

NAFTA - TARIFF REDUCTION HIGHLIGHTS -- PART I

Canada and Mexico have agreed to the following reductions in duties. Tariffs will be eliminated within 10 years.

Aerospace

- ◆ Mexico -- immediate elimination for all aircraft, parts, radar and navigational equipment.
- ◆ Canada -- already duty free.

Autos

- ◆ Canada and Mexico -- immediate or five-year phase-out for 75% of automotive parts; Tariffs on passenger cars and light trucks are reduced by 50% immediately, with remaining duties phased out over five years for cars, 10 years for trucks; Buses, trucks, specialty and heavy vehicles tariffs phased out in 10 years.

Chemical, Pharmaceutical and Plastics

- ◆ Mexico -- immediate elimination on sulphur, aluminum oxide and hydroxide, carboxylic acids, nitrogen function compounds, sulphates, potassium chloride and other mineral/chemical fertilizers; Five-year phase-out for radioactive elements and isotopes; 10-year phase-out for pharmaceuticals.
- ◆ Canada -- generally matches Mexico phase-out; Immediate phase-out for products not made in Canada; 10-year phase-out for plastic sanitary ware, plastic articles, floor coverings and luggage.

Electrical Equipment

- ◆ Mexico -- immediate or five-year phase-out for electrical relays, co-axial cable, gas and steam turbines, electrical tools, lighting equipment, photo-sensitive semi-conductor devices, electrical plugs and sockets, and electroplating machines.
- ◆ Canada -- tariff phase-out generally matches Mexico's; 10-year phase-out for ballasts, some batteries, and hand-held drills.