

Non-originating materials are:

a) materials or components imported from a non-NAFTA country; or

b) materials produced in a NAFTA country but, because of the high level of offshore input used in them, they do not meet their respective rule of origin in their own right.

Indirect materials (see page 5) are always treated as originating.

Note: Any material of unknown or unconfirmed origin must be treated as non-originating.

MATERIALS AND COMPONENTS: VALUATION

In most cases, the value of a material will be the price actually paid for it.

If not included in the price paid for the material, certain other costs relating to freight, insurance, packing, duties, taxes, customs brokerage and waste and spoilage may be included in the value. Essentially, the value of a material is the total amount it costs a producer to purchase the material and get it to the production site.

In some circumstances, the value will be determined or adjusted in accordance with the customs valuation code.

CHANGING THE METHOD OF RVC CALCULATION

If one selects the transaction value method, and is advised by customs authorities that the transaction value of the good (or the value of any material used in the production of the good) will not be accepted or will be adjusted, the producer or exporter may then elect to use the net cost method.

However, if the net cost method is selected initially, a producer or exporter cannot later use the transaction value method if the result using net cost is unfavourable.

ADDITIONAL RULE

ACCUMULATION

A good may be produced partly in one NAFTA country and completed in another. For the purposes of determining whether a good meets a tariff classification change or a regional value content test, the production done in both countries can be treated as though it occurred in one.