



Ottawa, April 4, 2013

# MEMORANDUM D11-4-3

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## In Brief

### **RULES OF ORIGIN RESPECTING THE MOST-FAVOURED-NATION TARIFF**

1. This memorandum has been revised in order to provide a link to the official version of the *Most-Favoured-Nation Tariff Rules of Origin Regulations*. The *Rules of Most-Favoured-Nation Tariff Rules of Origin Regulations* are no longer fully excerpted in this memorandum.
2. The editing revisions made in this memorandum do not affect or change any of the existing policies or procedures.





Ottawa, April 4, 2013

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## RULES OF ORIGIN RESPECTING THE MOST-FAVOURED-NATION TARIFF

This memorandum contains a link to the official version of the *Most-Favoured-Nation Tariff Rules of Origin Regulations*. The memorandum also contains guidelines regarding the proof of origin and shipping requirements for the Most-Favoured-Nation (MFN) tariff treatment.

### REGULATIONS

The official version of the *Most-Favoured-Nation Tariff Rules of Origin Regulations* may be found on the Department of Justice website at: <http://laws-lois.justice.gc.ca/eng/regulations/SOR-98-33/page-1.html>.

### GUIDELINES AND GENERAL INFORMATION

#### General

1. MFN beneficiary countries are set out in the List of Countries of the *Customs Tariff*.
2. Goods that originate in countries not set out in the List of Countries of the *Customs Tariff* and goods that do not satisfy the MFN rules of origin are subject to the General Tariff rate of customs duty. Goods originating in North Korea are not entitled to the MFN tariff rates.

#### Rules of Origin

3. To qualify for the MFN tariff treatment, at least 50% of the cost of production of the goods must be incurred in one or more MFN beneficiary countries or Canada. Canadian content may be included as MFN originating in the calculation of the 50% requirement.
4. Cost of production may include:
  - (a) materials (exclusive of duties and taxes);
  - (b) labour; and
  - (c) factory overhead.
5. The goods must be finished in a MFN beneficiary country in the form in which they were imported into Canada.

#### Proof of Origin

6. Proof of origin for MFN tariff treatment must be presented in the form of:

- (a) a commercial invoice or Canada Customs Invoice, prepared by the vendor indicating the country of origin of the goods, or
- (b) any other documentation indicating the country of origin of the goods, as outlined in Memorandum D11-4-2, *Proof of Origin*.

7. Proof of origin must be presented at the times set out Section 13 of in the *Proof of Origin of Imported Goods Regulations* as found in Memorandum D11-4-2.

#### Shipping Requirements

8. The goods must be shipped directly from a MFN beneficiary country to a consignee in Canada on a through bill of lading (TBL).
9. Transshipment through any intermediate country is allowed provided:
  - (a) the goods remain under customs transit control in the intermediate country;
  - (b) the goods do not undergo any operation in the intermediate country other than unloading, reloading, splitting up of loads, or operations required to keep the goods in good condition;
  - (c) the goods do not enter into trade or consumption in the intermediate country; and
  - (d) the goods do not remain in temporary storage in the intermediate country for a period exceeding six months.

#### Additional Information

10. For more information, within Canada call the Border Information Service at **1-800-461-9999**. From outside Canada call 204-983-3500 or 506-636-5064. Long distance charges will apply. Agents are available Monday to Friday (08:00 – 16:00 local time/except holidays). TTY is also available within Canada: **1-866-335-3237**.

**REFERENCES**

|   |   |
|---|---|
| <b>ISSUING OFFICE –</b><br><br>Trade Programs Directorate   | <b>HEADQUARTERS FILE –</b><br><br>4570-3, 4570-10 |
| <b>LEGISLATIVE REFERENCES –</b><br><br><i>Customs Tariff</i><br>P.C. 1997-2004, December 29, 1997<br>P.C. 2001-374, March 15, 2001<br>P.C. 2009-129, January 29, 2009 | <b>OTHER REFERENCES –</b><br><br>D11-4-2          |
| <b>SUPERSEDED MEMORANDA “D” –</b><br><br>D11-4-3, May 8, 2009   |   |

Services provided by the Canada Border Services Agency  
are available in both official languages.



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