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North American Free Trade Agreement (NAFTA)

North American Free Trade Agreement (NAFTA) established a free-trade zone in North America; it was signed in 1992 by Canada, Mexico, and the United States and took effect on Jan. 1, 1994. NAFTA immediately lifted tariffs on the majority of goods produced by the signatory nations. It also calls for the gradual elimination, over a period of 15 years, of most remaining barriers to cross-border investment and to the movement of goods and services among the three countries.

The following U. S. NAFTA Web Site information is advisory only. The site is not responsible for damages caused by following the links and any information contained therein.

- ▶ **Advance Rulings**
An advance ruling is a written document received from the customs authority from a NAFTA country. It provides binding information on specific NAFTA questions you may have about future imports of goods into Canada, Mexico and the United States.
- **Annex 401**
- 12/14/2009
Annex 401 of the NAFTA provides the specific rule of origin that is applied to determine whether a good qualifies as an originating good under the terms of the NAFTA.
- **Appeals**
These procedures are used by importers, exporters or producers of goods to request a second review of NAFTA decisions given by the customs administrations.
- ▶ **Certificate of Origin**
This is a trilaterally agreed upon form used by Canada, Mexico, and the United States to certify that goods qualify for the preferential tariff treatment accorded by NAFTA. The Certificate of Origin must be completed by the exporter. A producer or manufacturer may also complete a certificate of origin in a NAFTA territory to be used as a basis for an Exporter's Certificate of Origin. To make a claim for NAFTA preference, the importer must possess a certificate of origin at the time the claim is made.
- **Claiming Preferential Treatment**
A claim for preferential treatment is usually made at the time of importation on the customs document used by the importing country. The Agreement allows NAFTA claims up to one year from the date of importation. The procedures for presenting a NAFTA claim are different in Canada, Mexico, and the United States.
- **Commercial Samples**
Under NAFTA, commercial samples can be imported duty free if the value, individually or together shipped, does not to exceed US \$1, or the equivalent amount in Canadian or Mexican currency, or if they are marked torn, perforated, or otherwise unsuitable for sale or use except as commercial samples.
- ▶ **Commodity Specific Information**
This section contains NAFTA specific information on certain traded commodities.
- **Confidentiality**
(Article 507(1)) of the NAFTA, requires that each country protect the confidentiality of confidential business information provided to them in the course of conducting government business. In addition, the governments of Canada, Mexico and the United States must ensure that this business information is not disclosed to third parties and does not prejudice the competitive positions of the persons providing the information.
- ▶ **Country of Origin Marking**
Country of origin marking is used to clearly indicate to the ultimate purchaser of a product where it is made. NAFTA marking rules are also used to determine the rate of duty, staging and country of origin applicable for NAFTA goods.
- **Currency Conversion – 19 CFR Part 181, Appendix Part 1, Section 3** *featured see also*
Currency conversion is a means to determine the value of a good or material when currency is expressed in a currency other than that of the producer. The currency used in Canada is the Canadian dollar. In Mexico, it is the peso. The United States uses the American dollar.
- **Customs Procedures**
This topic includes various subjects such as Certificate of Origin, Advance Rulings, NAFTA Claims, Verifications, Determinations, and Appeals to name a few. This information is gathered from a variety of Customs published documents.
- **Denial of Benefits**
Under NAFTA, the importing country has the right to deny NAFTA benefits if you do not follow the NAFTA regulations. Benefits may also be denied if it is determined that an imported good does not qualify as originating in one of the NAFTA countries.
- **Determinations**
Determinations are issued by the customs administrations as a result of a NAFTA verification. Determinations are binding on the exporter and/or producer and may be appealed.
- **Drawback**
Drawback is a refund, reduction or waiver in whole or in part of Customs duties collected upon importation of an article or materials which are subsequently exported. Under NAFTA, this refunded amount is the lesser of the amount of duties paid upon importation into the NAFTA territory and the total amount paid on the finished good is the NAFTA country to which it is exported. Drawback became effective for trade between Canada and the United States on January 1, 1996, and for trade between Mexico, the United States and Canada, this program became effective on January 1, 2001.
- ▶ **Duty Deferral**
Country of origin marking is used to clearly indicate to the ultimate purchaser of a product where it is made. NAFTA marking rules are also used to determine the rate of duty, staging and country of origin applicable for NAFTA goods.

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- ▶ **on cbp.gov:**
 - [3810-014A The Certificate of Origin for the North American Free Trade Agreement \(NAFTA\): Procedural Updates, and New Acceptable Formats \(pdf - 41 KB.\)](#)
 - [Nonimmigrant Trade NAFTA Professional \(TN\)](#)

- ▶ **on the web:**
 - [General Note 12\(t\), Harmonized Tariff Schedule of the United States](#)
 - [Currency Conversion – 19 CFR Part 181, Appendix Part 1, Section 3](#)
 - [Objectives - Article 102 of the NAFTA](#)
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What's New
in Trade

▶ **Duties (Tariff Elimination) and Fees**

Goods brought into Canada, Mexico and the United States are subject to customs duties and taxes. Each country has its own rate of duties. The amount of duties charged is based on the harmonized tariff system classification number of the good, value and origin.

