

FINAL  
EDITION

# NORTH AMERICAN FREE TRADE AGREEMENT

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Canada

# NORTH AMERICAN FREE TRADE AGREEMENT

BETWEEN  
THE GOVERNMENT OF CANADA,  
THE GOVERNMENT OF THE UNITED MEXICAN STATES  
AND  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA

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## PREAMBLE

The Government of Canada, the Government of the United Mexican States and the Government of the United States of America, resolved to:

STRENGTHEN the special bonds of friendship and cooperation among their nations;

CONTRIBUTE to the harmonious development and expansion of world trade and provide a catalyst to broader international cooperation;

CREATE an expanded and secure market for the goods and services produced in their territories;

REDUCE distortions to trade;

ESTABLISH clear and mutually advantageous rules governing their trade;

ENSURE a predictable commercial framework for business planning and investment;

BUILD on their respective rights and obligations under the *General Agreement on Tariffs and Trade* and other multilateral and bilateral instruments of cooperation;

ENHANCE the competitiveness of their firms in global markets;

FOSTER creativity and innovation, and promote trade in goods and services that are the subject of intellectual property rights;

CREATE new employment opportunities and improve working conditions and living standards in their respective territories;

UNDERTAKE each of the preceding in a manner consistent with environmental protection and conservation;

PRESERVE their flexibility to safeguard the public welfare;

PROMOTE sustainable development;

STRENGTHEN the development and enforcement of environmental laws and regulations; and

PROTECT, enhance and enforce basic workers' rights;

HAVE AGREED as follows:

**PART ONE  
GENERAL PART**

**Chapter One**

**Objectives**

**Article 101: Establishment of the Free Trade Area**

The Parties to this Agreement, consistent with Article XXIV of the *General Agreement on Tariffs and Trade*, hereby establish a free trade area.

**Article 102: Objectives**

1. The objectives of this Agreement, as elaborated more specifically through its principles and rules, including national treatment, most-favored-nation treatment and transparency, are to:
  - (a) eliminate barriers to trade in, and facilitate the cross-border movement of, goods and services between the territories of the Parties;
  - (b) promote conditions of fair competition in the free trade area;
  - (c) increase substantially investment opportunities in the territories of the Parties;
  - (d) provide adequate and effective protection and enforcement of intellectual property rights in each Party's territory;
  - (e) create effective procedures for the implementation and application of this Agreement, for its joint administration and for the resolution of disputes; and
  - (f) establish a framework for further trilateral, regional and multilateral cooperation to expand and enhance the benefits of this Agreement.
2. The Parties shall interpret and apply the provisions of this Agreement in the light of its objectives set out in paragraph 1 and in accordance with applicable rules of international law.

### Article 103: Relation to Other Agreements

1. The Parties affirm their existing rights and obligations with respect to each other under the *General Agreement on Tariffs and Trade* and other agreements to which such Parties are party.
2. In the event of any inconsistency between this Agreement and such other agreements, this Agreement shall prevail to the extent of the inconsistency, except as otherwise provided in this Agreement.

### Article 104: Relation to Environmental and Conservation Agreements

1. In the event of any inconsistency between this Agreement and the specific trade obligations set out in:
  - (a) the *Convention on International Trade in Endangered Species of Wild Fauna and Flora*, done at Washington, March 3, 1973, as amended June 22, 1979,
  - (b) the *Montreal Protocol on Substances that Deplete the Ozone Layer*, done at Montreal, September 16, 1987, as amended June 29, 1990,
  - (c) the *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal*, done at Basel, March 22, 1989, on its entry into force for Canada, Mexico and the United States, or
  - (d) the agreements set out in Annex 104.1,

such obligations shall prevail to the extent of the inconsistency, provided that where a Party has a choice among equally effective and reasonably available means of complying with such obligations, the Party chooses the alternative that is the least inconsistent with the other provisions of this Agreement.

2. The Parties may agree in writing to modify Annex 104.1 to include any amendment to an agreement referred to in paragraph 1, and any other environmental or conservation agreement.

### Article 105: Extent of Obligations

The Parties shall ensure that all necessary measures are taken in order to give effect to the provisions of this Agreement, including their observance, except as otherwise provided in this Agreement, by state and provincial governments.

Annex 104.1

Bilateral and Other Environmental and Conservation Agreements

1. *The Agreement Between the Government of Canada and the Government of the United States of America Concerning the Transboundary Movement of Hazardous Waste*, signed at Ottawa, October 28, 1986.
2. *The Agreement Between the United States of America and the United Mexican States on Cooperation for the Protection and Improvement of the Environment in the Border Area*, signed at La Paz, Baja California Sur, August 14, 1983.

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## Chapter Two

### General Definitions

#### Article 201: Definitions of General Application

1. For purposes of this Agreement, unless otherwise specified:

**Commission** means the Free Trade Commission established under Article 2001(1) (The Free Trade Commission);

**Customs Valuation Code** means the *Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade*, including its interpretative notes;

**days** means calendar days, including weekends and holidays;

**enterprise** means any entity constituted or organized under applicable law, whether or not for profit, and whether privately-owned or governmentally-owned, including any corporation, trust, partnership, sole proprietorship, joint venture or other association;

**enterprise of a Party** means an enterprise constituted or organized under the law of a Party;

**existing** means in effect on the date of entry into force of this Agreement;

**Generally Accepted Accounting Principles** means the recognized consensus or substantial authoritative support in the territory of a Party with respect to the recording of revenues, expenses, costs, assets and liabilities, disclosure of information and preparation of financial statements. These standards may be broad guidelines of general application as well as detailed standards, practices and procedures;

**goods of a Party** means domestic products as these are understood in the *General Agreement on Tariffs and Trade* or such goods as the Parties may agree, and includes originating goods of that Party;

**Harmonized System (HS)** means the *Harmonized Commodity Description and Coding System*, and its legal notes and rules, as adopted and implemented by the Parties in their respective tariff laws;

**measure** includes any law, regulation, procedure, requirement or practice;

**national** means a natural person who is a citizen or permanent resident of a Party and any other natural person referred to in Annex 201.1;

**originating** means qualifying under the rules of origin set out in Chapter Four (Rules of Origin);

**person** means a natural person or an enterprise;

**person of a Party** means a national, or an enterprise of a Party;

**Secretariat** means the Secretariat established under Article 2002(1) (The Secretariat);

**state enterprise** means an enterprise that is owned, or controlled through ownership interests, by a Party; and

**territory** means for a Party the territory of that Party as set out in Annex 201.1.

2. For purposes of this Agreement, unless otherwise specified, a reference to a state or province includes local governments of that state or province.

**Annex 201.1**

**Country-Specific Definitions**

For purposes of this Agreement, unless otherwise specified:

**national** also includes:

- (a) with respect to Mexico, a national or a citizen according to Articles 30 and 34, respectively, of the Mexican Constitution; and
- (b) with respect to the United States, "national of the United States" as defined in the existing provisions of the *Immigration and Nationality Act*;

**territory** means:

- (a) with respect to Canada, the territory to which its customs laws apply, including any areas beyond the territorial seas of Canada within which, in accordance with international law and its domestic law, Canada may exercise rights with respect to the seabed and subsoil and their natural resources;
- (b) with respect to Mexico,
  - (i) the states of the Federation and the Federal District,
  - (ii) the islands, including the reefs and keys, in adjacent seas,
  - (iii) the islands of Guadalupe and Revillagigedo situated in the Pacific Ocean,
  - (iv) the continental shelf and the submarine shelf of such islands, keys and reefs,
  - (v) the waters of the territorial seas, in accordance with international law, and its interior maritime waters,
  - (vi) the space located above the national territory, in accordance with international law, and

- (vii) any areas beyond the territorial seas of Mexico within which, in accordance with international law, including the *United Nations Convention on the Law of the Sea*, and its domestic law, Mexico may exercise rights with respect to the seabed and subsoil and their natural resources; and
- (c) with respect to the United States,
  - (i) the customs territory of the United States, which includes the 50 states, the District of Columbia and Puerto Rico,
  - (ii) the foreign trade zones located in the United States and Puerto Rico, and
  - (iii) any areas beyond the territorial seas of the United States within which, in accordance with international law and its domestic law, the United States may exercise rights with respect to the seabed and subsoil and their natural resources.

**PART TWO  
TRADE IN GOODS**

**Chapter Three**

**National Treatment and Market Access for Goods**

**Article 300: Scope and Coverage**

This Chapter applies to trade in goods of a Party, including:

- (a) goods covered by Annex 300-A (Trade and Investment in the Automotive Sector),
- (b) goods covered by Annex 300-B (Textile and Apparel Goods), and
- (c) goods covered by another Chapter in this Part,

except as provided in such Annex or Chapter.

**Section A - National Treatment**

**Article 301: National Treatment**

1. Each Party shall accord national treatment to the goods of another Party in accordance with Article III of the *General Agreement on Tariffs and Trade (GATT)*, including its interpretative notes, and to this end Article III of the GATT and its interpretative notes, or any equivalent provision of a successor agreement to which all Parties are party, are incorporated into and made part of this Agreement.
2. The provisions of paragraph 1 regarding national treatment shall mean, with respect to a state or province, treatment no less favorable than the most favorable treatment accorded by such state or province to any like, directly competitive or substitutable goods, as the case may be, of the Party of which it forms a part.
3. Paragraphs 1 and 2 do not apply to the measures set out in Annex 301.3.

## Section B - Tariffs

### Article 302: Tariff Elimination

1. Except as otherwise provided in this Agreement, no Party may increase any existing customs duty, or adopt any customs duty, on an originating good.
2. Except as otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on originating goods in accordance with its Schedule to Annex 302.2.
3. On the request of any Party, the Parties shall consult to consider accelerating the elimination of customs duties set out in their Schedules. An agreement between two or more Parties to accelerate the elimination of a customs duty on a good shall supersede any duty rate or staging category determined pursuant to their Schedules for such good when approved by each such Party in accordance with its applicable legal procedures.
4. Each Party may adopt or maintain import measures to allocate in-quota imports made pursuant to a tariff rate quota set out in Annex 302.2, provided that such measures do not have trade restrictive effects on imports additional to those caused by the imposition of the tariff rate quota.
5. On written request of any Party, a Party applying or intending to apply measures pursuant to paragraph 4 shall consult to review the administration of those measures.

### Article 303: Restriction on Drawback and Duty Deferral Programs

1. Except as otherwise provided in this Article, no Party may refund the amount of customs duties paid, or waive or reduce the amount of customs duties owed, on a good imported into its territory, on condition that the good is:
  - (a) subsequently exported to the territory of another Party,
  - (b) used as a material in the production of another good that is subsequently exported to the territory of another Party, or
  - (c) substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of another Party,

in an amount that exceeds the lesser of the total amount of customs duties paid or owed on the good on importation into its territory and the total amount of customs duties paid to another Party on the good that has been subsequently exported to the territory of that other Party.

2. No Party may, on condition of export, refund, waive or reduce:

- (a) an antidumping or countervailing duty that is applied pursuant to a Party's domestic law and that is not applied inconsistently with Chapter Nineteen (Review and Dispute Settlement in Antidumping and Countervailing Duty Matters);
- (b) a premium offered or collected on an imported good arising out of any tendering system in respect of the administration of quantitative import restrictions, tariff rate quotas or tariff preference levels;
- (c) a fee applied pursuant to section 22 of the U.S. *Agricultural Adjustment Act*, subject to Chapter Seven (Agriculture and Sanitary and Phytosanitary Measures); or
- (d) customs duties paid or owed on a good imported into its territory and substituted by an identical or similar good that is subsequently exported to the territory of another Party.

3. Where a good is imported into the territory of a Party pursuant to a duty deferral program and is subsequently exported to the territory of another Party, or is used as a material in the production of another good that is subsequently exported to the territory of another Party, or is substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of another Party, the Party from whose territory the good is exported:

- (a) shall assess the customs duties as if the exported good had been withdrawn for domestic consumption; and
- (b) may waive or reduce such customs duties to the extent permitted under paragraph 1.

