



OKLAHOMA
DEPARTMENT OF COMMERCE

WEBINAR

NAFTA: How it Really Works





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Anthony Cambas is the Director of the Wes Watkins Center for International Trade and Development as well as the International Trade Center Small Business Development Center where he provides international trade assistance to small and medium sized businesses. Anthony is a former U.S. Customs official with almost 30 years of experience in the field of international trade and customs matters and has worked on various export development, customs reform and modernization and trade facilitation projects around the world.

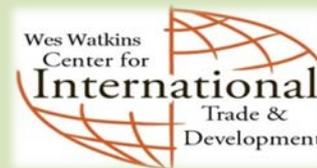


HOW NAFTA REALLY WORKS: BASICS FOR U.S. EXPORTERS & IMPORTERS

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CENTER FOR INTERNATIONAL TRADE & DEVELOPMENT (CITD)



Located in Stillwater, Oklahoma at Oklahoma State University



OSU ITC- SBDC SERVICES

Advisory Services

- Export Readiness Assessment
- Trade Compliance & Logistics
- Harmonized tariff classification
- Industry analysis
- Global market research
- Global Business Management
- Cultural intelligence

Education & Training

- Certified Global Business Professional (CGBP)



- International Network of Customs Universities (INCU)
- International trade training & workshops

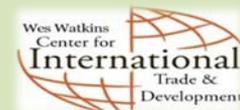
OBJECTIVES

- Familiarize participants with basics of NAFTA qualification process
- Create awareness about NAFTA
- Topic vaster than what can be addressed in one hour
- Don't expect to know everything there is to know about NAFTA
- If you have ever filled out a NAFTA c/o without knowing how qualification works then the workshop has achieved its objectives



WORKSHOP TOPICS

- Background information on NAFTA
- Preferential Tariff Treatment for “originating” goods
- Context
- HS Classification
- Valuation
- Rules of Origin (RoO)
- Preference Criteria
- Certificates of Origin



(WORKSHOP TOPICS CONT)

- Customs Regulations and Enforcement
- Binding Rulings
- Post Entry claims
- Recordkeeping
- Verifications and Customs inquiries



FREE TRADE AGREEMENTS (FTAs)

- Preferential trade agreement between countries to
 - Trade in goods and services
 - Reduce/Eliminate tariff and non tariff barriers
 - Tariff reduction/elimination on qualifying goods
 - Open the market for goods and services
 - Intellectual property protection and enforcement
 - Labor and capital movement
- Rules Vary from one FTA to another
- NAFTA, CAFTA,



NORTH AMERICA FREE TRADE AGREEMENT (NAFTA)

- Canada, United States and Mexico
- Entered into force in January 1994
- Product of negotiations
- Can be technical
- NAFTA Rules of origin
 - Annex 401 of NAFTA
 - General Note 12 of HTSUS
- In 2008 all tariffs & quotas were eliminated for goods that qualify under NAFTA rules of origin
- Became model for FTA's around the world

BENEFITS OF NAFTA FOR US EXPORTERS

- Reduce/Eliminate duties for Canadian & Mexican customers
- Increases competitiveness
- Better Market Access
- Economic linkages between NAFTA countries
- Positive impact including investment & job creation



COMMON MISCONCEPTIONS

- Goods “Made in the USA” always qualify for NAFTA
- Products purchased in a NAFTA country qualify
- More than 50% of NAFTA origin value or content automatically qualifies for NAFTA
- Originating Mexican & Canadian components are treated differently than US originating (cumulation)
- Sufficient to receive a C/O or affidavit from supplier attesting to originating status





EXPORTING WITH NAFTA SUMMARY

- Preferential tariff treatment on “originating” goods
 - Based on preference criteria A, B, C, D, E & F
- Rules of Origin & marking rules
- Certificate of Origin requirements
 - Demonstrates eligibility for preferential tariff treatment
 - Not an “official” document
 - Alternative format permitted
 - Self certification - Completed by exporter or producer
 - Filling out and signing c/o creates liability & obligations from Customs and business partners
- Recordkeeping requirements
 - Subject to post entry controls & verifications for 5 years

