

Proposed NAFTA Rules of Origin Modifications: Will Your Products Be Affected?

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On March 28, 2013, the U.S. International Trade Commission (Commission) announced an investigation into the economic effects of a wide-ranging set of proposed changes to the rules of origin laid out in the North American Free Trade Agreement (NAFTA). These changes may affect eligibility for duty-free status for companies with NAFTA-country production or assembly operations, as well as companies that import and export goods among the three NAFTA countries.

The proposed changes cover many different products, but are especially sweeping with respect to:

- turbines, turbojets, internal combustion piston engines and other engines and motors
- pharmaceuticals and medical devices
- cellular telephones and non-cellular telephone handsets
- chemical products (both organic and inorganic)
- photographic and cinematographic films and plates (including x-ray films/plates)
- glass, rubber and cork products
- base metals and base metal products, other than of iron and steel
- many different kinds of machinery, including laptop computers and measurement equipment

Depending on the affected product, the proposed changes may make it either easier or more difficult for companies to obtain the benefits of duty-free imports and exports among the United States,

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Canada and Mexico. Companies that currently have NAFTA-country production or assembly operations, or import or export products and/or inputs to and from the three NAFTA countries, should take steps to ascertain whether the proposed changes will impact their goods' NAFTA eligibility.

The Commission intends to accept comments from interested parties regarding the economic effects of the proposed changes through June 4, 2013. For more information on the proposed changes to the NAFTA rules of origin, including assistance in determining the effects for your products and preparing appropriate comments, please contact the attorney below.