4. In determining the amount of customs duties that may be refunded, waived or reduced pursuant to paragraph 1 on a good imported into its territory, each Party shall require presentation of satisfactory evidence of the amount of customs duties paid to another Party on the good that has been subsequently exported to the territory of that other Party.

5. Where satisfactory evidence of the customs duties paid to the Party to which a good is subsequently exported under a duty deferral program described in paragraph 3 is not presented within 60 days after the date of exportation, the Party from whose territory the good was exported:

- (a) shall collect customs duties as if the exported good had been withdrawn for domestic consumption; and
- (b) may refund such customs duties to the extent permitted under paragraph 1 on the timely presentation of such evidence under its laws and regulations.

6. This Article does not apply to:

- (a) a good entered under bond for transportation and exportation to the territory of another Party;
- (b) a good exported to the territory of another Party in the same condition as when imported into the territory of the Party from which the good was exported (processes such as testing, cleaning, repacking or inspecting the good, or preserving it in its same condition, shall not be considered to change a good's condition). Except as provided in Annex 703.2, Section A, paragraph 12, where such a good has been commingled with fungible goods and exported in the same condition, its origin for purposes of this subparagraph may be determined on the basis of the inventory methods provided for in the Uniform Regulations established under Article 511 (Uniform Regulations);
- (c) a good imported into the territory of a Party that is deemed to be exported from its territory, or used as a material in the production of another good that is deemed to be exported to the territory of another Party, or is substituted by an identical or similar good used as a material in the production of another good that is deemed to be exported to the territory of another Party, by reason of
  - (i) delivery to a duty-free shop,
  - (ii) delivery for ship's stores or supplies for ships or aircraft, or
  - (iii) delivery for use in joint undertakings of two or more of the Parties and that will subsequently become the property of the Party into whose territory the good was deemed to be exported;



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- (d) a refund of customs duties by a Party on a particular good imported into its territory and subsequently exported to the territory of another Party, where that refund is granted by reason of the failure of such good to conform to sample or specification, or by reason of the shipment of such good without the consent of the consignee;
- (e) an originating good that is imported into the territory of a Party and is subsequently exported to the territory of another Party, or used as a material in the production of another good that is subsequently exported to the territory of another Party, or is substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of another Party; or
- (f) a good set out in Annex 303.6.

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7. Except for paragraph 2(d), this Article shall apply as of the date set out in each Party's Section of Annex 303.7.

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8. Notwithstanding any other provision of this Article and except as specifically provided in Annex 303.8, no Party may refund the amount of customs duties paid, or waive or reduce the amount of customs duties owed, on a non-originating good provided for in item 8540.11.aa (color cathode-ray television picture tubes, including video monitor tubes, with a diagonal exceeding 14 inches) or 8540.11.cc (color cathode-ray television picture tubes for high definition television, with a diagonal exceeding 14 inches) that is imported into the Party's territory and subsequently exported to the territory of another Party, or is used as a material in the production of another good that is subsequently exported to the territory of another Party, or is substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of another Party.

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9. For purposes of this Article:

**customs duties** are the customs duties that would be applicable to a good entered for consumption in the customs territory of a Party if the good were not exported to the territory of another party;

**identical or similar goods** means "identical or similar goods" as defined in Article 415 (Rules of Origin - Definitions);

**material** means "material" as defined in Article 415; and

**used** means "used" as defined in Article 415.

10. For purposes of this Article:

Where a good referred to by a tariff item number in this Article is described in parentheses following the tariff item number, the description is provided for purposes of reference only.

**Article 304: Waiver of Customs Duties**

1. Except as set out in Annex 304.1, no Party may adopt any new waiver of customs duties, or expand with respect to existing recipients or extend to any new recipient the application of an existing waiver of customs duties, where the waiver is conditioned, explicitly or implicitly, on the fulfillment of a performance requirement.
2. Except as set out in Annex 304.2, no Party may, explicitly or implicitly, condition on the fulfillment of a performance requirement the continuation of any existing waiver of customs duties.
3. If a waiver or a combination of waivers of customs duties granted by a Party with respect to goods for commercial use by a designated person can be shown by another Party to have an adverse impact on the commercial interests of a person of that Party, or of a person owned or controlled by a person of that Party that is located in the territory of the Party granting the waiver, or on the other Party's economy, the Party granting the waiver shall either cease to grant it or make it generally available to any importer.
4. This Article shall not apply to measures subject to Article 303.

**Article 305: Temporary Admission of Goods**

1. Each Party shall grant duty-free temporary admission for:
  - (a) professional equipment necessary for carrying out the business activity, trade or profession of a business person who qualifies for temporary entry pursuant to Chapter Sixteen (Temporary Entry for Business Persons),
  - (b) equipment for the press or for sound or television broadcasting and cinematographic equipment,
  - (c) goods imported for sports purposes and goods intended for display or demonstration, and
  - (d) commercial samples and advertising films,

imported from the territory of another Party, regardless of their origin and regardless of whether like, directly competitive or substitutable goods are available in the territory of the Party.

2. Except as otherwise provided in this Agreement, no Party may condition the duty-free temporary admission of a good referred to in paragraph 1(a), (b) or (c), other than to require that such good:

- (a) be imported by a national or resident of another Party who seeks temporary entry;
- (b) be used solely by or under the personal supervision of such person in the exercise of the business activity, trade or profession of that person;
- (c) not be sold or leased while in its territory;
- (d) be accompanied by a bond in an amount no greater than 110 percent of the charges that would otherwise be owed on entry or final importation, or by another form of security, releasable on exportation of the good, except that a bond for customs duties shall not be required for an originating good;
- (e) be capable of identification when exported;
- (f) be exported on the departure of that person or within such other period of time as is reasonably related to the purpose of the temporary admission; and
- (g) be imported in no greater quantity than is reasonable for its intended use.

3. Except as otherwise provided in this Agreement, no Party may condition the duty-free temporary admission of a good referred to in paragraph 1(d), other than to require that such good:

- (a) be imported solely for the solicitation of orders for goods, or services provided from the territory, of another Party or non-Party;
- (b) not be sold, leased or put to any use other than exhibition or demonstration while in its territory;
- (c) be capable of identification when exported;
- (d) be exported within such period as is reasonably related to the purpose of the temporary admission; and

(e) be imported in no greater quantity than is reasonable for its intended use.

4. A Party may impose the customs duty and any other charge on a good temporarily admitted duty-free under paragraph 1 that would be owed on entry or final importation of such good if any condition that the Party imposes under paragraph 2 or 3 has not been fulfilled.

5. Subject to Chapters Eleven (Investment) and Twelve (Cross-Border Trade in Services):

(a) each Party shall allow a vehicle or container used in international traffic that enters its territory from the territory of another Party to exit its territory on any route that is reasonably related to the economic and prompt departure of such vehicle or container;

(b) no Party may require any bond or impose any penalty or charge solely by reason of any difference between the port of entry and the port of departure of a vehicle or container;

(c) no Party may condition the release of any obligation, including any bond, that it imposes in respect of the entry of a vehicle or container into its territory on its exit through any particular port of departure; and

(d) no Party may require that the vehicle or carrier bringing a container from the territory of another Party into its territory be the same vehicle or carrier that takes such container to the territory of another Party.

6. For purposes of paragraph 5, "vehicle" means a truck, a truck tractor, tractor, trailer unit or trailer, a locomotive, or a railway car or other railroad equipment.

#### **Article 306: Duty-Free Entry of Certain Commercial Samples and Printed Advertising Materials**

Each Party shall grant duty-free entry to commercial samples of negligible value, and to printed advertising materials, imported from the territory of another Party, regardless of their origin, but may require that:

(a) such samples be imported solely for the solicitation of orders for goods, or services provided from the territory, of another Party or non-Party; or

- (b) such advertising materials be imported in packets that each contain no more than one copy of each such material and that neither such materials nor packets form part of a larger consignment.

#### **Article 307: Goods Re-Entered after Repair or Alteration**

1. Except as set out in Annex 307.1, no Party may apply a customs duty to a good, regardless of its origin, that re-enters its territory after that good has been exported from its territory to the territory of another Party for repair or alteration, regardless of whether such repair or alteration could be performed in its territory.

Notwithstanding Article 303, no Party may apply a customs duty to a good, regardless of its origin, imported temporarily from the territory of another Party for repair or alteration.

Annex 307.3 applies to the Parties specified in that Annex respecting the repair and rebuilding of vessels.

#### **Article 308: Most-Favored-Nation Rates of Duty on Certain Goods**

1. Annex 308.1 applies to certain automatic data processing goods and their parts.

2. Annex 308.2 applies to certain color television tubes.

3. Each Party shall accord most-favored-nation duty-free treatment to any local area network apparatus imported into its territory, and shall consult in accordance with Annex 308.3.

### **Section C - Non-Tariff Measures**

#### **Article 309: Import and Export Restrictions**

1. Except as otherwise provided in this Agreement, no Party may adopt or maintain any prohibition or restriction on the importation of any good of another Party or on the exportation or sale for export of any good destined for the territory of another Party, except in accordance with Article XI of the GATT, including its interpretative notes, and to this end Article XI of the GATT and its interpretative notes, or any equivalent provision of a successor agreement to which all Parties are party, are incorporated into and made a part of this Agreement.

2. The Parties understand that the GATT rights and obligations incorporated by paragraph 1 prohibit, in any circumstances in which any other form of restriction is prohibited, export price requirements and, except as permitted in enforcement of countervailing and antidumping orders and undertakings, import price requirements.

3. In the event that a Party adopts or maintains a prohibition or restriction on the importation from or exportation to a non-Party of a good, nothing in this Agreement shall be construed to prevent the Party from:

- (a) limiting or prohibiting the importation from the territory of another Party of such good of that non-Party; or
- (b) requiring as a condition of export of such good of the Party to the territory of another Party, that the good not be re-exported to the non-Party, directly or indirectly, without being consumed in the territory of the other Party.

4. In the event that a Party adopts or maintains a prohibition or restriction on the importation of a good from a non-Party, the Parties, on request of any Party, shall consult with a view to avoiding undue interference with or distortion of pricing, marketing and distribution arrangements in another Party.

5. Paragraphs 1 through 4 shall not apply to the measures set out in Annex 301.3.

#### **Article 310: Customs User Fees**

1. No Party may adopt any customs user fee of the type referred to in Annex 310.1 for originating goods.

2. The Parties specified in Annex 310.1 may maintain existing such fees in accordance with that Annex.

#### **Article 311: Country of Origin Marking**

Annex 311 applies to measures relating to country of origin marking.

#### **Article 312: Wine and Distilled Spirits**

1. No Party may adopt or maintain any measure requiring that distilled spirits imported from the territory of another Party for bottling be blended with any distilled spirits of the Party.

2. Annex 312.2 applies to other measures relating to wine and distilled spirits.

#### Article 313: Distinctive Products

Annex 313 applies to standards and labelling of the distinctive products set out in that Annex.

#### Article 314: Export Taxes

Except as set out in Annex 314, no Party may adopt or maintain any duty, tax or other charge on the export of any good to the territory of another Party, unless such duty, tax or charge is adopted or maintained on:

- (a) exports of any such good to the territory of all other Parties; and
- (b) any such good when destined for domestic consumption.

#### Article 315: Other Export Measures

1. Except as set out in Annex 315, a Party may adopt or maintain a restriction otherwise justified under Articles XI:2(a) or XX(g), (i) or (j) of the GATT with respect to the export of a good of the Party to the territory of another Party, only if:

- (a) the restriction does not reduce the proportion of the total export shipments of the specific good made available to that other Party relative to the total supply of that good of the Party maintaining the restriction as compared to the proportion prevailing in the most recent 36-month period for which data are available prior to the imposition of the measure, or in such other representative period on which the Parties may agree;
- (b) the Party does not impose a higher price for exports of a good to that other Party than the price charged for such good when consumed domestically, by means of any measure, such as licenses, fees, taxation and minimum price requirements. The foregoing provision does not apply to a higher price that may result from a measure taken pursuant to subparagraph (a) that only restricts the volume of exports; and
- (c) the restriction does not require the disruption of normal channels of supply to that other Party or normal proportions among specific goods or categories of goods supplied to that other Party.

2. The Parties shall cooperate in the maintenance and development of effective controls on the export of each other's goods to a non-Party in implementing this Article.

