



Goods Produced Exclusively Originating Materials

Find out how it's different from the “Wholly Obtained or Produced” and “Tariff Shifts and Regional Value Contents” provisions.



Goods Produced Exclusively from Originating Materials

The simplest way to understand this provision is to explain how it is different from the “Wholly Obtained or Produced” and “Tariff Shifts and Regional Value Contents” provisions.

For the goods to be produced entirely in the territory of one or more of the Parties exclusively from originating materials, it would mean that some of the material was obtained outside the party and was made originating by satisfying either a tariff shift or a regional value content.

This is different than “Wholly Obtained and Produced” provision because when using this provision none of the material can originate outside one of the FTA parties. This is also different from a tariff shift or regional value content provision, because it focuses on the “material” of the good that is being exported and not the good itself.

Let’s take a bamboo skateboard manufactured in an FTA party as an example to explain this provision. In this example, the bamboo wood comes from a country outside the FTA parties, but it is substantially transformed into a skateboard frame making the frame an “originating material.” If the skateboard manufacturer uses this bamboo wood frame and no other non-originating materials, the skateboard would qualify based using the goods produced exclusively from originating materials provision.

However, let’s say this manufacturer also imports the skateboard’s wheels from a country outside the FTA parties, the skateboard manufacturer will no longer be able to use this provision – it would have to try to qualify the skateboard itself since the wheels are not an “originating material”.