

NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)
AUDIT (VERIFICATION) MANUAL

CHAPTER 7
NAFTA WORKING GROUPS

7.1 Article 513 of the North American Free Trade Agreement

The North American Free Trade Agreement, in Article 513, provides for the establishment of two committees: 1) a Working Group on Rules of Origin; and 2) a Customs Subgroup. The Audit Group reports directly to the Customs Subgroup and is further detailed in section 7.4 of this Chapter. Sections 7.2 and 7.3 explain the activities of the Working Group on Rules of Origin and the Customs Subgroup respectively.

7.2 Working Group on Rules of Origin

The Working Group is charged with facilitating cooperation and considering modifications to the NAFTA on rules of origin, NAFTA Rules of Origin Regulations, drawback, and country of origin markings. It will meet at least four times a year to exchange information and ensure uniform and consistent interpretation and application. The group has 30 days to reach agreement on issues passed to it by the Customs Subgroup. Representatives of each Party attending the Customs Subgroup meeting, (i.e., Customs representative) will attend the Working Group meeting.

7.3 Customs Subgroup

The Customs Subgroup reports to the Working Group on Rules of Origin and is charged with ensuring that the cooperative process continues. The Customs Subgroup will review, update, and monitor how the Customs Administrations are going about administering the NAFTA. It will also meet at least four times a year, and on the request of any Party, and will endeavor to agree on:

- i) the uniform interpretation, application and administration of various articles of Chapter 3, all of Chapters 4 and 5, the Marking Rules and the NAFTA Rules of Origin Regulations;
- ii) tariff classification and valuation matters relating to determination of origin;
- iii) equivalent procedures and criteria for the request, approval, modification, revocation and implementation of advance rulings;
- iv) revisions to the Certificate of Origin;
- v) any other matter referred to it by a Party, the Working Group or the Committee on Trade in Goods; and,
- vi) other Customs related matters arising from the NAFTA.

Matters that cannot be resolved within 60 days at this level must be referred to the Working Group on Rules of Origin.

The Subgroup will also be responsible for the exchange of advance rulings and origin determinations.

7.4 Audit Group

The Audit Group reports directly to the Customs Subgroup, and is responsible for assisting the Customs Subgroup by discussing and developing technical papers. It will meet at least four times per year, and in addition to being a technical arm of the Customs Subgroup, the Audit Group will also be specifically responsible for:

- i) developing and improving this Audit (Verification) Manual and recommended verification procedures;
- ii) developing and improving the verification questionnaires, forms and brochures;
- iii) resolving complex issues which were referred by the Customs Subgroup.

The minutes of the Audit Group meeting will be submitted to the respective members of the Customs Subgroup on a regular and timely basis.