#### Section D - Consultations

##### Article 316: Consultations and Committee on Trade in Goods

1. The Parties hereby establish a Committee on Trade in Goods, comprising representatives of each Party.
2. The Committee shall meet on the request of any Party or the Commission to consider any matter arising under this Chapter.
3. The Parties shall convene at least once each year a meeting of their officials responsible for customs, immigration, inspection of food and agricultural products, border inspection facilities, and regulation of transportation for the purpose of addressing issues related to movement of goods through the Parties' ports of entry.

##### Article 317: Third-Country Dumping

1. The Parties affirm the importance of cooperation with respect to actions under Article 12 of the *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade*.
2. Where a Party presents an application to another Party requesting antidumping action on its behalf, those Parties shall consult within 30 days respecting the factual basis of the request, and the requested Party shall give full consideration to the request.

#### Section E - Definitions

##### Article 318: Definitions

For purposes of this Chapter:

advertising films means recorded visual media, with or without sound-tracks, consisting essentially of images showing the nature or operation of goods or services offered for sale or lease by a person established or resident in the territory of any Party, provided that the films are of a kind suitable for exhibition to prospective customers but not for broadcast



the general public, and provided that they are imported in packets that each contain no more than one copy of each film and that do not form part of a larger consignment;

**commercial samples of negligible value** means commercial samples having a value, individually or in the aggregate as shipped, of not more than one U.S. dollar, or the equivalent amount in the currency of another Party, or so marked, torn, perforated or otherwise treated that they are unsuitable for sale or for use except as commercial samples;

**consumed** means:

- (a) actually consumed; or
- (b) further processed or manufactured so as to result in a substantial change in value, form or use of the good or in the production of another good;

**customs duty** includes any customs or import duty and a charge of any kind imposed in connection with the importation of a good, including any form of surtax or surcharge in connection with such importation, but does not include any:

- (a) charge equivalent to an internal tax imposed consistently with Article III:2 of the GATT, or any equivalent provision of a successor agreement to which all Parties are party, in respect of like, directly competitive or substitutable goods of the Party, or in respect of goods from which the imported good has been manufactured or produced in whole or in part;
- (b) antidumping or countervailing duty that is applied pursuant to a Party's domestic law and not applied inconsistently with Chapter Nineteen (Review and Dispute Settlement in Antidumping and Countervailing Duty Matters);
- (c) fee or other charge in connection with importation commensurate with the cost of services rendered;
- (d) premium offered or collected on an imported good arising out of any tendering system in respect of the administration of quantitative import restrictions, tariff rate quotas or tariff preference levels; and
- (e) fee applied pursuant to section 22 of the U.S. *Agricultural Adjustment Act*, subject to Chapter Seven (Agriculture and Sanitary and Phytosanitary Measures);

**distilled spirits** include distilled spirits and distilled spirit-containing beverages;

**duty deferral program** includes measures such as those governing foreign-trade zones, temporary importations under bond, bonded warehouses, "maquiladoras" and inward processing programs;

**duty-free** means free of customs duty;

**goods imported for sports purposes** means sports requisites for use in sports contests, demonstrations or training in the territory of the Party into whose territory such goods are imported;

**goods intended for display or demonstration** includes their component parts, ancillary apparatus and accessories;

**item** means a tariff classification item at the eight- or 10-digit level set out in a Party's tariff schedule;

**local area network apparatus** means a good dedicated for use solely or principally to permit the interconnection of automatic data processing machines and units thereof for a network that is used primarily for the sharing of resources such as central processor units, data storage devices and input or output units, including in-line repeaters, converters, concentrators, bridges and routers, and printed circuit assemblies for physical incorporation into automatic data processing machines and units thereof suitable for use solely or principally with a private network, and providing for the transmission, receipt, error-checking, control, signal conversion or correction functions for non-voice data to move through a local area network;

**performance requirement** means a requirement that:

- (a) a given level or percentage of goods or services be exported;
- (b) domestic goods or services of the Party granting a waiver of customs duties be substituted for imported goods or services;
- (c) a person benefitting from a waiver of customs duties purchase other goods or services in the territory of the Party granting the waiver or accord a preference to domestically produced goods or services;
- (d) a person benefitting from a waiver of customs duties produce goods or provide services, in the territory of the Party granting the waiver, with a given level or percentage of domestic content; or
- (e) relates in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows;

**printed advertising materials** means those goods classified in Chapter 49 of the Harmonized System, including brochures, pamphlets, leaflets, trade catalogues, yearbooks published by trade associations, tourist promotional materials and posters, that are used to promote, publicize or advertise a good or service, are essentially intended to advertise a good or service, and are supplied free of charge;

**repair or alteration** does not include an operation or process that either destroys the essential characteristics of a good or creates a new or commercially different good;

**satisfactory evidence** means:

- (a) a receipt, or a copy of a receipt, evidencing payment of customs duties on a particular entry;
- (b) a copy of the entry document with evidence that it was received by a customs administration;
- (c) a copy of a final customs duty determination by a customs administration respecting the relevant entry; or
- (d) any other evidence of payment of customs duties acceptable under the Uniform Regulations established in accordance with Chapter Five (Customs Procedures);

**total export shipments** means all shipments from total supply to users located in the territory of another Party;

**total supply** means all shipments, whether intended for domestic or foreign users, from:

- (a) domestic production;
- (b) domestic inventory; and
- (c) other imports as appropriate; and

**waiver of customs duties** means a measure that waives otherwise applicable customs duties on any good imported from any country, including the territory of another Party.

**Annex 301.3**

**Exceptions to Articles 301 and 309**

**Section A - Canadian Measures**

1. Articles 301 and 309 shall not apply to controls by Canada on the export of logs of all species.
2. Articles 301 and 309 shall not apply to controls by Canada on the export of unprocessed fish pursuant to the following existing statutes, as amended as of August 12, 1992:
  - (a) *New Brunswick Fish Processing Act*, R.S.N.B. c. F-18.01 (1982), and *Fisheries Development Act*, S.N.B. c. F-15.1 (1977);
  - (b) *Newfoundland Fish Inspection Act*, R.S.N. 1990, c. F-12;
  - (c) *Nova Scotia Fisheries Act*, S.N.S. 1977, c. 9;
  - (d) *Prince Edward Island Fish Inspection Act*, R.S.P.E.I. 1988, c. F-13; and
  - (e) *Quebec Marine Products Processing Act*, No. 38, S.Q. 1987, c. 51.
3. Articles 301 and 309 shall not apply to:
  - (a) except as provided in Annex 300-A, Appendix 300-A.1, paragraph 4, measures by Canada respecting the importation of any goods enumerated or referred to in Schedule VII of the *Customs Tariff*, R.S.C. 1985, c. 41 (3<sup>rd</sup> Supp.), as amended,
  - (b) measures by Canada respecting the exportation of liquor for delivery into any country into which the importation of liquor is prohibited by law under the existing provisions of the *Export Act*, R.S.C. 1985, c. E-18, as amended,
  - (c) measures by Canada respecting preferential rates for certain freight traffic under the existing provisions of the *Maritime Freight Rate Act*, R.S.C. 1985, c. M-1, as amended,

- (d) Canadian excise duties on absolute alcohol used in manufacturing under the existing provisions of the *Excise Act*, R.S.C. 1985, c. E-14, as amended, and
- (e) measures by Canada prohibiting the use of foreign or non-duty paid ships in the coasting trade of Canada unless granted a license under the *Coasting Trade Act*, S.C. 1992, c. 31,

to the extent that such provisions were mandatory legislation at the time of Canada's accession to the GATT and have not been amended so as to decrease their conformity with the GATT.

4. Articles 301 and 309 shall not apply to quantitative import restrictions on goods that originate in the territory of the United States, considering operations performed in, or materials obtained from, Mexico as if they were performed in, or obtained from, a non-Party, and that are indicated by asterisks in Chapter 89 in Annex 401.2 (Tariff Schedule of Canada) of the *Canada - United States Free Trade Agreement* for as long as the measures taken under the *Merchant Marine Act of 1920*, 46 App. U.S.C. § 883, and the *Merchant Marine Act of 1936*, 46 App. U.S.C. §§ 1171, 1176, 1241 and 1241o, apply with quantitative effect to comparable Canadian origin goods sold or offered for sale into the U.S. market.

5. Articles 301 and 309 shall not apply to:
- (a) the continuation or prompt renewal of a non-conforming provision of any statute referred to in paragraph 2 or 3; and
  - (b) the amendment to a non-conforming provision of any statute referred to in paragraph 2 or 3 to the extent that the amendment does not decrease the conformity of the provision with Articles 301 and 309.

## Section B - Mexican Measures

- |   |   |
|---|---|
|   | Not   |
|   | Item  |
| 1. Articles 301 and 309 shall not apply to controls by Mexico on the export of logs of all species.   | 8407  |
| 2. Articles 301 and 309 shall not apply to:   | 8413  |
| (a) measures under the existing provisions of Articles 192 through 194 of the <i>General Ways of Communication Act</i> (" <i>Ley de Vias Generales de Comunicación</i> ") reserving exclusively to Mexican vessels all services and operations not authorized for foreign vessels and empowering the Mexican Ministry of Communications and Transportation to deny foreign vessels the right to perform authorized services if their country of origin does not grant reciprocal rights to Mexican vessels; and | 8413<br>8426<br>8426<br>8426                                  |
| (b) export permit measures applied to goods for exportation to another Party that are subject to quantitative restrictions or tariff rate quotas adopted or maintained by that other Party.   | 8426.4<br>8426.4  |
| 3. Articles 301 and 309 shall not apply to:   | 8426.4  |
| (a) the continuation or prompt renewal of a non-conforming provision of the statute referred to in paragraph 2(a); and  | 8426.4  |
| (b) the amendment to a non-conforming provision of the statute referred to in paragraph 2(a) to the extent that the amendment does not decrease the conformity of the provision with Articles 301 and 309.  | 8426.4<br>8426.9  |
| 4. (a) Notwithstanding Article 309, for the first 10 years after the date of entry into force of this Agreement, Mexico may adopt or maintain prohibitions of restrictions on the importation of used goods provided for in the items, as of August 12, 1992, in the Tariff Schedule of the <i>General Import Duty Act</i> (Tarifa de la " <i>Ley del Impuesto General de Importación</i> ") set out below:   | 8426.9<br>8426.91<br>8426.91<br>8426.99<br>8426.99<br>8426.99 |

Note: For purposes of reference only, descriptions are provided next to the corresponding item.

