

# U.S. Customs and Border Protection

## **FUNGIBLE MATERIALS**

#### **Overview**

Fungible materials or goods are materials or goods that are interchangeable for commercial purposes and have essentially identical properties. This fact sheet highlights provisional changes from the North American Free Trade Agreement (NAFTA).

#### References

- USMCA
  - o Final Text: Chapter 4, Article 4.13
  - o HR 5430 Citation. Title II, Section 202

#### NAFTA

o Final Text: Chapter 4, Rules of Origin, Article 406

### **Significant Changes in USMCA**

Provision	USMCA	NAFTA	
Language Change	NAFTA and USMCA both include provisions for fungible materials or goods.		
	However, the USMCA replaces the NAFTA provisions with updated language.		
Inventory	When originating and non-originating fungible materials are used, the determination of whether		
Management	the materials are originating is made on the basis of an inventory management method		
Method	recognized in the Generally Accepted Accounting Principles of, or otherwise accepted by, the		
	Party in which the production is performed the inventory management method selected must be used throughout the fiscal year of the producer or the person that selected the inventory management method.  • When originating and non-originating fungible goods are commingled and exported in the same form, the determination of whether the goods are originating is made on the basis of an inventory management method recognized in the Generally Accepted Accounting Principles of, or otherwise accepted by, the Party from which the good is exported.		
Other Requirements	An importer may claim that a fungible material exporter has physically segregated each fungified identification.	l or good is originating if the importer, producer, or ole material or good as to allow their specific	



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

Fungible Materials  1. Each Party shall provide that a fungible material or good is originating if:  a) when originating and non-originating fungible materials are used in the production of a good, the determination of whether the materials are originating is made on the basis of an inventory management method recognized in the Generally Accepted Accounting Principles of, or otherwise accepted by, the Party in which the production is performed; or  b) when originating and non-originating fungible goods are commingled and exported in the same form, the  1. For purposes of determining whether a go is an originating good:  a) where originating and non-originating fungible materials are used in the production of a good, the determination of whether the materials are originating need not be made through the identification of any specific fungible material, but may be determined on the basis of any of the inventory management methods set out in the Uniform Regulations; and b) where originating and non-originating fungible goods are commingled and	bc
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recognized in the Generally Accepted methods set out in the Uniform	
Accounting Principles of, or otherwise Regulations.	
accepted by, the Party from which the	
good is exported.	
2. The inventory management method selected	
under paragraph 1 must be used throughout	
the fiscal year of the producer or the person	
that selected the inventory management method.	
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3. For greater certainty, an importer may claim	
that a fungible material or good is originating	
if the importer, producer, or exporter has	
physically segregated each fungible material	
or good as to allow their specific	
identification.	