

# The **Master Lock** Company

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## NAFTA Certification

Updated: November 30, 2017

***Preamble:** NAFTA Certification is a trilaterally agreed upon process used by Canada, Mexico, and the United States to certify that goods qualify for the preferential tariff treatment accorded by NAFTA. The Certificate of Origin must be completed by the exporter. A producer or manufacturer may also complete a certificate of origin in a NAFTA territory to be used as a basis for an Exporter's Certificate of Origin. To make a claim for NAFTA preference, the importer must possess a certificate of origin at the time the claim is made. ([www.cpb.gov](http://www.cpb.gov))*

Master Lock Company LLC is required by customs to have a NAFTA Certificate of Origin for each product (SKU/Part Number) that we import from either Mexico or Canada. It is the Supplier's responsibility to provide this completed form for each SKU provided – reissued on a yearly basis.

All NAFTA Certification materials should be sent to Ms. Silke Rees:

Silke Rees ([srees@mlock.com](mailto:srees@mlock.com))

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The NAFTA Guidelines for Completion and Certificate of Origin follow.



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## Guidelines on Completing the NAFTA Certificate of Origin

All fields included in the NAFTA Certificate of Origin must be completed. If the Certificate contains an incomplete field, the Customs administration of the importing country may not honor it. The NAFTA Certificate of Origin is a difficult document to complete correctly. The Following are a number of guidelines that exporters and producers should consider when completing the NAFTA Certificate of Origin.

### **Field 1 – Exporters name and address**

State the full legal name, address (including country) and legal federal tax identification number of the company that is exporting the goods.

### **Field 2 – Blanket period**

Complete this field if the Certificate covers multiple shipments of identical goods as described in Field #5 for a specified period of up to one year (the blanket period). “From” is the date upon which the Certificate becomes applicable to the goods covered by the blanket Certificate (it may be prior to the date of signing this Certificate). “To” is the date upon which the blanket period expires.

### **Field 3 – Producers name and address**

State the full legal name, address (including country) and legal tax identification number of the producer of the goods that are being exported. If more than one producer’s good is included on the Certificate, attach a list of additional producers including the legal name, address (including country) and legal tax identification number, cross-referenced to the goods described in Field #5. If you want this information to be confidential, it is acceptable to state “Available to Customs Upon Request”. If the producer and exporter are the same entity, complete the field with word “Same”. If the producer is unknown, it is acceptable to state “Unknown”.

### **Field 4 – Importer name and address**

State the full legal name, address (including country) and legal tax identification number of the importer. The legal taxation number in Canada is, the employer number of the importer assigned by Revenue Canada; in Mexico, the federal Taxpayer’s registry number (*Registro Federal de Causantes*); in the United States, the Federal Tax Identification Number. If the importer is not known state “Unknown”; if there are multiple importers state “Various”.

### **Field 5 – Description of goods**

This field must contain a complete description of each good covered in the Certificate. The description should be sufficient to relate it to the commercial invoice and to the good. The description must be sufficiently complete to allow the Customs administrations of the three contracting parties to classify the goods under the Harmonized Tariff System; simply listing part numbers is insufficient. Also, generic descriptions such as power supplies may not be sufficient. An exporter of power supplies may need to know how the power supply is used once it is imported into Canada or Mexico in order to properly



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describe the good; e.g. power supplies used in automatic data processing machines. If the Certificate covers a single shipment of a good, include the invoice number as shown on the commercial invoice. If the invoice number is unknown, indicate another unique reference number, such as the shipping order number.

## Field 6 – HTS Classification Number

The exporter/producer must determine the Harmonized Tariff Schedule Number of the United States (HTSUS) for each good described in Field #5. The classification number should be to six digits. If the good is subject to a specific rule of origin in General Note 12(T), HTSUS, that requires 8 digits, the good must be classified to eight digits.

## Field 7 – NAFTA Preference Criterion

For each good described in Field #5, the exporter/producer must state which NAFTA Rule Origin (Preference Criterion) the good satisfied. The great majority of manufactured goods that originate satisfied Preference Criterion “B” or “C”.

Preference Criterion “A” covers goods wholly obtained or produced in North America. Very few manufactured goods satisfy this Preference Criterion. In order to satisfy Preference Criterion “A” the good cannot contain one atom of non-NAFTA materials inputs.

