

## A NOTE ON DEALING WITH CUSTOMS OFFICIALS

Customs officials may ask for information on how the imported goods are used or what material they are made from. These information requests are very important and should be dealt with carefully as the response could significantly impact upon the application of a duty. If it is not clear why the Customs official wants this information, you should find out, either directly or through your broker. The exporter will be informed in writing of a change in rate or value of duty. A challenge to any change, particularly in duty rate or value, should be taken care of by your customs broker. Note that failure to respond to an information request could result in the imposition of a higher duty rate or duty value.

## 5. TARIFFS, TAXATION AND OTHER SHIPPING ISSUES

### TARIFFS AND TAXES

Since 1986, Mexico's maximum import tariff has been cut from 100 percent to 20 percent. Tariffs currently range from zero to 20 percent in five percent intervals. Very few tariffs fall into the five percent category and, on a weighted basis, Mexican tariffs average about 10 percent.

If NAFTA is ratified, it will result in the elimination of most tariff barriers within North America over a period of ten years. Four major phase-out categories were agreed to:

- immediate elimination upon the entry into force of NAFTA;
- in five annual steps (1994-1998);
- in ten annual steps (1994-2004); and,
- in fifteen annual steps (1994-2008) for a limited number of U.S. products.

Tariff phase-outs between Canada and the United States will continue as scheduled under the FTA.

Several products of strategic interest to Canadian business are targeted for accelerated tariff phase-out under NAFTA, including: fertilizer, sulfur, aluminum ingots, agricultural, construction and resource machinery, rail and industrial equipment, selected wood pulp and paper items, telecommunications equipment, pre-fabricated housing, printed circuit boards, medical equipment and auto parts.

