

# The NAFTA CERTIFICATE OF ORIGIN



**Frequently Asked Questions**

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Expanding into foreign markets provides businesses, and especially small- and medium-sized businesses, significant opportunities to grow and create jobs. Given the economic integration in North America, our geographical proximity and our free trade agreement, as North American small- and medium-sized businesses begin to export, they are most likely to export to a customer in one of the NAFTA countries.

This document is designed to help small- and medium-sized businesses take advantage of the NAFTA and expand their exports. It provides answers to the most frequently asked questions about the NAFTA Certificate of Origin and lists additional resources for each country.



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## **What is the NAFTA Certificate of Origin?**

The NAFTA Certificate of Origin is a document developed by the NAFTA partners and required under NAFTA to certify that a good being exported from the territory of a Party into the territory of another Party qualifies as an originating good. In order to obtain preferential tariff treatment under the NAFTA, this document must be completed legibly and in full by the exporter or the producer and be in the possession of the importer at the time the declaration is made.

## **Do I need to complete the NAFTA Certificate of Origin in order to export my product to one of the other NAFTA countries?**

The NAFTA Certificate of Origin is only needed for shipments to another NAFTA country to qualify for preferential tariff treatment under the NAFTA rules of origin. A certificate is not needed if the shipment does not qualify for preferential treatment, or if a NAFTA claim will not be made on the imported goods.

## **How do I determine where my good is classified?**

All goods are classified using the Harmonized Tariff System (HTS), an international nomenclature developed by the World Customs Organization (WCO) and used by more than 200 countries and economies as a basis for their Customs tariffs and for the collection of international trade statistics. All the NAFTA countries are members of the WCO and utilize the Harmonized Tariff System (HTS).

Under the HTS nomenclature, goods are classified under chapters, headings and subheadings. It comprises about 5,000 commodity groups, each identified by a six digit code, arranged in a legal and logical structure and is supported by well-defined rules to achieve uniform classification.

Under the HTS, the first two digits are the chapter, the first four comprise the heading, and the first six digits comprise the subheading. The six digit HTS number is required on the NAFTA Certificate of Origin. Individual countries may establish additional classifications beyond the six digit level, called tariff items. For example, a grand piano is classified in subheading 9201.20 of the HTS. Chapter 92 is used for Musical Instruments; heading 92.01 for pianos, and subheading 9201.20 is for grand pianos.

## **How can I tell if my product qualifies for duty free treatment?**

Once the appropriate classification has been determined, the tariff schedules maintained by each of the NAFTA countries will indicate the

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related rates of duty. Links to these schedules can be found at the end of this document.

The U.S. tariff schedule has columns labeled “General” and “Special.” In the Canadian Tariff the equivalent columns are entitled “MFN Tariff” and “Applicable Preferential Tariffs.” If the rate listed in the “General” (United States) or “MFN Tariff” (Canada) column is “free,” the duty rate is zero. The Mexican tariff information website has a section labeled “Tariff applied to rest of the world countries.” If the rate listed here is “Ex,” the duty rate is zero. All products classified under these subheadings or tariff numbers are eligible for duty-free treatment, and the NAFTA Certificate of origin is not required.

If the rate in the “General” column is not zero, the exporter should next check the rate in the “Special” (United States) or “Preferential” (Canada) column. The U.S. tariff schedule uses the codes “CA” and “MX” for Canada and Mexico, respectively. The Canadian tariff schedule uses the codes “US” and “MX” for the United States and Mexico, respectively. In the case of Mexico, the section labeled “Tariff applied to trade partners” uses the codes “EE.UU.” and “Canada” for the preferential rate applicable to these countries. For most products, the rate applied to goods that qualify for NAFTA preferences is zero.

### **I can see that my product is subject to a tariff in another NAFTA country, but is eligible for duty-free treatment under the NAFTA. How do I claim the duty-free treatment?**

In order to receive the preferential rate established in the NAFTA, the product must meet the applicable rule of origin. These rules, which are established in Chapter Four of the NAFTA, specify the production processes that must occur in the NAFTA territory in order for a product to be eligible for NAFTA treatment. For example, a product imported into one NAFTA country from outside North America, then shipped onward to another NAFTA country may not qualify for duty-free treatment. In addition, the good must satisfy all other applicable requirements of Chapter Four of NAFTA.

The NAFTA rules of origin have been modified several times since the agreement entered into force. For the most up-to-date information on tariffs and rules of origin, please see the links provided at the end of this document.

As provided in Article 502 of NAFTA, when an importer claims preferential tariff treatment for a good imported into its territory, each Party shall require that the importer make a written declaration, based on a valid Certificate of Origin, that the good qualifies as an originating good; have the Certificate in its possession at the time the declaration is made; and provide, on the request of that Party’s customs administration, a copy of the Certificate.

