
4. RULES OF ORIGIN

Mexico's main objective

- Modernizing provisions on “Originating goods” contained in NAFTA in order to align them with newer disciplines negotiated in recent trade agreements.

Benefits for Mexico

- Preservation of rules to designate Originating Goods. The new terms agreed provide a clearer set of application rules.

Benefits for USA (USTR)

- To remove the legal loopholes on the designation of originating goods in the North America region.

Chapter's main provisions

- Provides clear and specific norms for the designation of originating goods in order to qualify for a negotiated tariff preference **(Article 4.2)**.
- A provision on remanufacturing goods was included with the purpose of facilitating the rising business models based on recycling, in the sense of recognizing the original nature of materials, parts or components that were recovered and disassembled for later remanufacturing **(Article 4.4)**.
- Includes methods to be used by importers, exporters and producers to determine the Regional Content Value (RCC) of a commodity **(Article 4.5)**.
- The "Accumulation" clause or principle enables the recognition of materials and processes carried out in any signatory country as “originating” **(Article 4.11)**.
- *De Minimis* provisions are updated in order to increase the current threshold but not exceeding 10%. This level corresponds to the threshold agreed amongst trading partners **(Article 4.12)**.
- New provisions related to sets and composite goods are incorporated to ensure their origin fulfillment **(Article 4.17)**.
- The product-specific rules of origin are detailed by product, including motor vehicles, tractors, velocipedes and other land vehicles, their parts and accessories **(Annex 4-B)**.