A customs user fee is an amount of money charged for processing goods through customs. NAFTA allows the Parties to maintain existing merchandise processing fees, however, no Party may adopt customs user fees for originating goods.

- **Intellectual Property Rights**

NAFTA details specific conditions regarding the nature and scope of responsibility with respect to intellectual property rights of the United States, Mexico, and Canada. Intellectual property rights refers to copyright and related rights, trademark rights, patent rights, rights in layout designs of semiconductor integrated circuits, trade secret rights, plant breeders' rights, rights in geographical indications and industrial design rights.

- **Laboratory Standards**

List of harmonized laboratory methods accepted by the customs laboratories of Canada, Mexico and the United States for determining the specified physical and chemical properties for customs processing including admissibility and classification within the Harmonized Tariff System.

▶ **NAFTA: A Guide to Customs Procedures**

This guide was designed to only provide general information on the North American Free Trade Agreement. Detailed information and advance rulings should be obtained from the sources listed in chapter 15 of this guide, particularly from the customs administration of each NAFTA country.

▶ **NAFTA Public Law & Legislative History**

- **NAFTA Rulings**

NAFTA rulings are specific rulings issued by the customs authority on NAFTA issues.

▶ **NAFTA Verification/Audit Manual**

The NAFTA Verification/Audit Manual is developed to support the verification of goods for which NAFTA preferential tariff treatment has been claimed comply with the rules of origin. This trilateral guide details the recommended technical verification framework to be observed by each Party when conducting NAFTA verifications. This trilaterally agreed upon manual also provides significant automobile information.

- **North American Free Trade Agreement**

The term "Agreement" refers to the North American Free Trade Agreement. It is the actual text of the preferential trade agreement between Canada, Mexico and the United States as implemented January 1, 1994.

- **Objectives - Article 102 of the NAFTA**  *featured see also*

The North American Free Trade Agreement (NAFTA), is a comprehensive agreement that came into effect on January 1, 1994, creating the world's largest free trade area. Article 102 of the Agreement details the objectives of NAFTA. Among its main objectives is the liberalization of trade between Canada, Mexico and the United States, stimulate economic growth and give the NAFTA countries equal access to each other's markets.

▶ **Packaging**

Under NAFTA, packaging and packing are used in different contexts. Packing refers to the materials and containers used to protect a good during transportation, but does not include packaging materials and containers.

- **Penalties**

Under NAFTA, Canada, Mexico or the United States may impose criminal, civil or administrative penalties for violation of their laws and customs procedures.

▶ **Post Importation NAFTA Claims**

Generally, NAFTA claims are made at the time of importation. However, NAFTA allows for a NAFTA claim to be made by the importer within one year from the date of importation.

- **Recordkeeping**

All records related to a preferential duty claim under NAFTA must be kept for a minimum of five years.

▶ **Repairs and Alterations**

Under NAFTA, Canada, Mexico and the United States does not assess customs duties on goods that are imported/exported within the NAFTA territories for repairs or alterations regardless of origin.

▶ **Resources**

A list of resources where you can find information on NAFTA.

▶ **Rules of Origin (Preference Criteria)**

Rules of Origin includes both the General Rules of Origin used to determine whether or not a good or material is eligible for NAFTA preferential treatment and the Specific Rules of Origin used to determine if a foreign material becomes originating in the NAFTA territories.

- **Standards Document - Regulatory Standards for Implementation of the North American Free Trade Agreement (Sept. 6, 1995 Federal Register)**

The Standards document sets forth the uniform regulatory standards adopted by Canada, Mexico and the United States for purposes of implementing the preferential tariff treatment and other customs-related provisions of the NAFTA.

 doc - 135 KB.

- **Temporary Importations**

Article 305 of the NAFTA provides for the duty-free temporary importation of the certain classes of goods.

- **Transshipment**

Under limited specific circumstances, NAFTA allows goods to leave the NAFTA territories and re-enter the territories with a NAFTA claim.

- **Value (NAFTA)**

This section covers specifics on calculating NAFTA value, determining the regional value content of goods and materials, regional value content for automobiles, etc.

▶ **Verifications**

Verifications is the process used to by the customs authorities to determine

whether a good qualifies as NAFTA originating when a preferential duty rate has been claimed.

- [General Note 12\(t\), Harmonized Tariff Schedule of the United States](#)  *featured see also*
09/22/2009

- [3810-014A The Certificate of Origin for the North American Free Trade Agreement \(NAFTA\); Procedural Updates, and New Acceptable Formats](#)  *featured see also*
- 07/26/2005

NAFTA Certificate of Origin Procedures

 pdf - 41 KB.

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