QUALIFICATION PROCEDURES	
To determine whether a good qualifies as "originating" under the NAFTA rules of origin, take the following steps:	
Step 1	**Was the good last processed in one of the NAFTA countries?** If Yes, go to step 2. If no, the good does not qualify.
Step 2	**Do any of the materials or components used in the good come from outside Canada, The United States or Mexico, or otherwise do not qualify as originating under the NAFTA rules of origin in their own right?** If yes, go to step 3* If no, the good qualifies.
Step 3	**Determine the HS Tariff Classification number of the good that you produce (Usually the six digit level is sufficient)**
Step 4	**Using the HS Tariff classification number, identify the specific rule(s)** of origin in Annex 401 that applies to the good.**
Step 5	**Determine the HS classification of the non originating materials or components used in producing the good in a NAFTA country.**
Step 6	**Does the change from the tariff classification of the non originating materials to the tariff classification of the good meet the tariff change required in the specific rule(s) of origin you identified in step 4?** If yes, the tariff classification change requirement is met and, if there are no other requirements to be met in the rule (e.g. a value content test), the good qualifies. If there are other requirements, go on to them. If no, the good does not qualify, unless the good falls under certain exemptions.***

Step 7	**Does the specific rule contain a regional value content test?** If it does, choose whether to use the transaction value method or the net cost method of valuation. BE CAREFUL: Be sure you can use the transaction value method before you select it. In particular, be sure that the price paid for the good will be acceptable under the principles of the customs valuation code. If there is any doubt, you should consult customs or use the net cost method. Also note that only the net cost method can be used for certain types of goods.
Step 8a	**Transaction Value Method: Determine the actual price your customer paid you for the good and the value of non originating materials used in producing it. Using the transaction value formula, calculate the regional value content (RVC) percentage.** If the RVC percentage is equal to or greater than the minimum percentage set out in the specific rule for transaction value calculations (Usually 60 percent) the good qualifies, provided all other conditions in the rule are met. If the percentage is less than the set minimum, you may try using the net cost method.
Step 8b	**Net Cost Method: Determine the net cost of the good by deducting the specified ineligible costs from the total cost of the good. Then determine the value of the non originating materials and components. Using the net cost formula, calculate the regional value content (RVC) percentage.** If the RVC percentage is equal to or greater than the minimum percentage set out in the specific rule for net cost calculations (usually 50 percent) If the percentage ie less than the set minimum, the good does not qualify.
Step 9	**Complete a Certificate of Origin if the goods originate.**
*	If you do not know the origin of a material you must assume that it does not originate in a NAFTA country.
**	If two rules are applicable, the good may qualify under either rule. You may find that qualifying under one rule is more convenient than qualifying under the other; for example, one rule may only require a tariff classification change, whereas the other requires a tariff classification change and a value content test. Where it appears you may qualify under either, you select the one that is the most convenient.
***	If the value of the non originating materials that do not meet the tariff change requirement is not more than 7 percent of the value of the good, the *de minimus* exemption may apply and the good may qualify as originating, if all other conditions are met.