CERTIFICATE OF ORIGIN

- Demonstrates eligibility for preferential tariff treatment
- Not an “official” document
- Alternative formats permitted
- Self certification
- Completed by exporter or producer
- Filling out & signing c/o creates liability & obligations from Customs & business partners



COMPLETING NAFTA C/O

- Must be person who has actual knowledge of eligibility
- US Customs also has enforcement authority over U.S. exporters
- Clerical errors can cause additional scrutiny or denial of NAFTA preferences
- Must be signed by person with sufficient authority in company



I CERTIFY THAT:

- THE INFORMATION ON THIS DOCUMENT IS TRUE AND ACCURATE AND I ASSUME THE RESPONSIBILITY FOR PROVING SUCH REPRESENTATIONS. I UNDERSTAND THAT I AM LIABLE FOR ANY FALSE STATEMENTS OR MATERIAL OMISSIONS MADE ON OR IN CONNECTION WITH THIS DOCUMENT;
- I AGREE TO MAINTAIN AND PRESENT UPON REQUEST, DOCUMENTATION NECESSARY TO SUPPORT THIS CERTIFICATE, AND TO INFORM, IN WRITING, ALL PERSONS TO WHOM THE CERTIFICATE WAS GIVEN OF ANY CHANGES THAT COULD AFFECT THE ACCURACY OR VALIDITY OF THIS CERTIFICATE;
- THE GOODS ORIGINATED IN THE TERRITORY OF ONE OR MORE OF THE PARTIES, AND COMPLY WITH THE ORIGIN REQUIREMENTS SPECIFIED FOR THOSE GOODS IN THE NORTH AMERICAN FREE TRADE AGREEMENT AND UNLESS SPECIFICALLY EXEMPTED IN ARTICLE 411 OR ANNEX 401, THERE HAS BEEN NO FURTHER PRODUCTION OR ANY OTHER OPERATION OUTSIDE THE TERRITORIES OF THE PARTIES; AND
- THIS CERTIFICATE CONSISTS OF PAGES, INCLUDING ALL ATTACHMENTS.

11.	11a. AUTHORIZED SIGNATURE		11b. COMPANY	
	11c. NAME		11d. TITLE	
	11e. DATE	11f. TELEPHONE NUMBERS 	(Voice)	(Facsimile)

PAPERWORK REDUCTION ACT STATEMENT: An agency may not conduct or sponsor an information collection and a person is not required to respond to this information unless it displays a current valid OMB control number and an expiration date. The control number for this collection is 1651-0098. The estimated average time to complete this application is 15 minutes. If you have any comments regarding the burden estimate you can write to U.S. Customs and Border Protection, Office of Regulations and Rulings, 799 9th Street, NW., Washington DC 20229.

NORTH AMERICAN FREE TRADE AGREEMENT CERTIFICATE OF ORIGIN INSTRUCTIONS

For purposes of obtaining preferential tariff treatment, this document must be completed legibly and in full by the exporter and be in the possession of the importer at the time the declaration is made. This document may also be completed voluntarily by the producer for use by the exporter. Please print or type:

- FIELD 1: State the full legal name, address (including country) and legal tax identification number of the exporter. Legal taxation number is: in Canada, employer number or importer/exporter number assigned by Revenue Canada; in Mexico, federal taxpayer's registry number (RFC); and in the United States, employer's identification number or Social Security Number.
- FIELD 2: Complete field if the Certificate covers multiple shipments of identical goods as described in Field #5 that are imported into a NAFTA country for a specified period of up to one year (the blanket period). "FROM" is the date upon which Certificate becomes applicable to the good covered by the blanket Certificate (it may be prior to the date of signing this Certificate). "TO" is the date upon which the blanket period expires. The importation of a good for which preferential treatment is claimed based on this Certificate must occur between these dates.
- FIELD 3: State the full legal name, address (including country) and legal tax identification number, as defined in Field #1, of the producer. If more than one producer's good is included on the Certificate, attach a list of additional producers, including the legal name, address (including country) and legal tax identification number, cross-referenced to the good described in Field #5. If you wish this information to be confidential, it is acceptable to state "Available to CBP upon request". If the producer and the exporter are the same, complete field with "SAME". If the producer is unknown, it is acceptable to state "UNKNOWN".
- FIELD 4: State the full legal name, address (including country) and legal tax identification number, as defined in Field #1, of the importer. If the importer is not known, state "UNKNOWN"; if multiple importers, state "VARIOUS".
- FIELD 5: Provide a full description of each good. The description should be sufficient to relate it to the invoice description and to the Harmonized System (H.S.) description of the good. If the Certificate covers a single shipment of a good, include the invoice number as shown on the commercial invoice. If not known, indicate another unique reference number, such as the shipping order number.
- FIELD 6: For each good described in Field #5, identify the H.S. tariff classification to six digits. If the good is subject to a specific rule of origin in Annex 401 that requires eight digits, identify to eight digits, using the H.S. tariff classification of the country into whose territory the good is imported.
- FIELD 7: For each good described in Field #5, state which criterion (A through F) is applicable. The rules of origin are contained in Chapter Four and Annex 401. Additional rules are described in Annex 703.2 (certain agricultural goods), Annex 300-B, Appendix 6 (certain textile goods) and Annex 308.1 (certain automatic data processing goods and their parts). **NOTE: In order to be entitled to preferential tariff treatment, each good must meet at least one of the criteria below.**