Item	Description
8407.34.99	Gasoline engines of more than 1,000 cm <sup>3</sup> , except for motorcycles
8413.11.01	Distributors fitted with a measuring device even if it includes a totalizing mechanism
8413.40.01	Trailer type, from 36 up to 60 m <sup>3</sup> /hr capacity; without hydraulic elevator for the discharge hose
8426.12.01	Mobile portals on tires and straddle carriers
8426.19.01	Other (overhead travelling cranes, bridge cranes and straddle carriers)
8426.30.01	Portal cranes
8426.41.01	Cranes with structural iron jib (lattice) with mechanical working, self-propelled, with unit weight up to 55 tons
8426.41.02	Cranes with hydraulically actuated rigid jib, self-propelled with maximum capacity above 9.9 tons and not exceeding 30 tons
8426.41.99	Other (machinery and apparatus, self propelled, on tires)
8426.49.01	Cranes with structural iron jib (lattice) with mechanical working, with unit weight up to 55 tons
8426.49.02	Cranes with hydraulically actuated rigid jib, self-propelled, with load capacity above 9.9 tons and not exceeding 30 tons
8426.91.01	Cranes, other than those provided for in items 8426.91.02, 8426.91.03 and 8426.91.04
8426.91.02	Cranes with hydraulic working, with articulated or rigid booms, with capacity up to 9.9 tons at 1 meter radius
8426.91.03	Isolated elevating cranes, basket type, with carrying capacity equal to or less than 1 ton and up to 15 meters lift
8426.91.99	Other (machinery and apparatus; designed for mounting on road vehicles)
8426.99.01	Cranes, other than those provided for in item 8426.99.02
8426.99.02	Swivel cranes
8426.99.99	Other (cranes and air cables ("blondines"); overhead travelling cranes, handling or unloading frames, bridge cranes, straddle carriers and straddle cranes)

8427.10.01	With load capacity up to 3,500 kilograms, measured at 620 millimeters from the frontal surface of the forks, without battery or loader	8430
8427.20.01	With explosion or internal combustion engine, with carrying capacity up to 7,000 kilograms, measured at 620 millimeters from the frontal surface of the forks	8430
8428.40.99	Other (escalators and moving walkways)	8430
8428.90.99	Other (machinery and apparatus for lifting, loading, unloading or handling)	8430
8429.11.01	Caterpillar type	8430
8429.19.01	Other (bulldozers and angledozers)	8430
8429.20.01	Graders	8430
8429.30.01	Scrapers	8430
8429.40.01	Tamping machines	8430
8429.51.02	Front-end loader with hydraulic working, wheel-type, with capacity equal or less than 335 hp	8430
8429.51.03	Mechanical shovels, other than those provided for in item 8429.51.01	8430
8429.51.99	Other (mechanical shovels, excavators, loaders and front-end shovel loaders)	8430
8429.52.02	Draglines or excavators, other than those provided for in item 8429.52.01	8430
8429.52.99	Other (machinery with a 360° revolving superstructure)	8430
8429.59.01	Trenchers	8452.1
8429.59.02	Draglines, with dragging load capacity up to 4,000 kilograms	8452.2
8429.59.03	Draglines or excavators, other than those provided for in item 8429.59.04	8452.2
8429.59.99	Other (self-propelled bulldozers, angledozers, graders, scrapers, mechanical shovels, excavators, loaders, shovel loaders, tamping machines and road rollers)	8452.2
8430.31.01	Rotation and/or percussion perforators	
8430.31.99	Other (self-propelled cutters, pullers or wrenchers and machines to open tunnels <sup>st</sup> galleries)	8452.2
8430.39.01	Boring shields	8452.2



from the	8430.39.99	Other (not self-propelled cutters, pullers or wrenchers and machines to open tunnels or galleries)
to 7,000 kcs	8430.41.01	Boring or sinking machinery, other than those provided for in item 8430.41.02
	8430.41.99	Other (self-propelled probing or boring machinery)
	8430.49.99	Other (not self-propelled probing or boring machinery)
g)	8430.50.01	Excavators, frontal carriers with hydraulic mechanism, with capacity equal to or less than 335 h.p.
	8430.50.02	Scrapers
	8430.50.99	Other (self-propelled machinery and apparatus)
	8430.61.01	Graders (pushers)
	8430.61.02	Tamping or compacting rollers
al or less	8430.61.99	Other (machinery and apparatus, not self-propelled)
	8430.62.01	Scarification machine (ripping machine)
ders)	8430.69.01	Scrapers, not self-propelled
01	8430.69.02	Trencher machine, other than those provided for in item 8430.69.03
	8430.69.99	Other (trenchers, other than those provided for in items 8430.69.01, 8430.69.02 and 8430.69.03)
	8452.10.01	Sewing machines of the household type
.04	8452.21.04	Industrial machines, other than those provided for in items 8452.21.02, 8452.21.03 and 8452.21.05
anical	8452.21.99	Other (automatic sewing machines)
d rollers)	8452.29.05	Machines or heads for industrial use, with straight seams, straight needle and a rotating and oscillating thread linking device, double backstitching, flat bed and transportation only
n tunnels	8452.29.06	Industrial machines, other than those provided for in items 8452.29.01, 8452.29.03 and 8452.29.05
	8452.29.99	Other (non-automatic sewing machines)

8452.90.99	Other (parts of sewing machines)	871
8471.10.01	Analogue or hybrid automatic data processing machines	871
8471.20.01	Digital or numerical automatic data processing machines, containing in the same housing at least a central processing unit and an input and output unit	871
8471.91.01	Numerical or digital processing units, even if presented with the rest of the system, including one or two of the following types of units contained in the same housing: storage units, input units, output units	871
8471.92.99	Other (input or output units whether or not entered with the rest of a system and whether or not containing storage units in the same housing)	871
8471.93.01	Storage units, including the rest of the system	
8471.99.01	Other (automatic data processing machines and units thereof)	871
8474.20.01	Crushing and grinding with two or more cylinders	871
8474.20.02	Crushing jawbone and grinding millstone	871
8474.20.03	Blade crushing machines	871
8474.20.04	Crushing machines of balls or bars	871
8474.20.05	Drawer cone crushing, with diameter no more than 1200 millimeters	871
8474.20.06	Grinding hammer percussion	871
8474.20.99	Other (machines and apparatus to break, crush or grind or pulverize dirt, stones and other solid mineral materials)	871
8474.39.99	Other (mixing machines)	871
8474.80.99	Other (machines and apparatus to classify, sieve, separate, break, crush, grind, mix, or knead dirt, stones and other mineral materials)	871
8475.10.01	Machines for assembling lamps	871
8477.10.01	Injection-molding machines for thermoplastic materials, up to 5 kg capacity for one molding model	871
8701.30.01	Caterpillar tractors with an engine power at the flywheel equal to or above 105 h.p., but less than 380 h.p. measured at 1,900 rpm, including pushing blade	871
8701.90.02	Railroad tractors, on tires with mechanical mechanism for pavement	

	8711.10.01	Motorcycles fitted with an auxiliary motor with reciprocating piston engine not exceeding 50 cm <sup>3</sup>
e same	8711.20.01	Motorcycles fitted with an auxiliary motor with reciprocating piston engine over 50 cm <sup>3</sup> but not over 250 cm <sup>3</sup>
ne the same	8711.30.01	Motorcycles fitted with an auxiliary motor with reciprocating piston engine over 250 cm <sup>3</sup> but not over 500 cm <sup>3</sup>
em and	8711.40.01	Motorcycles fitted with an auxiliary motor with reciprocating piston engine over 500 cm <sup>3</sup> but less than 550 cm <sup>3</sup>
	8711.90.99	Other (motorcycles, cycles fitted with an auxiliary motor and sidecars without a reciprocating piston engine, and that are not sidecars for motorcycles and velocipedes of any kind presented separately)
	8712.00.02	Bicycles, other than of the type for racing
	8712.00.99	Other (cycles, not motorized, except bicycles, and tricycles for the transport of merchandise)
	8716.10.01	Trailers and semi-trailers for housing and camping, of the caravan type
	8716.31.02	Steel-tank type tankers, including cryogenic or hoppers
	8716.31.99	Other (tankers except of the steel-tank type, and of the thermal type for the transportation of milk)
t, stones	8716.39.01	Trailers or semi-trailers of the platform type, with or without stakes, including those accepted for the transport of boxes or metal baskets for cans and bottles or container carriers, or low beds, except those with hydraulic or pneumatic suspension and collapsible goose-neck
	8716.39.02	Trailers or semi-trailers for the transport of vehicles
, grind,	8716.39.04	Trailers of the modular-platform type with directional axis, including transporter bridge section, hydraulic couplings or goose-neck or motor for hydraulic conditioning of the equipment
city for	8716.39.05	Semi-trailers of the low-bed type, with pneumatic or hydraulic suspension and collapsible goose-neck
ove 105 blade	8716.39.06	Trailers and semi-trailers of the closed-box type, including refrigerated
	8716.39.07	Trailers and semi-trailers of the steel-tank type, including cryogenic and hoppers

8716.39.99	Other (trailers and semi-trailers for the transportation of goods, other than those provided for in items 8716.39.01, 8716.39.02, 8716.39.04, 8716.39.05, 8716.39.06 and 8716.39.07, and that are not vehicles for the transport of goods, with solid rubber wheels, nor double-decker trailers or semitrailers of the type recognized as used exclusively for hauling cattle	Item
8716.40.01	Other trailers and semi-trailers not used for transporting goods	8411
8716.80.99	Other (non-automotive vehicles except trailers or semi-trailers, wheel barrows and hand-carts, or wheel barrows of hydraulic operation)	8413
(b)	Notwithstanding subparagraph (a), Mexico shall not prohibit or restrict the importation, on a temporary basis, of used goods provided for in the items set out in subparagraph (c) for the provision of a cross-border service subject to Chapter Twelve (Cross-Border Trade in Services) or the performance of a contract subject to Chapter Ten (Government Procurement), provided that the imported goods	8426
	(i) are necessary to the provision of the cross-border service or the performance of the contract awarded to a supplier of another Party,	8426
	(ii) are used solely by or under the supervision of the service provider or the supplier performing the contract,	8426
	(iii) are not sold, leased or loaned while in the territory of Mexico,	8426
	(iv) are imported in no greater quantity than is necessary for the provision of the service or the performance of the contract,	8426
	(v) are re-exported promptly on completion of the service or the contract, and	8426
	(vi) comply with other applicable requirements on the importation of such goods to the extent they are not inconsistent with this Agreement.	8426
		8426
		8426
		8427
		8428

(c) Subparagraph (b) applies to used goods provided for in the following items:

Item	Description
8413.11.01	Distributors fitted with a measuring device even if it includes a totalizing mechanism
8413.40.01	Concrete pumps for liquids, not fitted with a measuring device from 36 up to 60 m <sup>3</sup> /hr capacity
8426.12.01	Mobile portals on tires and straddle carriers
8426.19.01	Other (overhead travelling cranes, bridge cranes and straddle carriers)
8426.30.01	Portal cranes
8426.41.01	Cranes with structural iron jib (lattice) with mechanical working, self-propelled, with unit weight up to 55 tons
8426.41.02	Cranes with hydraulically actuated rigid jib, self-propelled with maximum capacity above 9.9 tons and not exceeding 30 tons
8426.41.99	Other (machinery and apparatus, self propelled, on tires)
8426.49.01	Cranes with structural iron jib (lattice) with mechanical working, with unit weight up to 55 tons
8426.49.02	Cranes with hydraulically actuated rigid jib, self-propelled, with load capacity above 9.9 tons and not exceeding 30 tons
8426.91.01	Cranes, other than those provided for in items 8426.91.02, 8426.91.03 and 8426.91.04
8426.99.01	Cranes, other than those provided for in item 8426.99.02
8426.99.02	Swivel cranes
8426.99.99	Other (cranes and air cables ("blondines"); overhead travelling cranes, handling or unloading frames, bridge cranes, straddle carriers and straddle cranes)
8427.10.01	With load capacity up to 3,500 kilograms, measured at 620 millimeters from the frontal surface of the forks, without battery or loader
8428.40.99	Other (escalators and moving walkways)

8428.90.99	Other (machinery and apparatus for lifting, loading, unloading or handling)	84
8429.11.01	Caterpillar type	84
8429.19.01	Other (bulldozers and angledozers)	843
8429.30.01	Scrapers	843
8429.40.01	Tamping machines	843
8429.51.02	Front-end loader with hydraulic working, wheel-type, with capacity equal or less than 335 HP	843
8429.51.03	Mechanical shovels, other than those provided for in item 8429.51.01	843
8429.51.99	Other (mechanical shovels, excavators, loaders and front-end shovel loaders)	843
8429.52.02	Draglines or excavators, other than those provided for in item 8429.52.01	843
8429.52.99	Other (machinery with a 360° revolving superstructure)	8452
8429.59.01	Trenchers	8452
8429.59.02	Draglines, with dragging load capacity up to 4,000 kilograms	8452
8429.59.03	Draglines or excavators, other than those provided for in item 8429.59.04	8452
8429.59.99	Other (self-propelled bulldozers, angledozers, graders, scrapers, mechanical shovels, excavators, loaders, shovel loaders, tamping machines and road rollers)	8452
8430.31.01	Rotation and/or percussion perforators	8452
8430.31.99	Other (self-propelled cutters, pullers or wrenchers and machines to open tunnels or galleries)	8452
8430.39.01	Boring shields	8474
8430.39.99	Other (not self-propelled cutters, pullers or wrenchers and machines to open tunnels or galleries)	8474
8430.41.01	Boring or sinking machinery, other than those provided for in item 8430.41.02	8474
8430.41.99	Other (self-propelled probing or boring machinery)	8474
8430.49.99	Other (not self-propelled probing or boring machinery)	8474

g)	8430.50.01	Excavators, frontal loaders with hydraulic mechanism, with capacity equal to or less than 335 hp
	8430.50.02	Scrapers
	8430.50.99	Other (self-propelled machinery and apparatus)
	8430.61.01	Graders (pushers)
	8430.61.02	Tamping or compacting rollers
1 or less	8430.62.01	Scarification machine (ripping machine)
	8430.69.01	Scrapers, not self-propelled
ers)	8430.69.02	Trencher machine, other than those provided for in item 8430.69.03
1	8430.69.99	Other (trenchers, other than those provided for in items 8430.69.01, 8430.69.02 and 8430.69.03)
	8452.10.01	Sewing machines of the household type
	8452.21.04	Industrial machines, other than those provided for in items 8452.21.02, 8452.21.03 and 8452.21.05
04	8452.21.99	Other (automatic sewing machines)
ical rollers)	8452.29.06	Industrial machines, other than those provided for in items 8452.29.01, 8452.29.03 and 8452.29.05
	8452.29.99	Other (non-automatic sewing machines)
tunnels or	8452.90.99	Other (parts of sewing machines)
	8471.10.01	Analogue or hybrid automatic data processing machines
	8474.20.01	Crushing and grinding with two or more cylinders
open	8474.20.03	Blade crushing machines
0.41.02	8474.20.04	Crushing machines of balls or bars
	8474.20.99	Other (machines and apparatus to break, crush or grind or pulverize dirt, stones and other solid mineral materials)
	8474.39.99	Other (mixing machines)

