HOW THE ENGINE MEASURES NORTH AMERICAN CONTENT

# Start from the whole. Subtract what is foreign. Compare what is left.

Origin Engine does not add up the North American parts of your product. It takes the product's whole value, takes away every part that is not from Canada, the United States or Mexico, and treats the remainder as North American. That remainder, as a share of the whole, is the regional value content.

**Why subtract rather than add?** Customs does the same. A part you cannot prove is North American counts as foreign. Proof earns the credit; silence does not.

FIVE STEPS, ONE LINE OF REASONING



STEP 1

### List every part

Your bill of materials: each part, its origin, and what it cost you. Tools, energy and lubricants used in production count as North American by the treaty's own rule.

STEP 2

### Sort into three buckets

Each part lands in one bucket.

- Proven North American
- Non-North American
- Unknown → treated as foreign

STEP 3

### Choose the yardstick

The whole value is measured either by the price you sold the product for (transaction value) or by what it cost you to make (net cost). The engine computes both when the rule allows them.

STEP 4

### Do the division

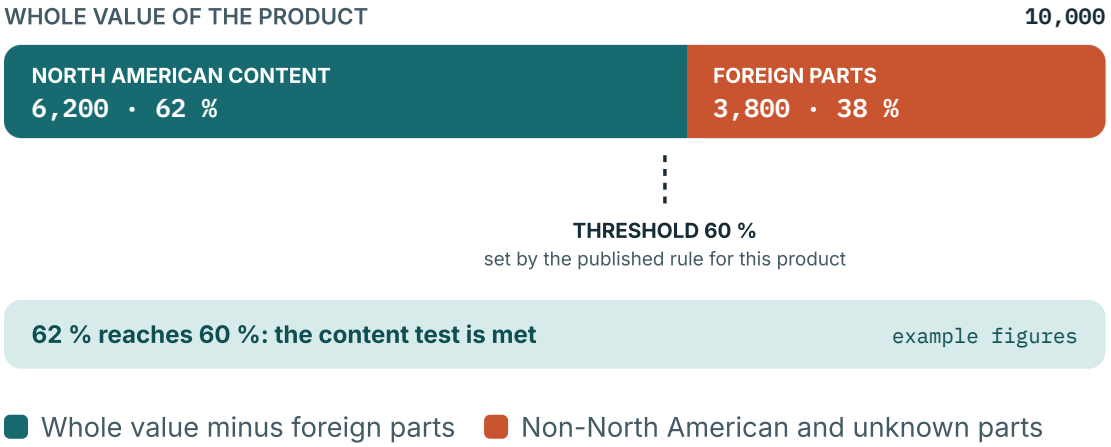
Whole value minus the foreign buckets, divided by the whole value, as a percentage. Every figure is kept in the trace.

STEP 5

### Compare to the rule

The published rule for your product sets the percentage to reach. Either yardstick reaching its own threshold is enough.

## THE ARITHMETIC, ON A WORKED EXAMPLE




`content % = (whole value − foreign parts) ÷ whole value`

`(10,000 − 3,800) ÷ 10,000 = 62 %`

A sub-assembly you built yourself that qualifies on its own counts as one North American part at its full value, even if it contained foreign pieces. All figures must be in one currency.

YARDSTICK A

### Transaction value

The price you actually sold the product for, adjusted to a free-on-board basis. Easier to document; the required percentage is usually higher.

YARDSTICK B

### Net cost

Your total cost of making the product, minus sales promotion, royalties, shipping and similar excluded costs. Harder to gather; the required percentage is usually lower, and some products allow only this method.

### Met

Either yardstick reaches its threshold. The engine records which one carried the result and every figure behind it.

### Not met

Every yardstick the rule allows was computed and all fell short. The product fails on content.

### Undetermined

A yardstick the rule allows could not be computed because a figure is missing. The engine says what is missing rather than calling it a failure, because that method might have passed.

### Content is one gate, not the whole test

Most rules also require a tariff shift: the foreign parts must change classification in your factory. Some rules require both. The engine checks the shift and the content together.

### Thresholds come from the published rule

Every page names the rule release and measure set in use. The engine never carries a threshold from memory; it reads it from the release, with its official source.

### The small-foreign-content allowance

The 10 percent de minimis allowance applies to the tariff-shift test, not to the content percentage.

### The result is an estimate with its working shown

The customs entry determines origin. Origin Engine shows the figures, the rule relied on and the reasoning, so a broker or auditor can replay it.

Regional value content under CUSMA Chapter 4. Illustrative figures; not legal or customs advice.