

Summary of U.S.-Chile FTA Rules of Origin Chapter

The following is not an exhaustive outline of the provisions contained in the Origin Regime Chapter.

Article 1: Definitions

Defines terms used throughout the chapter.

Article 2: Criteria for Qualification of Goods as Originating

Provides three criteria under which goods will generally be considered to be originating goods: 1) wholly obtained or produced in the territory; 2) non-originating materials undergo the requisite change in tariff classification, the good meets any applicable regional value content requirement and the good satisfies all other requirements of the chapter; or 3) produced in the territory entirely from originating materials.

Clarifies that simple combining or packaging operations or mere dilution with water or with another substance that does not materially alter the characteristics of the good or material will not confer origin.

Article 3: Regional Value Content

Provides two methods, for calculating regional value content, the ABuild-down method@ based on the value of non-originating materials used, and the ABuild-up method@ based on the value of originating materials used.

Article 4: Accessories, Spare Parts and Tools

Provides that accessories, spare parts and tools delivered with a good shall be considered as a material of that good provided they are classified with the good, are not separately invoiced from the good, and their quantities and values are customary for the good.

Article 5: Fungible Goods and Materials

Provides that the determination of whether fungible goods or materials are originating shall be made by either physical segregation of each good or material or through the use of inventory management methods.

Article 6: Accumulation

Allows the accumulation of originating goods or materials from the territory of the

Parties.

Article 7: De Minimis

Provides a de minimis exception to the change in tariff classification criteria.

Establishes certain types of materials that will not receive the benefits of the de minimis exception.

Article 8: Indirect Materials Used in Production

Provides that indirect materials are considered to be originating materials regardless of where they are produced.

Article 9: Packaging Materials and Containers for Retail Sale

Provides that packing materials and containers for retail sale that are classified with the good are disregarded in determining whether the good meets the tariff shift rule but are considered in determining whether the good meets the regional value content requirement.

Article 10: Packing Materials and Containers for Shipment

Provides that packing materials and containers for shipment are disregarded in determining whether a good meets the tariff shift rule or satisfies the regional value content requirement.

Article 11: Transit and Transshipment

Establishes that a good will not be considered to be an originating good if it undergoes subsequent production outside the territories of the Parties but allows unloading, reloading or other processes necessary to preserve or transport the good.

Article 12: Certification of Origin

Establishes that the certificate of origin may be issued by the importer, exporter or producer.

Establishes that the certificate of origin may cover one importation of one or more goods or several importations of identical goods.

Establishes that a certificate of origin is valid for four years.

Establishes that certificates of origin may be completed in English or Spanish.

Establishes a method for filing claims for preferential treatment within one year of importation.

Article 13: Exceptions

Provides exceptions to the certificate of origin requirement for goods of low value.

Article 14: Obligations Relating to Importations

Provides that each Party shall require an importer that claims preferential tariff treatment to make a written declaration that the good qualifies as an originating good, submit upon request the certificate of origin or other information to support the claim, promptly correct erroneous declarations and demonstrate upon request that applicable requirements have been met.

Requires importers to retain the certificate of origin and all other documentation which supports the claim for preferential treatment for five years.

Article 15: Procedures for Verification of Origin

Requires that denials of preferential treatment be issued in writing and contain the facts and laws relied upon in making the determination.

Provides that an importer who voluntarily corrects a declaration shall not be penalized for making an incorrect declaration.

Provides that verification of more than one false certification by an importer may result in preferential tariff treatment being denied to identical goods of that importer until compliance has been established.

Article 16: Obligations Relating to Exportations

Establishes that an exporter or producer issuing a certificate of origin will provide a copy of these documents to the customs administration of the exporting Party upon request.

Requires an exporter or producer issuing a certificate of origin to retain all the records related to the origin of the goods for five years.

Provides that an exporter or producer issuing a certificate of origin that has reason to believe that the certificate contains incorrect information shall notify in writing every person to whom a certificate has been issued of any change that could affect the accuracy or validity of the certificate of origin without threat of penalty.

Article 17: Common Guidelines

Requires the Parties to publish guidelines for the interpretation, application, and administration of the chapters on Market Access, Rules of Origin and other agreed matters.