*Annex 301.3*

- 8474.80.99 Other (machines and apparatus to classify, sieve, separate, break, crush, grind, mix, or knead dirt, stones and other mineral materials)
- 8477.10.01 Injection-molding machines for thermoplastic materials, up to 5 kg capacity for one molding model
- 8701.30.01 Caterpillar tractors with an engine power at the flywheel equal to or above 105 h.p., but less than 380 h.p. measured at 1,900 rpm, including pushing blade

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Section C - U.S. Measures

1. Articles 301 and 309 shall not apply to controls by the United States on the export of logs of all species.
2. Articles 301 and 309 shall not apply to:
  - (a) taxes on imported perfume containing distilled spirits under existing provisions of sections 5001(a)(3) and 5007(b)(2) of the *Internal Revenue Code of 1986*, 26 U.S.C. §§ 5001(a)(3) and 5007(b)(2), and
  - (b) measures under existing provisions of the *Merchant Marine Act of 1920*, 46 App. U.S.C. § 883; the *Passenger Vessel Act*, 46 App. U.S.C. §§ 289, 292 and 316; and 46 U.S.C. § 12108,

to the extent that such measures were mandatory legislation at the time of the United States' accession to the GATT and have not been amended so as to decrease their conformity with the GATT.

3. Articles 301 and 309 shall not apply to:
  - (a) the continuation or prompt renewal of a non-conforming provision of any statute referred to in paragraph 2; and
  - (b) the amendment to a non-conforming provision of any statute referred to in paragraph 2 to the extent that the amendment does not decrease the conformity of the provision with Articles 301 and 309.

Annex 302.2

Tariff Elimination

1. Except as otherwise provided in a Party's Schedule attached to this Annex, the following staging categories apply to the elimination of customs duties by each Party pursuant to Article 302(2):

- (a) duties on goods provided for in the items in staging category A in a Party's Schedule shall be eliminated entirely and such goods shall be duty-free, effective January 1, 1994;
- (b) duties on goods provided for in the items in staging category B in a Party's Schedule shall be removed in five equal annual stages beginning on January 1, 1994, and such goods shall be duty-free, effective January 1, 1998;
- (c) duties on goods provided for in the items in staging category C in a Party's Schedule shall be removed in 10 equal annual stages beginning on January 1, 1994, and such goods shall be duty-free, effective January 1, 2003;
- (d) duties on goods provided for in the items in staging category C+ in a Party's Schedule shall be removed in 15 equal annual stages beginning on January 1, 1994, and such goods shall be duty-free, effective January 1, 2008; and
- (e) goods provided for in the items in staging category D in a Party's Schedule shall continue to receive duty-free treatment.

2. The base rate of customs duty and staging category for determining the interim rate of customs duty at each stage of reduction for an item are indicated for the item in each Party's Schedule attached to this Annex. These rates generally reflect the rate of duty in effect on July 1, 1991, including rates under the U.S. Generalized System of Preferences and the General Preferential Tariff of Canada.

3. For the purpose of the elimination of customs duties in accordance with Article 302, interim staged rates shall be rounded down, except as set out in each Party's Schedule attached to this Annex, at least to the nearest tenth of a percentage point or, if

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the rate of duty is expressed in monetary units, at least to the nearest .001 of the official monetary unit of the Party.

4. Canada shall apply a rate of customs duty no higher than the rate applicable under the staging category set out for an item in Annex 401.2, as amended, of the *Canada - United States Free Trade Agreement*, which Annex is hereby incorporated into and made a part of this Agreement, to an originating good provided that:

- (a) notwithstanding any provision in Chapter Four, in determining whether such good is an originating good, operations performed in or materials obtained from Mexico are considered as if they were performed in or obtained from a non-Party; and
- (b) any processing that occurs in Mexico after the good would qualify as an originating good in accordance with subparagraph (a) does not increase the transaction value of the good by greater than seven percent.

5. Canada shall apply a rate of customs duty no higher than the rate applicable under the staging category set out for an item in Column I of its Schedule to this Annex to an originating good provided that:

- (a) notwithstanding any provision in Chapter Four, in determining whether such good is an originating good, operations performed in or materials obtained from the United States are considered as if they were performed in or obtained from a non-Party; and
- (b) any processing that occurs in the United States after the good would qualify as an originating good in accordance with subparagraph (a) does not increase the transaction value of the good by greater than seven percent.

6. Canada shall apply to an originating good to which neither paragraph 4 nor 5 applies a rate of customs duty no higher than the rate indicated for its corresponding item in Column II of its Schedule to this Annex. The rate of customs duty in Column II for such good shall be:

- (a) in each year of the staging category indicated in Column I, the higher of
  - (i) the rate of customs duty under the staging category set out for the item in Annex 401.2, as amended, of the *Canada - United States Free Trade Agreement*, and

(ii) the General Preferential Tariff rate of customs duty for the item applied on July 1, 1991, reduced in accordance with the applicable staging category set out for the item in Column I of its Schedule to this Annex; or

(b) where specified in Column II of its Schedule to this Annex, the most-favored-nation rate of customs duty for the item applied on July 1, 1991, reduced in accordance with the applicable staging category set out for the item in Column I of its Schedule to this Annex, or reduced in accordance with the applicable staging category otherwise indicated.

7. Paragraphs 4 through 6 and 10 through 13 shall not apply to textile and apparel goods identified in Appendix 1.1 of Annex 300-B (Textiles and Apparel Goods).

8. Paragraphs 4, 5 and 6 shall not apply to agricultural goods as defined in Article 708. For these goods, Canada shall apply the rate applicable under the staging category set out for an item in Annex 401.2, as amended, of the *Canada - United States Free Trade Agreement* to an originating good when the good qualifies to be marked as a good of the United States pursuant to Annex 311, without regard to whether the good is marked. When an originating good qualifies to be marked as a good of Mexico, pursuant to Annex 311, whether or not the good is marked, Canada shall apply the rate applicable under the staging category set out for an item in Column I of its Schedule to this Annex.

9. As between the United States and Canada, Article 401(7) and (8) of the *Canada - United States Free Trade Agreement* is hereby incorporated and made a part of this Annex. The term "goods originating in the territory of the United States of America" in Article 401(7) of that agreement shall be determined in accordance with paragraph 4 of this Annex. The term "goods originating in the territory of Canada" in Article 401(8) of that agreement shall be determined in accordance with paragraph 12 of this Annex.

10. Mexico shall apply a rate of customs duty no higher than the rate applicable under the staging category set out for an item in Column I of its Schedule to this Annex to an originating good when the good qualifies to be marked as a good of the United States, pursuant to Annex 311, without regard to whether the good is marked.

11. Mexico shall apply a rate of customs duty no higher than the rate applicable under the staging category set out for an item in Column II of its Schedule to this Annex to an originating good when the good qualifies to be marked as a good of Canada, pursuant to Annex 311, without regard to whether the good is marked.

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12. The United States shall apply a rate of customs duty no higher than the rate applicable under the staging category set out for an item in Annex 401.2, as amended, of the *Canada - United States Free Trade Agreement* to an originating good when the good qualifies to be marked as a good of Canada pursuant to Annex 311, without regard to whether the good is marked.

13. The United States shall apply a rate of customs duty no higher than the rate applicable under the staging category set out for an item in its Schedule to this Annex to an originating good when the good qualifies to be marked as a good of Mexico pursuant to Annex 311, whether or not the good is marked.

**Schedule of Canada**

**(TARIFF SCHEDULE ATTACHED AS SEPARATE VOLUME)**

**Schedule of Mexico**

**(TARIFF SCHEDULE ATTACHED AS SEPARATE VOLUME)**

**Schedule of the United States**

**(TARIFF SCHEDULE ATTACHED AS SEPARATE VOLUME)**

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**Annex 303.6****Goods Not Subject to Article 303**

1. For exports from the territory of the United States to the territory of Canada or Mexico, a good provided for in U.S. tariff item 1701.11.02 that is imported into the territory of the United States and used as a material in the production of, or substituted by an identical or similar good used as a material in the production of, a good provided for in Canadian tariff item 1701.99.00 or Mexican tariff items 1701.99.01 and 1701.99.99 (refined sugar) is not subject to Article 303.

2. For trade between Canada and the United States the following are not subject to Article 303:

- (a) imported citrus products;
- (b) an imported good used as a material in the production of, or substituted by an identical or similar good used as a material in the production of, a good provided for in U.S. items 5811.00.20 (quilted cotton piece goods), 5811.00.30 (quilted man-made piece goods) or 6307.90.99 (furniture moving pads), or Canadian items 5811.00.10 (quilted cotton piece goods), 5811.00.20 (quilted man-made piece goods) or 6307.90.30 (furniture moving pads), that are subject to the most-favored-nation rate of duty when exported to the territory of the other Party; and
- (c) an imported good used as a material in the production of, or substituted by an identical or similar good used as a material in the production of, apparel that is subject to the most-favored-nation rate of duty when exported to the territory of the other Party.

**Annex 303.7**

**Effective Dates for the Application of Article 303**

**Section A - Canada**

For Canada, Article 303 shall apply to a good imported into the territory of Canada that is:

- (a) subsequently exported to the territory of the United States on or after January 1, 1996, or subsequently exported to the territory of Mexico on or after January 1, 2001;
- (b) used as a material in the production of another good that is subsequently exported to the territory of the United States on or after January 1, 1996, or used as a material in the production of another good that is subsequently exported to the territory of Mexico on or after January 1, 2001; or
- (c) substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of the United States on or after January 1, 1996, or substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of Mexico on or after January 1, 2001.

**Section B - Mexico**

For Mexico, Article 303 shall apply to a good imported into the territory of Mexico that is:

- (a) subsequently exported to the territory of another Party on or after January 1, 2001;
- (b) used as a material in the production of another good that is subsequently exported to the territory of another Party on or after January 1, 2001; or



- (c) substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of another Party on or after January 1, 2001.

### Section C - United States

For the United States, Article 303 shall apply to a good imported into the territory of the United States that is:

- (a) subsequently exported to the territory of Canada on or after January 1, 1996, or subsequently exported to the territory of Mexico on or after January 1, 2001;
- (b) used as a material in the production of another good that is subsequently exported to the territory of Canada on or after January 1, 1996, or used as a material in the production of another good that is subsequently exported to the territory of Mexico on or after January 1, 2001; or
- (c) substituted by an identical or similar good used as a material in the production of another good subsequently exported to the territory of Canada on or after January 1, 1996, or substituted by an identical or similar good used as a material in the production of another good subsequently exported to the territory of Mexico on or after January 1, 2001.

