

DRAFT

NAFTA TARIFF PHASING DESCRIPTIONS

Four main staging categories exist for tariff elimination under NAFTA:

A - tariff elimination immediately upon implementation of the Agreement, i.e., January 1, 1994.

B - tariff to be eliminated in five equal annual stages, beginning January 1, 1994 and ending January 1, 1998.

C - tariff to be eliminated in ten equal annual stages, beginning January 1, 1994 and ending January 1, 2003.

D - tariff already MFN free.

In addition to the above general phasing categories, the following categories exist for specific cases:

Ex - excluded from tariff elimination. This category applies to supply-managed goods (dairy, poultry, eggs) and to several tariff items for sugar.

B1 - tariff to be eliminated in six equal annual stages, beginning January 1, 1994 and ending January 1, 1999. (Applies to 43 items in textile tariffs.)

B+ - tariff to be eliminated in seven stages as follows: 20% reduction on January 1, 1994, zero reduction on January 1, 1995, 10% reduction per year for years January 1, 1996 to January 1, 2000 and 30% reduction on January 1, 2001. (Applies to most textile tariffs as well as 3902.1000 and 6403.5900.)

B8 - tariff to be eliminated in two stages as follows: 50% reduction on January 1, 1998 and 50% reduction on January 1, 2001. (Applies to four Mexican tariff items in the paper sector.)

Ba - tariff to be eliminated in five stages as follows: 50% reduction on January 1, 1994 with remaining 50% to be phased out in four equal annual reductions ending January 1, 1998. (Applies to two light truck items.)

Bg- tariff to be eliminated in five stages as follows: reduction to the FTA rate on January 1, 1994 and then follow the FTA C phasing schedule ending January 1, 1998. (Applies to Canadian agricultural tariff items for Mexico).

412-262-777