



Ottawa, November 18, 2004

MEMORANDUM D11-4-13

In Brief

RULES OF ORIGIN FOR CASUAL GOODS REGULATIONS

This Memorandum has been revised to include references to the Canada-Costa Rica Free Trade Agreement (CCRFTA).



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RULES OF ORIGIN FOR CASUAL GOODS REGULATIONS

This Memorandum contains the rules of origin regulations used to determine the entitlement of casual goods to preferential tariff treatment under the North American Free Trade Agreement (NAFTA), the Canada-Israel Free Trade Agreement (CIFTA), the Canada-Chile Free Trade Agreement (CCFTA) and the Canada-Costa Rica Free Trade Agreement (CCRFTA). There are separate regulations for each of these four agreements and all four sets of regulations are reproduced in this Memorandum. This Memorandum also contains guidelines respecting the administration of the regulations.

REGULATIONS

REGULATIONS RESPECTING THE DETERMINATION OF THE ORIGIN OF CASUAL GOODS FOR THE PURPOSE OF DETERMINING ENTITLEMENT TO THE BENEFIT OF THE UNITED STATES TARIFF OR THE MEXICO TARIFF

Short Title

1. These Regulations may be cited as the *NAFTA Rules of Origin for Casual Goods Regulations*.

Interpretation

2. In these Regulations, “casual goods” means goods other than goods imported for sale or for any industrial, occupational, commercial or institutional or other like use. (*marchandises occasionnelles*)

Casual Goods

3. Casual goods that are acquired in the United States
 - (a) are deemed to originate in the United States and are entitled to the benefit of the United States Tariff if
 - (i) the marking of the goods is in accordance with the marking laws of the United States and indicates that the goods are the product of the United States or Canada, or
 - (ii) the goods do not bear a mark and there is no evidence to indicate that the goods are not the product of the United States or Canada; and

(b) are deemed to originate in Mexico and are entitled to the benefit of the Mexico Tariff if the marking of the goods is in accordance with the marking laws of the United States and indicates that the goods are the product of Mexico.

4. Casual goods that are acquired in Mexico

(a) are deemed to originate in Mexico and are entitled to the benefit of the Mexico Tariff if

- (i) the marking of the goods is in accordance with the marking laws of Mexico and indicates that the goods are the product of Mexico or Canada, or
- (ii) the goods do not bear a mark and there is no evidence to indicate that the goods are not the product of Mexico or Canada; and

(b) are deemed to originate in the United States and are entitled to the benefit of the United States Tariff if the marking of the goods is in accordance with the marking laws of Mexico and indicates that the goods are the product of the United States.

CIFTA RULES OF ORIGIN FOR CASUAL GOODS REGULATIONS

Interpretation

1. In these Regulations, “casual goods” means goods other than goods imported for sale or for an industrial, occupational, commercial or institutional or other like use. (*marchandises occasionnelles*)

Casual Goods

2. Casual goods that are acquired in Israel or another CIFTA beneficiary are deemed to originate in Israel or another CIFTA beneficiary and are entitled to the benefit of the Canada-Israel Free Trade Agreement Tariff if
 - (a) the marking of the goods is in accordance with the marking laws of Israel or another CIFTA beneficiary and indicates that the goods are the product of Canada, Israel or another CIFTA beneficiary; or
 - (b) the goods do not bear a mark and there is no evidence to indicate that the goods are not the product of Canada, Israel or another CIFTA beneficiary.

CCFTA RULES OF ORIGIN FOR CASUAL GOODS REGULATIONS

Interpretation

1. In these Regulations, “casual goods” means goods other than goods imported for sale or for an industrial, occupational, commercial or institutional or other like use. (*marchandises occasionnelles*)

Casual Goods

2. Casual goods that are acquired in Chile are deemed to originate in Chile and are entitled to the benefit of the Chile Tariff if

(a) the marking of the goods is in accordance with the marking laws of Chile and indicates that the goods are the product of Chile or Canada; or

(b) the goods do not bear a mark and there is no evidence to indicate that the goods are not the product of Chile or Canada.

CCRFTA RULES OF ORIGIN FOR CASUAL GOODS REGULATIONS

Interpretation

1. In these Regulations, “casual goods” means goods other than goods imported for sale or for an industrial, occupational, commercial or institutional or other like use.