Preference Criteria

- A The good is "wholly obtained or produced entirely" in the territory of one or more of the NAFTA countries as referenced in Article 415. **Note: The purchase of a good in the territory does not necessarily render it "wholly obtained or produced"**. If the good is an agricultural good, see also criterion F and Annex 703.2. (Reference: Article 401(a) and 415)
- B The good is produced entirely in the territory of one or more of the NAFTA countries and satisfies the specific rule of origin, set out in Annex 401, that applies to its tariff classification. The rule may include a tariff classification change, regional value-content requirement, or a combination thereof. The good must also satisfy all other applicable requirements of Chapter Four. If the good is an agricultural good, see also criterion F and Annex 703.2. (Reference: Article 401(b))
- C The good is produced entirely in the territory of one or more of the NAFTA countries exclusively from originating materials. Under this criterion, one or more of the materials may not fall within the definition of "wholly produced or obtained", as set out in article 415. All materials used in the production of the good must qualify as "originating" by meeting the rules of Article 401(a) through (d). If the good is an agricultural good, see also criterion F and Annex 703.2. Reference: Article 401(c).
- D Goods are produced in the territory of one or more of the NAFTA countries but do not meet the applicable rule of origin, set out in Annex 401, because certain non-originating materials do not undergo the required change in tariff classification. The goods do nonetheless meet the regional value-content requirement specified in Article 401(d). This criterion is limited to the following two circumstances:
1. The good was imported into the territory of a NAFTA country in an unassembled or disassembled form but was classified as an assembled good, pursuant to H.S. General Rule of Interpretation 2(a), or
 2. The good incorporated one or more non-originating materials, provided for as parts under the H.S., which could not undergo a change in tariff classification because the heading provided for both the good and its parts and was not further subdivided into subheadings, or the subheading provided for both the good and its parts and was not further subdivided.
- NOTE: This criterion does not apply to Chapters 61 through 63 of H.S. (Reference: Article 401(d))**
- E Certain automatic data processing goods and their parts, specified in Annex 308.1, that do not originate in the territory are considered originating upon importation into the territory of a NAFTA country from the territory of another NAFTA country when the most-favored-nation tariff rate of the good conforms to the rate established in Annex 308.1 and is common to all NAFTA countries. (Reference: Annex 308.1)
- F The good is an originating agricultural good under preference criterion A, B, or C above and is not subject to a quantitative restriction in the importing NAFTA country because it is a "qualifying good" as defined in Annex 703.2, Section A or B (please specify). A good listed in Appendix 703.2B.7 is also exempt from quantitative restrictions and is eligible for NAFTA preferential tariff treatment if it meets the definition of "qualifying good" in Section A of Annex 703.2. **NOTE 1: This criterion does not apply to goods that wholly originate in Canada or the United States and are imported into either country. NOTE 2: A tariff rate quota is not a quantitative restriction.**

