

• NAFTA NEWS •

Answers to the Questions of Tariffs

With the coming into force on January 1, 1994 of the North American Free Trade Agreement (NAFTA), Canada and Mexico will eliminate or reduce duties on a wide variety of goods. Mexican duties add an average of 10 per cent to the cost of Canadian goods and are often as high as 20 per cent. Their elimination will open the market for Canadian exports.

Close to 80 per cent of Mexican goods already enter Canada duty-free. Tariffs on the remaining imports will be phased-out, with the duties on import-sensitive products eliminated over 10 years. This will give Canadians time to adjust.

Canada-U.S. products will continue to trade under the schedule negotiated in the FTA. The last remaining tariffs with the United States will be phased out by 1988, while tariffs will remain on some Mexican imports until 2003.

Here is an overview of tariffs which were to be eliminated on January 1, 1994:

Aerospace

Mexico — all aircraft, parts, radar and navigational equipment.

Canada — already duty-free.

Auto parts

Canada and Mexico — tariffs on

passenger cars and light trucks will be reduced by 50 per cent.

Agriculture

Mexico — dried peas, some dried beans, mustard, flour, millet, honey, lentils, rye, buckwheat, whisky.

Canada — most Mexican food imports are already duty-free, including tropical fruit and vegetables. There will be no phase-out for sugar or our supply-managed dairy, poultry or eggs.

Fish

Mexico — most fresh and frozen fish including trout, salmon, sole, herring, mackerel, haddock, hake; most dried and smoked fish and many shellfish, including crabs.

Canada — most items duty-free.

Forest Products

Mexico — immediate phase-out for Canadian export interests including chemical pulp, softwood lumber for timber frame construction, beech lumber, veneers, shakes and shingles, some newsprint and wooden prefabricated houses.

Canada — already duty-free for most items.

Chemicals, Pharmaceuticals and Plastics

Mexico — a number of compounds including sulphur, aluminum oxide and hydroxide, sulphates, po-

tassium chloride and other mineral/chemical fertilizers.

Canada — generally matches Mexico's phase-out.

Industrial Equipment

Mexico — generally immediate elimination, with some five-year phase outs, for Canadian export interests in heavy equipment for resource, construction, agricultural, environmental and industrial sectors. Includes bulldozers, front end loaders, excavators, tractors and ploughs.

Canada — most industrial equipment is duty-free; immediate elimination for most remaining items.

Information Technology

Mexico — telecommunications and high-tech products including pbx switching and apparatus, fibre optic cables and cathode ray tubes.

Canada — remaining tariffs are eliminated on most products.

Rail and Urban Transit

Mexico — most rail products (locomotives, urban rail cars, parts).

Canada — immediate elimination for products and parts except self-discharging railway containers and cargo containers.

Recreational, Household and Healthcare Products

Mexico — immediate phase-out for Canadian export interests in health and medical equipment including electro-diagnostic apparatus, x-ray equipment and medical furniture.

Canada — immediate elimination for consumer products not made in Canada (hairdryers, toasters).

Textiles and Apparel

Mexico and Canada — denim, linen yarns and fabrics.

Exporters should consult the **NAFTA Tariff Schedules** for full details.

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