

**CHAPTER THREE****Rules of Origin****RULES FOR ORIGINATING GOODS****Article 3.1: Basic Rules for Originating Goods**

Except as otherwise provided in this Chapter, a good shall originate in the territory of a Party where:

- (a) the good is wholly obtained or produced entirely in the territory of one or both of the Parties, as defined in Article 3.13;
- (b) each of the non-originating materials used in the production of the good undergoes an applicable change in tariff classification set out in the rule for that good in Annex 3.1, and the good satisfies any other applicable requirement set out in that rule, as a result of production occurring entirely in the territory of one or both of the Parties;
- (c) the good satisfies, as a result of production occurring entirely in the territory of one or both of the Parties, the applicable requirements set out in the rule for the good in Annex 3.1 where no change in tariff classification is required in that rule;
- (d) the good is produced entirely in the territory of one or both of the Parties exclusively from originating materials; or
- (e) except for a good provided for in Chapters 61 through 63 of the Harmonized System, the good is produced entirely in the territory of one or both of the Parties but one or more of the non-originating materials provided for as parts under the Harmonized System that are used in the production of the good do not undergo a change in tariff classification because:
  - (i) the heading for the good provides for and specifically describes both the good itself and its parts and is not further subdivided into subheadings, or
  - (ii) the subheading for the good provides for and specifically describes both the good itself and its parts, provided that at least one category of identical or similar materials provided for in that heading or subheading be originating;

and the good satisfies all other applicable requirements of this Chapter.

**Article 3.2: De Minimis Rule for Originating Goods**

1. Except as provided in paragraphs 2 and 3, a good shall also originate in the territory of a Party where the value of all the non-originating materials used in the production of a good that do not undergo an applicable change in tariff classification set out in the rule for the good in Annex 3.1 is not more than ten per cent of the value of the good, adjusted to an F.O.B. basis at the point of direct shipment, provided that the good satisfies all other applicable requirements of this Chapter.