



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**
 - *Final Text:* Chapter 4, Article 4.13
 - *HR 5430 Citation:* Title II, Section 202
- **NAFTA**
 - *Final Text:* Chapter 4, Rules of Origin, Article 406

Significant Changes in USMCA

Provision	USMCA	NAFTA
Language Change	<ul style="list-style-type: none"> • NAFTA and USMCA both include provisions for fungible materials or goods. • However, the USMCA replaces the NAFTA provisions with updated language. 	
Inventory Management Method	<ul style="list-style-type: none"> • When originating and non-originating fungible materials are used, 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 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	<ul style="list-style-type: none"> • 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. 	

Detailed USMCA/NAFTA Side-by-Side

Provision	USMCA	NAFTA
Fungible Materials	<p>1. Each Party shall provide that a fungible material or good is originating if:</p> <ul style="list-style-type: none"> 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 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. <p>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.</p> <p>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.</p>	<p>1. For purposes of determining whether a good is an originating good:</p> <ul style="list-style-type: none"> 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 exported in the same form, the determination may be made on the basis of any of the inventory management methods set out in the Uniform Regulations.