Preference Criterion “B” covers goods that contain non-originating materials. The good may originate even though it contains non-originating materials provided that each non-originating material satisfies the specific NAFTA rule of origin specified in General Note 12(t), HTSUS. The General Note 12(t) rules of origin are commonly referred to as the specific rules of origin. The specific rules of origin are based on a change classification, a North American regional value requirement, or both. General Note 12(t) is organized by HTSUS number therefore one must know the HTSUS classification number of the good, as well as the HTSUS classification numbers of all non-originating materials used to produce the good to find the applicable specific rule of origin and determine if the rule is met.

Included in the NAFTA is a *de minimis* provision which allows goods to qualify as originating, provided the value of non-originating materials that do not make the required movement in the tariff schedule is not more than seven percent of the transaction value of the goods adjusted to an FOB basis, or in some cases, the total cost of the good.

Preference Criterion “C” covers goods produced entirely in North America exclusively of originating materials. This rule is applicable to goods made from materials that may contain some non-NAFTA matter or inputs, but which became originating by satisfying General Note 12(b), HTSUS. Before an exporter/producer originates a good under NAFTA Rule of Origin “C”, the exporter/producer must have a valid NAFTA Certificate of Origin issued by the producer of each material incorporated into the good.

Preference Criterion “D” covers goods that are produced in the NAFTA region that do not satisfy a required change in tariff classification as stipulated in General Note 12(t), HTSUS. The goods do



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nonetheless meet a regional value-content requirement. This rule is limited to the following two circumstances:

1. The good was imported into the territory of a NAFTA country in an unassembled or disassembled form but was classified as an assembled good, pursuant to HTSUS General Rule of Interpretation 2(a), or
2. The good incorporated one of more non-originating materials, provided for as parts under the HTSUS, which could not undergo a change in tariff classification because the heading provided for both the goods and its parts, and was not further subdivided into subheadings; or the subheading provided for both the good and its parts and was not further subdivided. This rule does not apply to textile goods and wearing apparel.

Preference Criterion "E" covers certain automatic data processing goods and their parts, specified in Annex 308.1, that do not originate in North America are considered to be originating upon importation into the territory of a NAFTA country from the territory of another NAFTA country when the most-favorite-nation tariff rate of the good confirms to the rate established in Annex 308.1 and is common to all NAFTA countries.

Preference Criterion "F" applies to certain agricultural goods.

## Field 8 – Producer

For each good described in Field #5, state "Yes" if you are the producer of the good. If you are not the producer of the good, state "No" followed by (1), (2), or (3), depending on whether this certificate was based upon: (1) your knowledge of whether the good qualifies as an originating good; (2) your reliance on the producer's written representation (other than a Certificate of Origin) that the good qualifies as an originating good; or (3) a completed and signed Certificate for the good, voluntarily produced to the exporter by the producer.

## Field 9 – Net cost

For each good described in Field #5, where the good is subject to a regional value-content requirement (RVC), indicate "NC" if the RVC is calculated according to the net cost method; otherwise indicate "No". If the RVC is calculated over a period of time, further identify the beginning and ending dates of that period.

## Field 10 – Country of origin

Identify the name of the country ("US" or "MX" for agricultural and textile goods exported to Canada; "US" or "CA" for all goods exported to Mexico) to which the preferential rate of customs duty applies, as set out in the NAFTA Marking Rules found in the U.S. Customs Regulations Section 102 (Title 19 CFR).

For all other originating goods exported to Canada, indicate appropriately "MX" or "US" if the goods originate in that NAFTA country, within the meaning of the NAFTA Rules of Origin Regulations (U.S. Customs Regulations Section 181) and any subsequent processing in the other NAFTA country does not



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increase the transaction value of the goods by more than seven percent; otherwise indicate “JNT” for joint production.

## **Field 11 – Certification Statement**

This field must be completed, signed, and dated by the exporter. When the Certificate is completed by the producer for use by the exporter, it must be completed, signed and dated by the producer. The date must be the date the Certificate was completed and signed. The U.S. Customs Service has stipulated that if the exporter/producer is a legal entity such as a corporation, the person signing the Certificate must be a knowledgeable and responsible person with authority to legally obligate the exporter/producer.

Companies that issue a NAFTA Certificate of Origin are required under Article 504 of the NAFTA to:

- Provide copies of the Certificate to their own customs administration upon request;
- Maintain records pertaining to the exportation for five years;
- Notify all parties to whom the Certificate was given of any change that could affect its accuracy or validity.