**Annex 303.8**

**Exception to Article 303(8)  
for Certain Color Cathode-Ray Television Picture Tubes**

**Mexico**

Mexico may refund customs duties paid, or waive or reduce the amount of customs duties owed, on a good provided for in item 8540.11.aa (color cathode-ray television picture tubes, including video monitor cathode-ray tubes, with a diagonal exceeding 14 inches) or 8540.11.cc (color cathode-ray television picture tubes for high definition television, with a diagonal exceeding 14 inches) for a person who, during the period July 1, 1991 through June 30, 1992, imported into its territory no fewer than 20,000 units of such good that would not have been considered to be an originating good had this Agreement been in force during that period, where the good is:

- (a) subsequently exported from the territory of Mexico to the territory of the United States, or is used as a material in the production of another good that is subsequently exported from the territory of Mexico to the territory of the United States, or is substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of the United States, in an amount, for all such persons combined, no greater than
- (i) 1,200,000 units in 1994,
  - (ii) 1,000,000 units in 1995,
  - (iii) 800,000 units in 1996,
  - (iv) 600,000 units in 1997,
  - (v) 400,000 units in 1998,
  - (vi) 200,000 units in 1999, and
  - (vii) zero units in 2000 and thereafter,

provided that the number of units of the good on which such customs duties may be refunded, waived or reduced in any year shall be reduced, with respect to that year, by the number of units of such good that qualifies as an originating good during the year immediately preceding that year, considering operations performed in, or materials obtained from, the territories of Canada and the United States as if they were performed in, or obtained from, a non-Party; or

- (b) subsequently exported from the territory of Mexico to the territory of Canada, or is used as a material in the production of another good that is subsequently exported from the territory of Mexico to the territory of Canada, or is substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of Canada, for all such persons combined, in an amount no greater than

- (i) 75,000 units in 1994,
- (ii) 50,000 units in 1995, and
- (iii) zero units in 1996 and thereafter.

**Annex 304.1**

**Exceptions for Existing Waiver Measures**

Article 304(1) shall not apply in respect of existing Mexican waivers of customs duties, except that Mexico shall not:

- (a) increase the ratio of customs duties waived to customs duties owed relative to the performance required under any such waiver; or
- (b) add any type of imported good to those qualifying on July 1, 1991, in respect of any waiver of customs duties in effect on that date.

## Annex 304.2

## Continuation of Existing Waivers of Customs Duties

For purposes of Article 304(2):

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- (a) as between Canada and Mexico, Canada may condition on the fulfillment of a performance requirement the waiver of customs duties under any measure in effect on or before January 1, 1989, on any goods entered or withdrawn from warehouse for consumption before January 1, 1998;
  - (b) as between Canada and the United States, Article 405 of the *Canada - United States Free Trade Agreement* is hereby incorporated and made a part of this Annex solely with respect to measures adopted by Canada or the United States prior to the date of entry into force of this Agreement;
  - (c) Mexico may condition on the fulfillment of a performance requirement the waiver of customs duties under any measure in effect on July 1, 1991, on any goods entered or withdrawn from warehouse for consumption before January 1, 2001; and
  - (d) Canada may grant waivers of customs duties as set out in Annex 300-A (Trade and Investment in the Automotive Sector).

## Annex 307.1

## Goods Re-Entered after Repair or Alteration

## Section A - Canada

Canada may impose customs duties on goods, regardless of their origin, that re-enter its territory after such goods have been exported from its territory to the territory of another Party for repair or alteration as follows:

- (a) for goods set out in Section D that re-enter its territory from the territory of Mexico, Canada shall apply to the value of the repair or alteration of such goods the rate of customs duty for such goods applicable under its Schedule to Annex 302.2;
- (b) for goods other than those set out in Section D that re-enter its territory from the territory of the United States or Mexico, other than goods repaired or altered pursuant to a warranty, Canada shall apply to the value of the repair or alteration of such goods the rate of customs duty for such goods applicable under the Tariff Schedule of Canada attached to Annex 401.2 of the *Canada - United States Free Trade Agreement*, as incorporated into Annex 302.2 of this Agreement; and
- (c) for goods set out in Section D that re-enter its territory from the territory of the United States, Canada shall apply to the value of the repair or alteration of such goods the rate of customs duty for such goods applicable under its Schedule attached to Annex 401.2 of the *Canada - United States Free Trade Agreement*, as incorporated into Annex 302.2 of this Agreement.

## Section B - Mexico

Mexico may impose customs duties on goods set out in Section D, regardless of their origin, that re-enter its territory after such goods have been exported from its territory to the territory of another Party for repair or alteration, by applying to the value of the repair or alteration of those goods the rate of customs duty for such goods that would apply if such goods were included in staging category B in Mexico's Schedule to Annex 302.2.

### Section C - United States

1. The United States may impose customs duties on:

- (a) goods set out in Section D, or
- (b) goods that are not set out in Section D and that are not repaired or altered pursuant to a warranty,

regardless of their origin, that re-enter its territory after such goods have been exported from its territory to the territory of Canada for repair or alteration, by applying to the value of the repair or alteration of such goods the rate of customs duty applicable under the *Canada - United States Free Trade Agreement*, as incorporated into Annex 302.2 of this Agreement.

2. The United States may impose customs duties on goods set out in Section D, regardless of their origin, that re-enter its territory after such goods have been exported from its territory to the territory of Mexico for repair or alteration, by applying to the value of the repair or alteration of such goods a rate of customs duty of 50 percent reduced in five equal annual stages beginning on January 1, 1994, and the value of such repair or alteration shall be duty-free on January 1, 1998.

### Section D - List of Goods

Any vessel, including the following goods, documented by a Party under its law to engage in foreign or coastwise trade, or a vessel intended to be employed in such trade:

- (a) cruise ships, excursion boats, ferry-boats, cargo ships, barges and similar vessels for the transport of persons or goods, including
  - (i) tankers,
  - (ii) refrigerated vessels, other than tankers, and
  - (iii) other vessels for the transport of goods and other vessels for the transport of both persons and goods, including open vessels;
- (b) fishing vessels, including factory ships and other vessels for processing or preserving fishery products of a registered length not exceeding 30.5m;

- (c) light-vessels, fire-floats, dredgers, floating cranes, and other vessels the navigability of which is subsidiary to their main function, floating docks, floating or submersible drilling or production platforms; and drilling ships, drilling barges and floating drilling rigs; and
- (d) tugboats.

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## Annex 307.3

## Repair and Rebuilding of Vessels

## United States

For the purpose of increasing transparency regarding the types of repairs that may be performed in shipyards outside the territory of the United States that do not result in any loss of privileges for such vessel to:

- (a) remain eligible to engage in coastwise trade or to access U.S. fisheries,
- (b) transport U.S. government cargo, or
- (c) participate in U.S. assistance programs, including the "operating difference subsidy,"

the United States shall,

- (d) provide written clarification no later than July 1, 1993, to the other Parties of current U.S. Customs and Coast Guard practices that constitute, and differentiate between, the repair and the rebuilding of vessels, including clarifications with respect to "jumboizing", vessel conversions and casualty repairs, and
- (e) begin a process, no later than the date of entry into force of this Agreement, to define the terms "repairs" and "rebuilding" under U.S. maritime law, including the *Merchant Marine Act of 1920*, 46 App. U.S.C. § 883, and the *Merchant Marine Act of 1936*, 46 App. U.S.C. §§ 1171, 1176, 1241 and 1241o.

Annex 308.1

Most-Favored-Nation Rates of Duty on  
Certain Automatic Data Processing Goods and Their Parts

Section A - General Provisions

1. Each Party shall reduce its most-favored-nation rate of duty applicable to a good provided for under the tariff provisions set out in Tables 308.1.1 and 308.1.2 in Section B to the rate set out therein, to the lowest rate agreed by any Party in the Uruguay Round of Multilateral Trade Negotiations, or to such reduced rate as the Parties may agree, in accordance with the schedule set out in Section B, or with such accelerated schedule as the Parties may agree.

2. Notwithstanding Chapter Four (Rules of Origin), when the most-favored-nation rate of duty applicable to a good provided for under the tariff provisions set out in Table 308.1.1 in Section B conforms with the rate established under paragraph 1, each Party shall consider the good, when imported into its territory from the territory of another Party, to be an originating good.

3. A Party may reduce in advance of the schedule set out in Table 308.1.1 or Table 308.1.2 in Section B, or of such accelerated schedule as the Parties may agree, its most-favored-nation rate of duty applicable to any good provided for under the tariff provisions set out therein, to the lowest rate agreed by any Party in the Uruguay Round of Multilateral Trade Negotiations, or the rate set out in Table 308.1.1 or 308.1.2, or to such reduced rate as the Parties may agree.

4. For greater certainty, most-favored-nation rate of duty does not include any other concessionary rate of duty.

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## Section B - Rates of Duty and Schedule for Reduction

Table 308.1.1

	Tariff Rate	Schedule <sup>1</sup>
<b>Automatic Data Processing Machines (ADP)</b>		
8471.10	3.9%	S
8471.20	3.9%	S
<b>Digital Processing Units</b>		
8471.91	3.9%	S
<b>Input or Output Units</b>		
<u>Combined Input/Output Units</u>		
Canada:		
8471.92.10	3.7%	S
Mexico:		
8471.92.09	3.7%	S
United States:		
8471.92.10	3.7%	S
<u>Display Units</u>		
Canada:		
8471.92.32	3.7%	S
8471.92.33	Free	S
8471.92.34	3.7%	S

<sup>1</sup> R on the date of entry into force of this Agreement  
S in five equal annual stages commencing January 1, 1999.

8471.92.39	3.7%	S	Parts o
<b>Mexico:</b>			
8471.92.10	3.7%	S	
8471.92.11	Free	S	Comput
<b>United States:</b>			
8471.92.30	Free	S	
8471.92.40.75	3.7%	S	
8471.92.40.85	3.7%	S	
<b><u>Other Input or Output Units</u></b>			
<b>Canada:</b>			
8471.92.40	3.7%	S	
8471.92.50	Free	S	
8471.92.90	Free	S	
<b>Mexico:</b>			
8471.92.12	3.7%	S	
8471.92.99	Free	S	
<b>United States:</b>			
8471.92.20	Free	S	
8471.92.80	Free	S	
8471.92.90.20	Free	S	
8471.92.90.40	3.7%	S	
8471.92.90.60	Free	S	
8471.92.90.80	Free	S	
<b>Storage Units</b>			
8471.93	Free	S	
<b>Other Units of Automatic Data Processing Machines</b>			
8471.99	Free	S	

**Parts of Computers**

8473.30	Free	R
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**Computer Power Supplies****Canada:**

8504.40.40	Free	S
8504.90.14	Free	R
8504.90.80	Free	R

**Mexico:**

8504.40.12	Free	S
8504.90.08	Free	S
8504.90.09	Free	S

**United States:**

8471.99.32	Free	S
8471.99.34	Free	S

Table 308.1.2

	Tariff Rate	Schedule <sup>1</sup>
<b>Metal Oxide Varistors</b>		
Canada:		
8533.40.10	Free	R
Mexico:		
8533.40.07	Free	R
United States:		
8533.40.00A	Free	R
<b>Diodes, Transistors and Similar Semiconductor Devices; Photosensitive Semiconductor Devices; Light Emitting Diodes; Mounted Piezo-electric Crystals</b>		
8541.10	Free	R
8541.21	Free	R
8541.29	Free	R
8541.30	Free	R
8541.50	Free	R
8541.60	Free	R
8541.90	Free	R
Canada:		
8541.40	Free	R
Mexico:		
8541.40	Free	R

<sup>1</sup> R on the date of entry into force of this Agreement

S in five equal annual stages commencing January 1, 1999.

## United States:

8541.40.20		
8541.40.60	Free	S
8541.40.70	Free	R
8541.40.80	Free	R
8541.40.95	Free	R

Electronic Integrated Circuits  
and Microassemblies

8542	Free	R
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**Annex 308.2**

**Most-Favored-Nation Rates of Duty  
on Certain Color Cathode-Ray Television Picture Tubes**

1. Any Party considering the reduction of its most-favored-nation rate of customs duty for goods provided for in item 8540.11.aa (color cathode-ray television picture tubes, including video monitor cathode-ray tubes, with a diagonal exceeding 14 inches) or 8540.11.cc (color cathode-ray television picture tubes for high definition television, with a diagonal exceeding 14 inches) during the first 10 years after the date of entry into force of this Agreement shall consult with the other Parties in advance of such reduction.