- FIELD 8: For each good described in Field #5, state "YES" if you are the producer of the good. If you are not the producer of the good, state "NO" followed by (1), (2), or (3), depending on whether this certificate was based upon: (1) your knowledge of whether the good qualifies as an originating good; (2) your reliance on the producer's written representation (other than a Certificate of Origin) that the good qualifies as an originating good; or (3) a completed and signed Certificate for the good, voluntarily provided to the exporter by the producer.
- FIELD 9: For each good described in field #5, where the good is subject to a regional value content (RVC) requirement, indicate "NC" if the RVC is calculated according to the net cost method; otherwise, indicate "NO". If the RVC is calculated over a period of time, further identify the beginning and ending dates (MM/DD/YYYY) of that period. (Reference: Article 402.1, 402.5).
- FIELD 10: Identify the name of the country ("MX" or "US" for agricultural and textile goods exported to Canada; "US" or "CA" for all goods exported to Mexico; or "CA" or "MX" for all goods exported to the United States) to which the preferential rate of CBP duty applies, as set out in Annex 302.2, in accordance with the Marking Rules or in each party's schedule of tariff elimination.
- For all other originating goods exported to Canada, indicate appropriately "MX" or "US" if the goods originate in that NAFTA country, within the meaning of the NAFTA Rules of Origin Regulations, and any subsequent processing in the other NAFTA country does not increase the transaction value of the goods by more than seven percent; otherwise indicate "JNT" for joint production. (Reference: Annex 302.2)
- FIELD 11: This field must be completed, signed, and dated by the exporter. When the Certificate is completed by the producer for use by the exporter, it must be completed, signed, and dated by the producer. The date must be the date the Certificate was completed and signed.

BEFORE USING NAFTA - HS

- Determine Harmonized System (HS) Classification Number of products
 - Overseen by the World Customs Organization (WCO)
 - Most global trade conducted using HS system
 - In theory harmonized globally up to the 6 digit level
 - Can have different interpretations
 - Determine duty rates & “Admissibility” to enter a country
 - Classification based on General Rules of Interpretation (GRIs)
 - Binding Rulings
- Check MFN duty rate of destination country

GENERAL RULES OF INTERPRETATION (GRIs)

- Classification of goods in the tariff schedule shall be governed by the following principles:
 1. The table of contents, alphabetical index, and titles of sections, chapters and sub-chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the terms of the headings and any relative section or chapter notes and, provided such headings or notes do not otherwise require, according to the following provisions:
 2. (a) Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as entered, the incomplete or unfinished article has the essential character of the complete or finished article.
 - It shall also include a reference to that article complete or finished (or falling to be classified as complete or finished by virtue of this rule), entered unassembled or disassembled.
 - (b) Any reference in a heading to a material or substance shall be taken to include a reference to mixtures or combinations of that material or substance with other materials or substances. Any reference to goods of a given material or substance shall be taken to include a reference to goods consisting wholly or partly of such material or substance. The classification of goods consisting of more than one material or substance shall be according to the principles of rule 3.

CONT. (GRIs)

3. When, by application of rule 2(b) or for any other reason, goods are, *prima facie*, classifiable under two or more headings, classification shall be effected as follows:
 - a) The heading which provides the most specific description shall be preferred to headings providing a more general description. However, when two or more headings each refer to part only of the materials or substances contained in mixed or composite goods or to part only of the items in a set put up for retail sale, those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods.
 - b) Mixtures, composite goods consisting of different materials or made up of different components, and goods put up in sets for retail sale, which cannot be classified by reference to 3(a), shall be classified as if they consisted of the material or component which gives them their essential character, insofar as this criterion is applicable.
 - c) When goods cannot be classified by reference to 3(a) or 3(b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration
4. Goods which cannot be classified in accordance with the above rules shall be classified under the heading appropriate to the goods to which they are most akin.

CONT. (GRIs)

5. In addition to the foregoing provisions, the following rules shall apply in respect of the goods referred to therein:
- (a) Camera cases, musical instrument cases, gun cases, drawing instrument cases, necklace cases and similar containers, specially shaped or fitted to contain a specific article or set of articles, suitable for long-term use and entered with the articles for which they are intended, shall be classified with such articles when of a kind normally sold therewith. This rule does not, however, apply to containers which give the whole its essential character;
 - (b) Subject to the provisions of rule 5(a) above, packing materials and packing containers entered with the goods therein shall be classified with the goods if they are of a kind normally used for packing such goods. However,
6. For legal purposes, the classification of goods in the subheadings of a heading shall be determined according to the terms of those subheadings and any related subheading notes and, *mutatis mutandis*, to the above rules, on the understanding that only subheadings at the same level are comparable. For the purposes of this rule, the relative section, chapter and subchapter notes also apply, unless the context otherwise requires.

