j), or from their derivatives, at any stage of production;

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identical or similar goods means "identical goods" and "similar goods", respectively, as defined in the WTO Customs Valuation Agreement;

indirect material means a good used in the production, testing, or inspection of a good but not physically incorporated into the good, or a good used in the maintenance of buildings or the operation of equipment associated with the production of a good, including:

- (a) fuel and energy;
- (b) tools, dies, and molds;
- (c) spare parts and materials used in the maintenance of equipment and buildings;
- (d) lubricants, greases, compounding materials, and other materials used in production or used to operate equipment and buildings;
- (e) gloves, glasses, footwear, clothing, safety, equipment, and supplies;
- (f) equipment, devices, and supplies used for testing or inspecting the goods;
- (g) catalysts and solvents; and
- (h) any other goods that are not incorporated into the good but whose use in the production of the good can reasonably be demonstrated to be a part of that production;

material means a good that is used in the production of another good and includes a part or an ingredient;

material that is self-produced means an originating material that is produced by a producer of a good and used in the production of that good;

model line means a group of motor vehicles having the same platform or model name;

net cost means total cost minus sales promotion, marketing and after-sales service costs, royalties, shipping and packing costs, and non-allowable interest costs that are included in the total cost;

net cost of a good means the net cost that can be reasonably allocated to a good under one of the following methods:

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- (a) calculate the total cost incurred with respect to all goods produced by that producer, subtract any sales promotion, marketing and after-sales service costs, royalties, and shipping and packing costs that are included in the total cost of all such goods, and then reasonably allocate the resulting net cost of those goods to the good;
- (b) calculate the total cost incurred with respect to all goods produced by that producer, reasonably allocate the total cost to the good, and then subtract any sales promotion, marketing and after-sales service costs, royalties, and shipping and packing costs that are included in the portion of the total cost allocated to the good; or
- (c) reasonably allocate each cost that forms part of the total cost incurred with respect to the good so that the aggregate of these costs does not include any sales promotion, marketing and after-sales service costs, royalties, and shipping and packing costs,

provided that the allocation of all such costs is consistent with the provisions regarding the reasonable allocation of costs set out in Generally Accepted Accounting Principles.

non-originating good or non-originating material means a good or material that does not qualify as originating under this Chapter;

packing materials and containers for shipments means the goods used to protect a good during its transportation and does not include the packaging materials and containers in which a good is packaged for retail sale;

producer means a person who grows, mines, harvests, fishes, traps, hunts, manufactures, processes, assembles, or disassembles a good;

production means growing, mining, harvesting, fishing, trapping, hunting, manufacturing, processing, assembling, or disassembling a good;

reasonably allocate means to apportion in a manner as would be appropriate under Generally Accepted Accounting Principles;

recovered goods means materials in the form of individual parts that are the result of: (1) the disassembly of used goods into individual parts; and (2) cleaning, inspecting, testing or other processes as necessary for improvement to sound working condition;

remanufactured goods means goods of Harmonized System Chapters 84, 85, 87 or Harmonized System heading 90.26, 90.31 and 90.32, except goods under heading 84.18 or 85.16, that:

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- (a) are entirely or partially comprised of recovered goods; and
- (b) have a similar life expectancy and enjoys a factory warranty similar to such a new good.

total cost means all product costs, period costs, and other costs for a good incurred in the territory of one or more of the parties

used means used or consumed in the production of goods; and

value means the value of a good or material for purposes of calculating customs duties or for purposes of applying this Chapter.

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Annex 4.6

Exceptions to Article 4.6 (De Minimis)

Article 4.6 (De Minimis) shall not apply to:

- (a) a non-originating material provided for in Chapter 4 of the Harmonized System or a non-originating dairy preparation containing over 10 percent by weight of milk solids provided for in subheadings 1901.90 or 2106.90 of the Harmonized System that is used in the production of a good provided for in chapter 4;
- (b) a non-originating material provided for in Chapter 4 of the Harmonized System or a non-originating dairy preparation containing over 10 percent by weight of milk solids provided for in subheading 1901.90 of the Harmonized System that is used in the production of the following goods: infant preparations containing over 10 percent in weight of milk solids provided for in subheadings 1901.10 of the Harmonized System, mixes and doughs, containing over 25 percent by weight of butterfat, not put up for retail sale provided for in subheading 1901.20 of the Harmonized System; dairy preparations containing over 10 percent by weight of milk solids provided for in subheadings 1901.90 or 2106.90 of the Harmonized System; heading 21.05 of the Harmonized System; beverages containing milk provided for in subheading 2202.90 of the Harmonized System; or animal feeds containing over 10 percent by weight of milk solids provided for in subheading 2309.90 of the Harmonized System;
- (c) a non-originating material provided for in heading 08.05 of the Harmonized System or subheadings 2009.11 through 2009.30 of the Harmonized System that is used in the production of a good provided for in subheadings 2009.11 through 2009.30 of the Harmonized System or in fruit or vegetable juice of any single fruit or vegetable, fortified with minerals or vitamins, concentrated or unconcentrated, provided for in subheadings 2106.90 or 2202.90 of the Harmonized System;
- (d) a non-originating material provided for in heading 09.01 or 21.01 of the Harmonized System that is used in the production of a good provided for in heading 09.01 or 21.01 of the Harmonized System;
- (e) a non-originating material provided for in heading 10.06 of the Harmonized System that is used in the production of a good provided for in headings 11.02 or 11.03 of the Harmonized System or subheading 1904.90 of the Harmonized System;

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- (f) a non-originating material provided for in Chapter 15 of the Harmonized System that is used in the production of a good provided for in Chapter 15 of the Harmonized System;
- (g) a non-originating material provided for in heading 17.01 of the Harmonized System that is used in the production of a good provided for in headings 17.01 through 17.03 of the Harmonized System.
- (h) a non-originating material provided for in chapter 17 that is used in the production of a good provided for in subheading 1806.10 of the Harmonized System; or
- (i) except as provided under paragraphs (a) through (h) and in the specific rules of origin under Annex 4.1, a non-originating material used in the production of a good provided for in Chapters 1 through 24 of the Harmonized System unless the non-originating material is provided for in a different subheading than the good for which origin is being determined.