2. If any other Party objects in writing to such reduction, other than a reduction in the Uruguay Round of Multilateral Trade Negotiations, and the Party proceeds with the reduction, any objecting Party may raise its applicable rate of duty on originating goods provided for in the corresponding tariff item set out in its Schedule to Annex 302.2, up to the applicable rate of duty as if such good had been placed in staging category C for purpose of tariff elimination.

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**Annex 308.3**

**Most-Favored-Nation Duty-Free  
Treatment of Local Area Network Apparatus**

To facilitate the operation of Article 308(3), the Parties shall consult regarding the tariff classification of local area network apparatus and shall endeavor to agree, no later than January 1, 1994, on the classification of such goods in each Party's tariff schedule.

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**Annex 310.1**

**Existing Customs User Fees**

**Section A - Mexico**

Mexico shall not increase its customs processing fee ("derechos de trámite aduanero") on originating goods, and shall eliminate such fee on originating goods by June 30, 1999.

**Section B - United States**

1. The United States shall not increase its merchandise processing fee and shall eliminate such fee according to the schedule set out in Article 403 of the *Canada - United States Free Trade Agreement* on originating goods where those goods qualify to be marked as goods of Canada pursuant to Annex 311, without regard to whether the goods are marked.

2. The United States shall not increase its merchandise processing fee and shall eliminate such fee by June 30, 1999, on originating goods where those goods qualify to be marked as goods of Mexico pursuant to Annex 311, without regard to whether the goods are marked.

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**Annex 311****Country of Origin Marking**

1. The Parties shall establish by January 1, 1994, rules for determining whether a good is a good of a Party ("Marking Rules") for purposes of this Annex, Annex 300-B and Annex 302.2, and for such other purposes as the Parties may agree.
2. Each Party may require that a good of another Party, as determined in accordance with the Marking Rules, bear a country of origin marking, when imported into its territory, that indicates to the ultimate purchaser of that good the name of its country of origin.
3. Each Party shall permit the country of origin marking of a good of another Party to be indicated in English, French or Spanish, except that a Party may, as part of its general consumer information measures, require that an imported good be marked with its country of origin in the same manner as prescribed for goods of that Party.
4. Each Party shall, in adopting, maintaining and applying any measure relating to country of origin marking, minimize the difficulties, costs and inconveniences that the measure may cause to the commerce and industry of the other Parties.
5. Each Party shall:
  - (a) accept any reasonable method of marking of a good of another Party, including the use of stickers, labels, tags or paint, that ensures that the marking is conspicuous, legible and sufficiently permanent;
  - (b) exempt from a country of origin marking requirement a good of another Party that
    - (i) is incapable of being marked,
    - (ii) cannot be marked prior to exportation to the territory of another Party without causing injury to the goods,
    - (iii) cannot be marked except at a cost that is substantial in relation to its customs value so as to discourage its exportation to the territory of the Party,

- (iv) cannot be marked without materially impairing its function or substantially detracting from its appearance,
- (v) is in a container that is marked in a manner that will reasonably indicate the good's origin to the ultimate purchaser,
- (vi) is a crude substance,
- (vii) is imported for use by the importer and is not intended for sale in the form in which it was imported,
- (viii) is to undergo production in the territory of the importing Party by the importer, or on its behalf, in a manner that would result in the good becoming a good of the importing Party under the Marking Rules,
- (ix) by reason of its character, or the circumstances of its importation, the ultimate purchaser would reasonably know its country of origin even though it is not marked,
- (x) was produced more than 20 years prior to its importation,
- (xi) was imported without the required marking and cannot be marked after its importation except at a cost that would be substantial in relation to its customs value, provided that the failure to mark the good before importation was not for the purpose of avoiding compliance with the requirement,
- (xii) for purposes of temporary duty-free admission, is in transit or in bond or otherwise under customs administration control,
- (xiii) is an original work of art, or
- (xiv) is provided for in subheading 6904.10, or heading 8541 or 8542.

6. Except for a good described in subparagraphs 5(b)(vi), (vii), (viii), (ix), (x), (xii), (xiii) and (xiv), a Party may provide that, wherever a good is exempted under subparagraph 5(b), its outermost usual container shall be marked so as to indicate the country of origin of the good it contains.

7. Each Party shall provide that:

- (a) a usual container imported empty, whether or not disposable, shall not be required to be marked with its own country of origin, but the container in which it is imported may be required to be marked with the country of origin of its contents; and
- (b) a usual container imported filled, whether or not disposable,
  - (i) shall not be required to be marked with its own country of origin, but
  - (ii) may be required to be marked with the country of origin of its contents, unless the contents are marked with their country of origin and the container can be readily opened for inspection of the contents, or the marking of the contents is clearly visible through the container.

8. Each Party shall, wherever administratively practicable, permit an importer to mark a good of a Party subsequent to importation but prior to release of the good from customs control or custody, unless there have been repeated violations of the country of origin marking requirements of the Party by the same importer and that importer has been previously notified in writing that such good is required to be marked prior to importation.

9. Each Party shall provide that, except with respect to importers that have been notified under paragraph 8, no special duty or penalty shall be imposed for failure to comply with country of origin marking requirements of that Party, unless the good is removed from customs custody or control without being properly marked, or a deceptive marking has been used.

10. The Parties shall cooperate and consult on matters related to this Annex, including additional exemptions from a country of origin marking requirement, in accordance with Article 513 (Customs Procedures - Working Group and Customs Subgroup).

11. For purposes of this Annex:

conspicuous means capable of being easily seen with normal handling of the good or container;

**customs value** means the value of a good for purposes of levying duties of customs on an imported good;

**legible** means capable of being easily read;

**sufficiently permanent** means capable of remaining in place until the good reaches the ultimate purchaser, unless deliberately removed;

**the form in which it was imported** means the condition of the good before it has undergone one of the changes in tariff classification described in the Marking Rules;

**ultimate purchaser** means the last person in the territory of an importing Party that purchases the good in the form in which it was imported; such purchaser need not be the last person that will use the good; and

**usual container** means the container in which a good will ordinarily reach its ultimate purchaser.

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Annex 312.2

Wine and Distilled Spirits

Section A - Canada and the United States

As between Canada and the United States, any measure related to the internal sale and distribution of wine and distilled spirits, other than a measure covered by Article 312(1) or 313, shall be governed under this Agreement exclusively in accordance with the relevant provisions of the *Canada - United States Free Trade Agreement*, which for this purpose are hereby incorporated into and made a part of this Agreement.

Section B - Canada and Mexico

As between Canada and Mexico:

1. Except as provided in paragraphs 3 through 6, in respect of any measure related to the internal sale and distribution of wine and distilled spirits, Article 301 shall not apply to:
  - (a) a non-conforming provision of any existing measure;
  - (b) the continuation or prompt renewal of a non-conforming provision of any existing measure; or
  - (c) an amendment to a non-conforming provision of any existing measure to the extent that the amendment does not decrease its conformity with Article 301.
2. The Party asserting that paragraph 1 applies to one of its measures shall have the burden of establishing the validity of such assertion.
3.
  - (a) Any measure related to the listing of wine and distilled spirits of the other Party shall:
    - (i) conform with Article 301,

- (ii) be transparent, non-discriminatory and provide for prompt decision on any listing application, prompt written notification of such decision to the applicant and, in the case of a negative decision, provide for a statement of the reason for refusal,
  - (iii) establish administrative appeal procedures for listing decisions that provide for prompt, fair and objective rulings,
  - (iv) be based on normal commercial considerations,
  - (v) not create disguised barriers to trade, and
  - (vi) be published and made generally available to persons of the other Party.
- (b) Notwithstanding paragraph 3(a) and Article 301, and provided that listing measures of British Columbia otherwise conform with paragraph 3(a) and Article 301, automatic listing measures in the province of British Columbia may be maintained provided they apply only to existing estate wineries producing less than 30,000 gallons of wine annually and meeting the existing content rule.
4. (a) Where the distributor is a public entity, the entity may charge the actual cost-of-service differential between wine or distilled spirits of the other Party and domestic wine or distilled spirits. Any such differential shall not exceed the actual amount by which the audited cost of service for the wine or distilled spirits of the exporting Party exceeds the audited cost of service for the wine or distilled spirits of the importing Party.
- (b) Notwithstanding Article 301, Article I (Definitions) except for the definition of "distilled spirits", Article IV.3 (Wine), and Annexes A, B, and C, of the *Agreement between Canada and the European Economic Community concerning Trade and Commerce in Alcoholic Beverages*, dated February 28, 1989, shall apply with such changes as the circumstances may require.
- (c) All discriminatory mark-ups on distilled spirits shall be eliminated immediately on the date of entry into force of this Agreement. Cost-of-service differential mark-ups as described in subparagraph (a) shall be permitted.



- (d) Any other discriminatory pricing measure shall be eliminated on the date of entry into force of this Agreement.
5. (a) Any measure related to distribution of wine or distilled spirits of the other Party shall conform with Article 301.
- (b) Notwithstanding subparagraph (a), and provided that distribution measures otherwise ensure conformity with Article 301, a Party may
- (i) maintain or introduce a measure limiting on-premise sales by a winery or distillery to those wines or distilled spirits produced on its premises, and
  - (ii) maintain a measure requiring existing private wine store outlets in the provinces of Ontario and British Columbia to discriminate in favor of wine of those provinces to a degree no greater than the discrimination required by such existing measure.
- (c) Nothing in this Agreement shall prohibit the Province of Quebec from requiring that any wine sold in grocery stores in Quebec be bottled in Quebec, provided that alternative outlets are provided in Quebec for the sale of wine of the other Party, whether or not such wine is bottled in Quebec.

6. Unless otherwise specifically provided in this Annex, the Parties retain their rights and obligations under the GATT and agreements negotiated under the GATT.

7. For purposes of this Annex:

wine includes wine and wine-containing beverages.

Annex 313

Distinctive Products

1. Canada and Mexico shall recognize Bourbon Whiskey and Tennessee Whiskey, which is a straight Bourbon Whiskey authorized to be produced only in the State of Tennessee, as distinctive products of the United States. Accordingly, Canada and Mexico shall not permit the sale of any product as Bourbon Whiskey or Tennessee Whiskey, unless it has been manufactured in the United States in accordance with the laws and regulations of the United States governing the manufacture of Bourbon Whiskey and Tennessee Whiskey.

2. Mexico and the United States shall recognize Canadian Whisky as a distinctive product of Canada. Accordingly, Mexico and the United States shall not permit the sale of any product as Canadian Whisky, unless it has been manufactured in Canada in accordance with the laws and regulations of Canada governing the manufacture of Canadian Whisky for consumption in Canada.

3. Canada and the United States shall recognize Tequila and Mezcal as distinctive products of Mexico. Accordingly, Canada and the United States shall not permit the sale of any product as Tequila or Mezcal, unless it has been manufactured in Mexico in accordance with the laws and regulations of Mexico governing the manufacture of Tequila and Mezcal. This provision shall apply to Mezcal, either on the date of entry into force of this Agreement, or 90 days after the date when the official standard for this product is made obligatory by the Government of Mexico, whichever is later.

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## Annex 314

## Export Taxes

## Mexico

1. Mexico may adopt or maintain a duty, tax or other charge on the export of those basic foodstuffs set out in paragraph 4, on their ingredients or on the goods from which such foodstuffs are derived, if such duty, tax or other charge is adopted or maintained on the export of such goods to the territory of all other Parties, and is used:

- (a) to limit to domestic consumers the benefits of a domestic food assistance program with respect to such foodstuff; or
- (b) to ensure the availability of sufficient quantities of such foodstuff to domestic consumers or of sufficient quantities of its ingredients, or of the goods from which such foodstuffs are derived, to a domestic processing industry, when the domestic price of such foodstuff is held below the world price as part of a governmental stabilization plan, provided that such duty, tax, or other charge
  - (i) does not operate to increase the protection afforded to such domestic industry, and
  - (ii) is maintained only for such period of time as is necessary to maintain the integrity of the stabilization plan.

