

FREE TRADE AGREEMENTS AND RULES OF ORIGIN

BENEFIT FROM MORE STABLE AND
TRANSPARENT TRADING

OVERVIEW

Free trade agreements (FTAs) have proved to be one of the best ways to open up foreign markets to U.S. exporters. Trade agreements reduce barriers to U.S. exports, protect U.S. interests, and enhance the rule of law in the FTA partner country. The reduction of trade barriers and the creation of a more stable and transparent trading and investment environment make it easier and cheaper for U.S. companies to export their products and services to trading partner markets.

What countries does the U.S. have FTAs with?

The U.S. currently has FTAs in force with 20 countries:

- Australia
- Bahrain
- Canada (USMCA)
- Chile
- Colombia
- Costa Rica (CAFTA-DR)
- Dominican Republic (CAFTA-DR)
- El Salvador (CAFTA-DR)
- Guatemala (CAFTA-DR)
- Honduras (CAFTA-DR)
- Israel
- Jordan
- Korea
- Mexico (USMCA)
- Morocco
- Nicaragua (CAFTA-DR)
- Oman
- Panama
- Peru
- Singapore

In addition to pursuing U.S. trade policy objectives through bilateral and multilateral trade and investment agreements, the U.S. is pursuing plurilateral agreements under the World Trade Organization. More information on these FTAs is available on the [U.S. Trade Representatives website](#).

What is the tariff on my product?

The [FTA tariff search tool](#) allows users to find tariff information on specific industrial goods covered under the U.S. FTAs. The tool shows the tariff applied on the date the FTA enters into force and the rates each subsequent year as the tariffs are eliminated under the agreement.

What are rules of origin?

Rules of origin are the criteria needed to determine the national source of a product. Their importance is derived from the fact that duties and restrictions often depend upon the source of imports. Determining where a product comes from is no longer easy when raw materials and parts criss-cross the globe to be used as inputs in scattered manufacturing plants. Rules of origin are important in implementing such trade policy instruments as anti-dumping and countervailing duties, preferential treatment, origin marking, and other safeguard measures.

The practices of governments vary widely with regard to the rules of origin. With the increased use of preferential trading arrangements, companies/countries may need to adhere to various rules of origin, depending upon the agreement. In order to determine the correct rule of origin for a product relating to the countries in which the U.S. has an FTA in place, please reference the [General Rules of Interpretation](#) found in the Harmonized Tariff Schedule of the U.S.

For more information, please contact:

CHAD HOFFMAN

International Market Development Director, WEDC
Tel. 608.210.6890

chad.hoffman@wedc.org