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Where a good would have qualified as an originating good when it was imported into the territory of a Party but no claim for preferential tariff treatment was made at that time, the importer of the good may, no later than one year after the date on which the good was imported, apply for a refund of any excess duties paid as the result of the good not having been afforded preferential tariff treatment. The importer must present a written declaration that the good qualified as an originating good at the time of importation; a copy of the Certificate of Origin; and such other documentation relating to the importation of the good as that Party may require.

### **What language should be used to complete the NAFTA Certificate of Origin?**

A uniform Certificate of Origin is used in all three countries and is printed in English, French or Spanish. The Certificate shall be completed in the language of the country of export or the language of the importing country, at the exporter's discretion. Importers must submit a translation of the Certificate to their own customs administration when requested.

### **When should I complete the Certificate of Origin?**

A NAFTA Certificate of Origin is not required for the commercial importation of a good valued at less than US\$1,000 or its equivalent amount in the Party's currency. However, for goods to qualify for NAFTA preferential duties, the invoice accompanying the commercial importation must include a statement certifying that they qualify as originating goods under the NAFTA rules of origin. The statement should be handwritten, stamped, typed on or attached to the commercial invoice.

Once an exporter determines that the exported good will meet the NAFTA rules of origin, and all other applicable requirements, a NAFTA Certificate of Origin must be completed accurately and legibly in full according to the instructions of the Certificate. While the Certificate does not have to accompany the shipment, the importer must have a copy of the Certificate in hand before claiming the NAFTA tariff preference at customs. Certificates of Origin may, at the discretion of the exporter, cover a single importation of goods or multiple importations of identical goods.

In some cases, an exporter may not have the NAFTA Certificate of Origin ready at the time of export; however, the importer still has up to one year after the goods go through customs to make a claim for the NAFTA tariff preference and to apply for a refund of duties paid at the time of entry.

### **Who is responsible for determining if the product qualifies under NAFTA and for completing the certificate?**

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The Certificate of Origin must be completed and signed by the exporter of the goods – thereby certifying the goods are NAFTA eligible. Where the exporter is not the producer, the exporter may complete the Certificate on the basis of knowledge that the good originates; reasonable reliance on the producer’s written representation that the good originates or a completed and signed Certificate of Origin for the good voluntarily provided to the exporter by the producer.

Exporters who are not producers often request that their producers or distributors provide them with a NAFTA Certificate of Origin as proof that the final good, or an input used in the manufacture of the final good meets the applicable rule of origin. The NAFTA does not obligate a producer who is not an exporter to provide the exporter with a NAFTA Certificate of Origin. However, if the non-exporting producer does complete the NAFTA Certificate of Origin, then the producer is subject to the same obligations regarding recordkeeping and other obligations, as is the exporter. In this situation, the exporter must provide its own certificate (not the non-exporting producer’s certificate) to the importer. The producer’s statement should be kept in the files of the exporter as backup for its own certificate.

### **How long should copies of the Certificate of Origin be retained?**

In the United States, the exporter is required to retain either the original or a copy of the Certificate for five years from the date of signature. The importer is required to retain the Certificate and all other relevant documentation for five years after the importation of the goods. Adequate records relating to the goods, and their materials and production must support the facts asserted in the Certificate. Mexican exporters must maintain a copy of the Certificate for five years. Canadian importers and exporters are required to keep the Certificate for six years from the time of the transaction for the importer and six years from the date of signing for the Canadian exporter.

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## **FOR MORE INFORMATION**

### **UNITED STATES**

For trade policy information: The Office of the U.S. Trade Representative

<http://www.ustr.gov>

For information on the Certificate of Origin: U.S. Customs and Border Protection

<http://www.cbp.gov>

For information on U.S. tariffs and the rules of origin: The U.S. International Trade Commission

<http://www.usitc.gov>

For information about export assistance: The U.S. Department of Commerce

<http://www.export.gov>

### **CANADA**

For information on Canadian tariffs: The Canada Border Services Agency

<http://www.cbsa-asfc.gc.ca/menu-eng.html>

For information on the rules of origin: The Department of Justice Canada; Canada's Laws and Statutes

<http://laws-lois.justice.gc.ca/eng/index.html>

### **MÉXICO**

For trade policy information: Secretaría de Economía

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

For information on tariffs:

<http://www.siavi.economia.gob.mx/>

For information on the Certificate of Origin:

[http://www.economia.gob.mx/files/comunidad\\_negocios/industria\\_comercio/CertificadosOrigenelectronicos.pdf](http://www.economia.gob.mx/files/comunidad_negocios/industria_comercio/CertificadosOrigenelectronicos.pdf)