



### Overview

This is a new provision in the USMCA. The North American Free Trade Agreement (NAFTA) did not have a provision on sets of goods, kits or composite goods. In addition, there is no regulation in 19 CFR Part 181 covering this topic. However, observation of Rule 3 of the General Rules for the Interpretation of the Harmonized System means that this provision has not changed in practice.

### References

- **USMCA**
  - *Final Text*: Chapter 4, Article 4.17
  - *HR 5430 Citation*: Title II, Section 202
- **NAFTA**
  - No provision

### Significant Changes in USMCA

Provision	USMCA	NAFTA
<b>Changes / Differences</b>	<ul style="list-style-type: none"> <li>• <b>Change</b> – The requirements of goods in the set for originating determination.</li> </ul>	<ul style="list-style-type: none"> <li>• No provision</li> </ul>
<b>Requirements for Originating</b>	<ul style="list-style-type: none"> <li>• The set must be classified as a set as such pursuant to GRI 3.</li> <li>• Each good in the set is an originating good; and both the set and all goods in the set are originating goods OR if the value of all of the non-originating goods in the set does not exceed 10% of the value of the set.</li> <li>• The same calculation method must be used for the calculation of value of the non-originating good and the value of the set.</li> </ul>	<ul style="list-style-type: none"> <li>• No provision</li> </ul>
<b>Exceptions</b>	<ul style="list-style-type: none"> <li>• Product-Specific Rules of Origin in Annex 4-B.</li> <li>• Textile and Apparel Goods under Articles 6.1.4 and 6.1.5.</li> </ul>	<ul style="list-style-type: none"> <li>• No provision</li> </ul>

### Detailed USMCA/NAFTA Side-by-Side

Provision	USMCA	NAFTA
<b>Sets of Goods, Kits or Composite Goods</b>	<p><b>Article 4.17: Sets of Goods, Kits or Composite Goods</b></p> <ol style="list-style-type: none"> <li>1. Except as provided in Annex 4-B (Product-Specific Rules of Origin), each Party shall provide that for a set classified as a result of the application of rule 3 of the General Rules for the Interpretation of the Harmonized System, the set is originating only if each good in the set is originating and both the set and the goods meet the other applicable requirements of this Chapter.</li> <li>2. Notwithstanding paragraph 1, for a set classified as a result of the application of rule 3 of the General Rules for the Interpretation of the Harmonized System, the set is originating if the value of all the non-originating goods in the set does not exceed 10 percent of the value of the set.</li> <li>3. For the purposes of paragraph 2, the value of the non-originating goods in the set and the value of the set shall be calculated in the</li> </ol>	<ul style="list-style-type: none"> <li>• No provision</li> </ul>

Provision	USMCA	NAFTA
	<p>same manner as the value of non-originating materials and the value of the good.</p> <p><b>General Rules of Interpretation 3</b></p> <ul style="list-style-type: none"> <li>• When, by application of rule 2(b) or for any other reason, goods are, prima facie, classifiable under two or more headings, classification shall be effected as follows: <ul style="list-style-type: none"> <li>a) The heading which provides the most specific description shall be preferred to headings providing a more general description. <ul style="list-style-type: none"> <li>i. However, when two or more headings each refer to part only of the materials or substances contained in mixed or composite goods or to part only of the items in a set put up for retail sale, those headings are to be regarded as equally specific in relation to those goods, even if one of them gives a more complete or precise description of the goods.</li> </ul> </li> <li>b) Mixtures, composite goods consisting of different materials or made up of different components, and goods put up in sets for retail sale, which cannot be classified by reference to 3(a), shall be classified as if they consisted of the material or component, which gives them their essential character, insofar as this criterion is applicable.</li> <li>c) When goods cannot be classified by reference to 3(a) or 3(b), they shall be classified under the heading which occurs last in numerical order among those which equally merit consideration.</li> </ul> </li> </ul>	
<p><b>Note: Comparing with Other Trade Agreements</b></p>	<ul style="list-style-type: none"> <li>• Following a historical trend, in some of the other U.S. trade agreements, a provision on sets of goods has been added in; although the detailed requirements are slightly different.</li> <li>• The 19 CFR Part 10 has the same requirements for originating goods for CAFTA-DR (§10.605), Peru (§10.921), KORUS (§10.1021), Panama (§10.2021), and Colombia (§10.3021) as below: <ul style="list-style-type: none"> <li>a) Each of the goods in the set is an originating good; or</li> <li>b) The total value of the non-originating goods in the set does not exceed: <ul style="list-style-type: none"> <li>i. In the case of textile or apparel goods, 10 percent of the adjusted value of the set; or</li> <li>ii. In the case of a good other than a textile or apparel good, 15 percent of the adjusted value of the set.</li> </ul> </li> </ul> </li> <li>• There are some differences in the requirements between the 19 CFR Part 10 and USMCA: <ul style="list-style-type: none"> <li>○ For originating goods, the USMCA does not only require each of the goods in the set to be an originating good, but the set must also be originating.</li> <li>○ The <i>de minimus</i> value is 10%, but not 15% for non-textile or apparel goods.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• No provision</li> </ul>