Casual Goods

2. Casual goods that are acquired in Costa Rica are deemed to originate in Costa Rica and are entitled to the benefit of the Costa Rica Tariff if

(a) the marking of the goods is in accordance with the marking laws of Costa Rica and indicates that the goods are the product of Costa Rica or Canada; or

(b) the goods do not bear a mark and there is no evidence to indicate that the goods are not the product, of Costa Rica or Canada.

GUIDELINES AND GENERAL INFORMATION

1. For purposes of this Memorandum, the term “Regulations” shall mean a reference to the *NAFTA Rules of Origin for Casual Goods*, the *CIFTA Rules of Origin for Casual Goods*, the *CCFTA Rules of Origin for Casual Goods* and the *CCRFTA Rules of Origin for Casual Goods*.

2. For purposes of the “Regulations” for NAFTA, CIFTA, CCFTA and CCRFTA, casual goods may be goods accompanying an importer or traveller arriving in Canada, or they may be parcels addressed to individual recipients in Canada, provided they meet the definition of casual goods set out in the “Regulations”; i.e., the goods are not intended for sale or for any industrial, occupational, commercial, institutional, or other like use.

3. Casual goods, as defined in the NAFTA, CIFTA, CCFTA and CCRFTA “Regulations”, are considered originating for purposes of any one of these Agreements where:

(a) the goods are marked as originating in Canada;

(b) the goods are originating in another country that is a Party to that Agreement, and the marking is in accordance with the marking legislation of that other Party; or

(c) the goods have no country of origin marking but there is no evidence that the goods are the product of a country which is not a Party to the Agreement in question.

4. In addition, under NAFTA, casual goods acquired in the United States are eligible for the Mexico Tariff treatment if they are marked so as to indicate that they are a product of Mexico and they are marked in accordance with U.S. marking legislation. Similarly, casual goods acquired in Mexico are eligible for the United States Tariff treatment if they are marked so as to indicate that they are a product of the United States and they are marked in accordance with Mexican marking legislation.

5. To be eligible for preferential tariff treatment under CIFTA, casual goods must enter Canada, or be directly shipped to Canada, from the territory of Israel as defined in CIFTA. To be eligible for preferential tariff treatment under CCFTA, casual goods must enter Canada, or be directly shipped to Canada, from the territory of Chile as defined in CCFTA. Finally, to be eligible for preferential tariff treatment under CCRFTA, casual goods must enter Canada, or be directly shipped to Canada, from the territory of Costa Rica as defined in CCRFTA.

6. Marking imported goods in a deceptive manner, or altering or removing marks, so as to mislead another person as to the country of origin, is considered an offence under paragraph 153(c) of the *Customs Act*. This paragraph prohibits any action that evades or attempts to evade the

payment of duties. An offence under section 153 of the *Customs Act* is subject to sanctions under section 160 of the Act.

7. For purposes of NAFTA, CIFTA, CCFTA and CCRFTA, the *Proof of Origin of Imported Goods Regulations* exempts importers of casual goods from the requirement to present a Certificate of Origin for the goods or to make a declaration of origin attesting to possession of a certificate. *The Proof of Origin of Imported Goods Regulations* are set out in D11-4-2, *Proof of Origin*.

8. Further information concerning the NAFTA, CIFTA, CCFTA and CCRFTA "Regulations" for casual goods may be obtained from the Client Services offices at any regional customs office.

REFERENCES

<p>ISSUING OFFICE –</p> <p>Origin and Valuation Division Admissibility Branch</p>
<p>LEGISLATIVE REFERENCES –</p> <p><i>Customs Tariff</i>, subsection 16(2) P.C. 1993-2093, December 15, 1993 P.C. 1996-2077, December 30, 1996 P.C. 1997-954, July 4, 1997 P.C. 2002-1860, October 31, 2002</p>
<p>SUPERSEDED MEMORANDA “D” –</p> <p>D11-4-13, June 5, 1998</p>

<p>HEADQUARTERS FILES –</p> <p>4571-11-2</p>
<p>OTHER REFERENCES –</p> <p>D11-4-2</p>

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