



U.S. FREE TRADE AGREEMENTS

A Free Trade Agreement is an agreement between two (bilateral) or more (multilateral) countries, which defines agreed upon international trade practices including tariffs and duties imposed on imports and exports. Additionally, Preferential Trade Agreements are unilateral trade preferences including reduced or eliminated tariffs on imports from developing countries. The U.S. currently has 15 bilateral or multilateral Free Trade Agreements with 21 countries and Preferential Trade Agreements with approximately 187 countries.

DUTY FREE TREATMENT

Duty preference programs almost always result in duty free treatment for qualifying imported goods. In order to properly take advantage of this benefit, Importers have a responsibility to insure that their goods qualify for the particular duty program and to maintain substantiating documentation.

Free Trade Agreements: Duty free treatment on imported goods that are wholly from a qualifying exporting country, or which "originate" in that country, as defined in the Trade Agreement originating criteria.

Trade Preference Programs: Duty free treatment on imported goods, which typically require a minimum of 35% local value content.

PROGRAM QUALIFICATION

The specific requirements and criteria for qualification for each Free Trade Agreement or Preference Program can be found in the General Notes (GN) of the Harmonized Tariff Schedule of the United States (HTSUS). The HTSUS can be found at: <https://hts.usitc.gov/current>



| Free Trade Agreement | HTSUS General Note | Trade Preference Programs | HTSUS General Note |
|---|--------------------|---|--------------------|
| Australia Free Trade Agreement (AUFITA) | 28 | African Growth and Opportunity (AGOA) | 16 |
| Bahrain Free Trade Agreement (BHFTA) | 30 | Caribbean Basin Economic Recovery (CBERA) | 7 |
| Central America-Dominican Republic (CAFTA-DR) | 29 | Caribbean Basin Trade Partnership (CBTPA) | 17 |
| Chile Free Trade Agreement (CLFTA) | 26 | Generalized System of Preferences (GSP) | 4 |
| Colombia Trade Promotion Agreement (COTPA) | 34 | Freely Associated States | 10 |
| Israel Free Trade Agreement (ILFTA) | 8 | Insular Possessions | 3 |
| Japan Trade Agreement | 36 | Gaza, West Bank, (QIZ) | 3 |
| Jordan Free Trade Agreement (JOFTA) | 18 | Trade in Civil Aircraft | 6 |
| Korea Free Trade Agreement (KORUS) | 33 | | |
| Morocco Free Trade Agreement (MAFTA) | 27 | | |
| North American Free Trade Agreement (NAFTA) | 12 | | |
| Oman Free Trade Agreement (OMFTA) | 31 | | |
| Panama Trade Promotion Agreement (PATPA) | 35 | | |
| Peru Trade Promotion Agreement (PETPA) | 32 | | |
| Singapore Free Trade Agreement (SGFTA) | 25 | | |
| U.S, Mexico, Canada Agreement (USMCA) | 11 | | |

RECORDKEEPING REQUIREMENTS

When an Importer makes a claim for duty preference, the Importer is required to maintain records to substantiate the claim in the event that Customs and Border Protection (CBP) request proof of qualification. This may include, but is not limited to, information or records concerning the purchase, cost, value and payment for the good itself and/or for all materials and services used in the production of the good. Records of the qualification analysis, including the certification of origin and supplier solicitation will be critical for substantiating any preference claim. CBP regulations require documents to be maintained for five (5) years for any import shipment.

For more on Trade Agreements Programs:

CBP Website <https://www.cbp.gov/trade/priority-issues/trade-agreements>

U.S Trade Representative: <https://ustr.gov/trade-agreements/free-trade-agreements>

Harmonized Tariff Schedule, General Notes: <https://hts.usitc.gov/current>

International Trade Administration (ITA): <https://www.trade.gov/free-trade-agreements-help-center>



ITA Export Solutions: www.export.gov

U.S. Commercial Service: <https://www.trade.gov/let-our-experts-help-0>