

importing country to be classified on importation into the other Party in another tariff classification. Precise rules, by tariff line, specify the necessary change. Certain imported articles are also required to incur a specified percentage of their manufacturing costs in one or both of the Parties. These rules may be amended by consent of both Parties in light of their consultations with industry.

Apparel made from third-country fabric above a specified level (with a sublevel for apparel made from third-country wool) will be subject to the MFN tariff. Apparel made from fabric formed in one of the Parties shall receive the Agreement's tariff treatment.

Duty drawback (other than on goods exported in the same condition in which they were imported) for bilateral trade will end five years after implementation of the Agreement. At that time, duty drawback may be extended as mutually agreed. The Parties have agreed to an indefinite extension for citrus products and for apparel made from third-country fabric and subject to the MFN tariff.

Five years after implementation, goods produced under programs that confer benefits similar to duty drawback (e.g., Canada's inward processing program, U.S. Foreign Trade Zones) and exported to the other Party shall be treated for duty purposes, upon exportation, as if they were entered for consumption in the producing country. This means, in the case of U.S. Foreign Trade Zones, that goods made from third-country components in a zone will be subject to duty on the value of those third-country components at either the finished-good or the component tariff rate.

Except for duty waivers applying to the automotive industry (handled separately), existing duty waivers linked to performance requirements will end within ten years of implementation of the Agreement, and no new duty waivers linked to performance requirements will be entered into after June 30, 1988, or the date Congress ratifies the Agreement, whichever is later.