Harmonized Tariff Schedule of the United States (2013) (Rev.1)

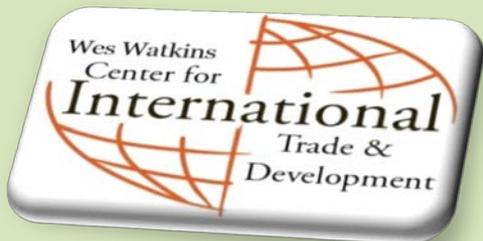
Annotated for Statistical Reporting Purposes

IV
20-8

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
2005		Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006:				
2005.10.00	00	Homogenized vegetables.	kg.	11.2%	Free (A,BH,CA, CL,CO,E,IL,J,JO, MA,MX,OM,P,PA, PE,SG) 1.1% (AU) 8% (KR)	35%
2005.20.00		Potatoes.		6.4%	Free (A,AU,BH, CA,CL,CO,E,IL,J, JO,MA, MX, OM,P,PA,PE,SG) 3.8% (KR)	35%
	20	Potato chips.	kg			
	40	Potato granules.	kg			
	70	Other.	kg			
2005.40.00	00	Peas (<i>Pisum sativum</i>).	kg.	Free		4.4¢/kg on entire contents of container
2005.51		Beans (<i>Vigna spp.</i> , <i>Phaseolus spp.</i>):				
2005.51.20		Beans, shelled:				
		Black-eye cowpeas.		1.5¢/kg on entire contents of container	Free (A+,AU,BH, CA,CL,CO,D,E, IL,J,JO,KR,MA, MX,OM,P,PA,PE, SG)	6.6¢/kg on entire contents of container

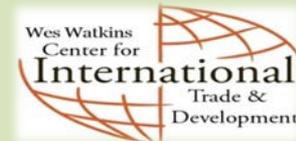


NAFTA PREFERENCE CRITERIA



NAFTA PREFERENCE CRITERIA

- Field 7 of NAFTA C/O
- Declare how goods qualify as “originating” under NAFTA
- A-F
- A-C are most commonly used
- Inaccurate preference criterion on C/O can lead to denial of NAFTA preference, verifications & audits
- Possible additional duties due as well as fines and penalties



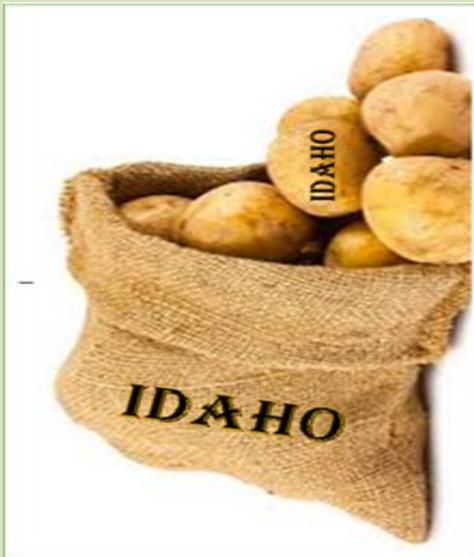
NAFTA PREFERENCE CRITERIA

- A. Good is “wholly obtained or produced entirely” in the territory of one or more NAFTA countries
- B. Good is produced entirely in the territory of one or more NAFTA countries and satisfies the specific rule of origin in Annex 401
- C. Good is produced entirely in the territory of one or more of the NAFTA countries exclusively from originating materials



NAFTA PREFERENCE CRITERIA - A

- Good is “wholly obtained or produced entirely” in the territory of one or more NAFTA countries
 - No goods or materials imported from a Non-NAFTA country is allowed
 - E.g. Potato grown in Idaho, Mineral mined from Mexico, a chicken born & raised in Canada



NAFTA PREFERENCE CRITERIA - B

- Good is produced entirely in the territory of one or more NAFTA countries & satisfies the specific rule of origin in Annex 401
 - Change in tariff classification (Tariff Shift)
 - The specific rule of origin defines the kind of change in tariff classification must occur
 - Only non-originating materials must undergo the tariff change
 - Tariff shift and Regional value content requirement
 - Regional value content (RVC) requirement



REGIONAL VALUE CONTENT (RVC)

- Transaction Value (TV) Method

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

- $RVC \geq 60\%$
- All costs + profit = TV

TV = Transaction value of the good at FOB basis

VNM = Value of non-originating materials used in production

NC = Net cost of the good (all costs incurred by the producer – (Sales & promotion + royalties + shipping & packaging + non-allowable interest costs))

- Net Cost (NC) Method

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

- $RVC \geq 50\%$

- Accumulation & RVC

The same product
Different RVC???



CUSTOMS VALUATION HIERARCHY

- Used by WTO members and other nations
- Six methods
 - Transaction value
 - Transaction value of identical goods
 - Transaction value of similar goods
 - Deductive method
 - Computed method
 - Fall Back method
- Hierarchy must be applied in order



DE MINIMIS PROVISION

- Materials didn't undergo a change in tariff classification may require for a minimum RVC
 - RVC calculation could be waived if :
 - Small percentage of non-originating materials
 - 7% in most cases (textiles is 7% by weight)
- HS0901.21- Ground coffee in retail packages produced in Mexico
 - 95% Grown & Roasted in Mexico
 - HS 0901.11- 5% Green unroasted coffee imported from Vietnam
 - Roasted in Mexico & added to the ground coffee for enhancing flavor

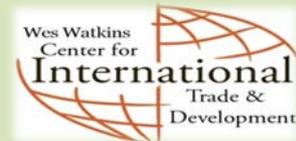
NAFTA PREFERENCE CRITERIA - C

- Good is produced entirely in the territory of one or more of the NAFTA countries exclusively from originating materials
 - Parts & materials could be from non-territorial inputs, but meet the NAFTA rules of origin

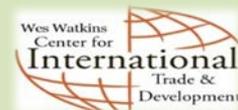


NAFTA SPECIFIC RULES OF ORIGIN

- Annex 401 of NAFTA
- General Note 12 of HTSUS
- Based on tariff shift, Regional Value Content or combination



NAFTA RoO EXAMPLES



DETERMINE NAFTA ELIGIBILITY

- Qualify under preference Criterion A?
- Undergo production or substantial transformation
- Bill of Materials
- Classify product under HS System
- Apply specific Annex 401 rule of origin and Marking rule
- Issue NAFTA C/O if qualifying



EXAMPLE I - POTATO CHIPS

2005.20



Harmonized Tariff Schedule of the United States (2013) (Rev.1)

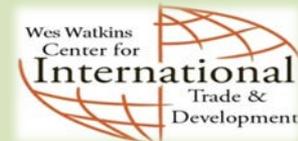
Annotated for Statistical Reporting Purposes

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20-8

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
2005		Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 2006:				
2005.10.00	00	Homogenized vegetables.	kg.	11.2%	Free (A,BH,CA,CL,CO,E,IL,J,JO,MA,MX,OM,P,PA,PE,SG) 1.1% (AU) 8% (KR)	35%
2005.20.00		Potatoes.		6.4%	Free (A,AU,BH,CA,CL,CO,E,IL,J,JO,MA, MX,OM,P,PA,PE,SG) 3.8% (KR)	35%
	20	Potato chips.	kg			
	40	Potato granules.....	kg			
	70	Other.....	kg			
2005.40.00	00	Peas (<i>Pisum sativum</i>).....	kg.	Free		4.4¢/kg on entire contents of container
2005.51		Beans (<i>Vigna spp., Phaseolus spp.</i>):				
		Beans, shelled:				
2005.51.20		Black-eye cowpeas.....		1.5¢/kg on entire contents of container	Free (A+,AU,BH,CA,CL,CO,D,E,IL,J,JO,KR,MA, MX,OM,P,PA,PE,SG)	6.6¢/kg on entire contents of container

HARMONIZED TARIFF SCHEDULE NAFTA MARKING RULE

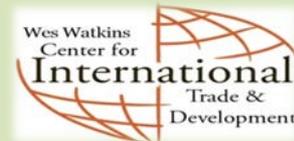
- 2005.20.0020- Harmonized Tariff Schedule of the United States (HTSUS)
 - 20: Chapter
 - 2005: Heading
 - 2005.20: Subheading
 - 2005.20 (Global HS System)
- NAFTA Marking Rule
 - 2005.20 – 2005.99:
 - A change to subheadings 2005.20 through 2005.99 from any other heading.



ANNEX 401 RULE OF ORIGIN 2005.20

20.01-20.07

“A change to heading 20.01 through 20.07 from any other chapter.”



BILL OF MATERIALS POTATO CHIPS

Description:	C/O	NAFTA	HS #	Value
Potatoes Frozen	PE	N	0710.10	.40
Palm Oil	MY	N	1511.90	.05
Sea Salt	AR	N	2501.00	.02
Flavoring	UK	N	2909.50	.03





EXAMPLE II - STEEL OIL AND GAS LINE PIPE

7306.19





HARMONIZED TARIFF SCHEDULE NAFTA

MARKING RULE

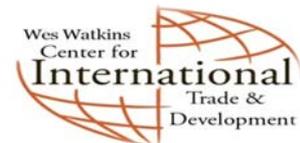
- 7306.19.5110- Harmonized Tariff Schedule of the United States (HTSUS)
 - 73: Chapter
 - 7306: Heading
 - 7306.19 Subheading
 - 7306.19 (Global HS system)
- NAFTA Marking Rule
 - 73.05 – 73.14:
 - A change to headings 73.05 through 73.14 from any other heading, including another heading within that group.

STEEL OIL AND GAS LINE PIPE

7306.19.5110

73.05-73.07

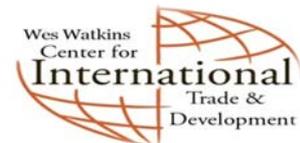
“A change to heading 73.05 through 73.07
from any other chapter.”



BILL OF MATERIALS - OIL & GAS

STEEL PIPE

Description:	C/O	NAFTA	HS #	Value
Cold Rolled Steel	CN	N	7220.20	\$90.00
Chemical Coating	JP	N	3820.20	\$10.00



EXAMPLES III - RoO WITH RVC

A change to subheadings 3005.10 through 3005.90 from any other heading, except from subheading 3006.92; or

(B) A change to subheadings 3005.10 through 3005.90 from any other subheading within heading 3005, whether or not there is also a change from any other heading, except from subheading 3006.92, provided there is a regional value content of not less

than:

(1) 60 percent where the transaction value method is used,

or

(2) 50 percent where the net cost method is used.



EXAMPLES IV - RoO WITH RVC

A change to subheading 6104.39 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308 or 5310 through 5311, chapter 54, or headings 5508 through 5516 or 6001 through 6006, provided that:

(A) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the NAFTA parties, and

(B) the visible lining fabric listed in chapter rule 1 for chapter 61 satisfies the tariff change requirements provided therein.



ADVANCE RULINGS

- Binding on Customs if nothing changed
- HS Classification
- Valuation
- Country of Origin Marking
- NAFTA qualification (tariff shift, RVC etc.)
- Eligibility for preferential tariff treatment



POST IMPORTATION NAFTA CLAIMS

- Only use NAFTA if product qualifies
- When unable to determine at time of import, pay duties at MFN Rate
- If determined to be eligible for NAFTA within one year of date of importation, file post entry claim





THANK YOU!

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RESOURCES

- **NAFTA Certificate of Origin:**

https://www.census.gov/foreign-trade/aes/exporttraining/videos/nafta_cert_of_origin.pdf

- **NAFTA Rules of Origin:**

<https://www.cbp.gov/trade/nafta/annex-401>

- **NAFTA Verification Questionnaire**

http://forms.cbp.gov/pdf/CBP_Form_446.pdf

- **Canada Tariff**

<http://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/menu-eng.html>

- **Mexico Tariff**

<http://www.economia-snci.gob.mx/>