2. Notwithstanding paragraph 1, Mexico may adopt or maintain a duty, tax or other charge on the export of any foodstuff to the territory of another Party if such duty, tax or other charge is temporarily applied to relieve critical shortages of that foodstuff. For purposes of this paragraph, "temporarily" means up to one year, or such longer period as the Parties may agree.

3. Mexico may maintain its existing tax on the export of goods provided for under tariff item 4001.30.02 of the Tariff Schedule of the *General Export Duty Act* ("Tarifa de la Ley del Impuesto General de Exportación") for up to 10 years after the date of entry into force of this Agreement.

4. For purposes of paragraph 1, "basic foodstuffs" means:

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| Beans  | Ground beef                                      |
| Beef steak or pulp                           | Instant coffee                                   |
| Beef liver                                   | Low-priced cookies ("galletas dulces populares") |
| Beef remnants and bones ("retazo con hueso") | Margarine  |
| Beer   | Oat flakes                                       |
| Bread  | Pasteurized milk                                 |
| Brown sugar                                  | Powdered chocolate                               |
| Canned sardines                              | Powdered milk for children                       |
| Canned tuna                                  | Powdered milk                                    |
| Canned peppers                               | Rice   |
| Chicken broth                                | Roasted coffee                                   |
| Condensed milk                               | Salt   |
| Cooked ham                                   | Soft drinks                                      |
| Corn tortillas                               | Soup paste                                       |
| Corn flour                                   | Tomato puree                                     |
| Corn dough                                   | Vegetable oil                                    |
| Crackers                                     | Vegetable fat                                    |
| Eggs   | Wheat flour                                      |
| Evaporated milk                              | White sugar                                      |
| French rolls ("pan blanco")                  |  |
| Gelatine                                     |  |

**Annex 315**

**Other Export Measures**

Article 315 shall not apply as between Mexico and the other Parties.

## Appendix 300-A.1

## Canada

*Existing Measures*

1. Canada and the United States may maintain the *Agreement Concerning Automotive Products between the Government of Canada and the Government of the United States of America*, signed at Johnson City, Texas, January 16, 1965 and entered into force on September 16, 1966, in accordance with Article 1001, and Article 1002(1) and (4) (as they refer to Annex 1002.1, Part One), Article 1005(1) and (3), and Annex 1002.1, Part One (Waivers of Customs Duties) of the *Canada - United States Free Trade Agreement*, which provisions are hereby incorporated into and made a part of this Agreement for such purpose, except that for purposes of Article 1005(1) of that agreement, Chapter Four (Rules of Origin) of this Agreement shall be applied in the place of Chapter Three of the *Canada - United States Free Trade Agreement*.

2. Canada may maintain the measures referred to in Article 1002(1) and (4) (as they refer to Annex 1002.1, Parts Two and Three), Article 1002(2) and (3), Article 1003 and Parts Two (Export-Based Waivers of Customs Duties) and Three (Production-Based Waivers of Customs Duties) of Annex 1002.1 of the *Canada - United States Free Trade Agreement*. Canada shall eliminate those measures in accordance with the terms set out in that agreement.

3. For greater certainty, the differences in treatment pursuant to paragraphs 1 and 2 shall not be considered to be inconsistent with Article 1103 (Investment - Most-Favored-Nation Treatment).

*Used Vehicles*

4. Canada may adopt or maintain prohibitions or restrictions on imports of used vehicles from the territory of Mexico, except as follows:

- (a) beginning January 1, 2009, Canada may not adopt or maintain a prohibition or restriction on imports from the territory of Mexico of originating used vehicles that are at least 10 years old;
- (b) beginning January 1, 2011, Canada may not adopt or maintain a prohibition or restriction on imports from the territory of Mexico of originating used vehicles that are at least eight years old;

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- (c) beginning January 1, 2013, Canada may not adopt or maintain a prohibition or restriction on imports from the territory of Mexico of originating used vehicles that are at least six years old;
- (d) beginning January 1, 2015, Canada may not adopt or maintain a prohibition or restriction on imports from the territory of Mexico of originating used vehicles that are at least four years old;
- (e) beginning January 1, 2017, Canada may not adopt or maintain a prohibition or restriction on imports from the territory of Mexico of originating used vehicles that are at least two years old; and
- (f) beginning January 1, 2019, Canada may not adopt or maintain a prohibition or restriction on imports from the territory of Mexico of originating used vehicles.

5. Paragraph 4 shall not be construed to allow Canada to derogate from its obligations in respect of land transportation services under Chapter Twelve (Cross-Border Trade in Services), including its Schedule to Annex I.

## Appendix 300-A.2

## Mexico

*Auto Decree and Auto Decree Implementing Regulations*

1. Until January 1, 2004, Mexico may maintain the provisions of the *Decree for Development and Modernization of the Automotive Industry* ("Decreto para el Fomento y Modernización de la Industria Automotriz"), December 11, 1989, (the "Auto Decree") and the *Resolution that Establishes Rules for the Implementation of the Auto Decree* ("Acuerdo que Determina Reglas para la Aplicación del Decreto para el Fomento y Modernización de la Industria Automotriz"), November 30, 1990, (the "Auto Decree Implementing Regulations") that would otherwise be inconsistent with this Agreement, subject to the conditions set out in paragraphs 2 through 18. No later than January 1, 2004, Mexico shall bring any inconsistent provision of the Auto Decree and the Auto Decree Implementing Regulations into conformity with the other provisions of this Agreement.

*Autoparts Industry, National Suppliers and Independent Maquiladoras*

2. Mexico may not require that an enterprise attain a level of national value added in excess of 20 percent of its total sales as one of the conditions to qualify as a national supplier or enterprise of the autoparts industry.

3. Mexico may require that a national supplier or an enterprise of the autoparts industry, in calculating its national value added solely for purposes of paragraph 2, include customs duties in the value of imports incorporated into the autoparts produced by such supplier or enterprise.

4. Mexico shall grant national supplier status to an independent maquiladora that requests such status and meets the requirements for that status set out in the existing Auto Decree, as modified by paragraphs 2 and 3. Mexico shall continue to grant to all independent maquiladoras that request national supplier status all existing rights and privileges accorded to independent maquiladoras under the existing *Decree for the Promotion and Operation of the Maquiladora Export Industry* ("Decreto para el Fomento y Operación de la Industria Maquiladora de Exportación"), December 22, 1989 (the "Maquiladora Decree").



*National Value Added*

5. Mexico shall provide that a manufacturer ("empresa de la industria terminal") calculate its required national value added from suppliers (VANp) as a percentage of:

- (a) the manufacturer's reference value as set out in paragraph 8, or
- (b) the manufacturer's total national value added (VANt),

whichever is greater, except that Mexico shall provide that a manufacturer beginning production of motor vehicles in Mexico after model year 1991 calculate its required national value added from suppliers (VANp) as a percentage of its total national value added (VANt).

6. Mexico may not require that the percentage referred to in paragraph 5 be greater than:

- (a) 34 percent for each of the first five years beginning January 1, 1994;
- (b) 33 percent for 1999;
- (c) 32 percent for 2000;
- (d) 31 percent for 2001;
- (e) 30 percent for 2002; and
- (f) 29 percent for 2003.

7. Notwithstanding paragraph 6, Mexico shall allow a manufacturer that produced motor vehicles in Mexico before model year 1992 to use as its percentage referred to in paragraph 5 the ratio of actual national value added from suppliers (VANp) to total national value added (VANt) that the manufacturer attained in model year 1992, for so long as that ratio is lower than the applicable percentage specified under paragraph 6. In determining such ratio for model year 1992, purchases that the manufacturer made from independent maquiladoras that would have been eligible to receive national supplier status had paragraphs 2, 3 and 4 of this Appendix been in effect at that time, shall be included in the calculation of the manufacturer's national value added from suppliers (VANp), in the same manner as autoparts from any other national supplier or enterprise of the autoparts industry.

8. The annual reference value for a manufacturer ("reference value") shall be:
- (a) for each of the years 1994 through 1997, the base value for the manufacturer, plus no more than 65 percent of the difference between the manufacturer's total sales in Mexico in that year and its base value;
  - (b) for each of the years 1998 through 2000, the base value for the manufacturer, plus no more than 60 percent of the difference between the manufacturer's total sales in Mexico in that year and its base value; and
  - (c) for each of the years 2001 through 2003, the base value for the manufacturer, plus no more than 50 percent of the difference between the manufacturer's total sales in Mexico in that year and its base value.

9. Mexico shall provide that where a manufacturer's total sales in Mexico in a year are lower than its base value, the reference value for the manufacturer for that year shall be equal to the manufacturer's total sales in Mexico for the year.

10. In the event an abnormal production disruption affects a manufacturer's production capability, Mexico shall allow the manufacturer to seek a reduction in its reference value before the Intersecretariat Automotive Industry Commission, established under Chapter V of the Auto Decree. If the Commission finds that the production capability of the manufacturer has been impaired by such an abnormal production disruption, the Commission shall reduce the manufacturer's reference value in an amount commensurate to the event.

11. If, on the request of a manufacturer, the Intersecretariat Automotive Industry Commission finds that the production capability of the manufacturer has been significantly disrupted as a result of a major retooling or plant conversion in the facilities of the manufacturer, the Commission shall reduce the manufacturer's reference value for that year in an amount commensurate with the disruption, provided that any reduction in that manufacturer's required national value added from suppliers (VANp) that may result from the Commission's determination to reduce the manufacturer's reference value shall be fully made up by the manufacturer over the 24 months after the date on which the retooling or plant conversion is completed.

#### *Trade Balance*

12. Mexico may not require a manufacturer to include in the calculation of its trade balance (S) a percentage of the value of direct and indirect imports of autoparts that the

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manufacturer incorporated into that manufacturer's production in Mexico for sale in Mexico (VTVd) in the corresponding year, greater than the following:

- (a) 80 percent for 1994;
- (b) 77.2 percent for 1995;
- (c) 74.4 percent for 1996;
- (d) 71.6 percent for 1997;
- (e) 68.9 percent for 1998;
- (f) 66.1 percent for 1999;
- (g) 63.3 percent for 2000;
- (h) 60.5 percent for 2001;
- (i) 57.7 percent for 2002; and
- (j) 55.0 percent for 2003.

13. Mexico shall provide that, for purposes of determining a manufacturer's total national value added (VANt), paragraph 12 shall not apply to the calculation of the manufacturer's trade balance (S).

14. Mexico shall allow a manufacturer with a surplus in its extended trade balance to divide its extended trade balance by the applicable percentages in paragraph 12 to determine the total value of new motor vehicles that it may import.

15. Mexico shall provide that a manufacturer's adjustment factor (Y), included in the calculation of such manufacturer's extended trade balance, shall be equal to:

- (a) for a manufacturer that produced motor vehicles prior to model year 1992
  - (i) the greater of the manufacturer's reference value or the manufacturer's total national value added (VANt), minus

- (ii) the manufacturer's actual national value added from suppliers (VANp) divided by the appropriate percentage specified under paragraph 6 or 7 as appropriate;
- (b) for all other manufacturers
  - (i) the manufacturer's total national value added (VANt), minus
  - (ii) the manufacturer's actual national value added from suppliers (VANp) divided by the appropriate percentage specified under paragraph 6,

except that the adjustment factor (Y) shall be zero if the amount resulting from subtracting (ii) from (i), under (a) or (b), is negative.

16. In determining the annual amount that a manufacturer may apply to its extended trade balance from unused surpluses earned prior to model year 1991, Mexico shall in each year allow the manufacturer to elect:

- (a) to use the procedures of the existing Auto Decree Implementing Regulations; or
- (b) to apply up to the Mexican peso equivalent of US\$150 million, adjusted annually for cumulative inflation, from the date of entry into force of this Agreement, based on the implicit price deflator for U.S. Gross Domestic Product (GDP) or any successor index published by the Council of Economic Advisers in its "Economic Indicators" (hereinafter "U.S. GDP price deflator"). To adjust the US\$150 million ceiling for cumulative inflation up to a certain month of a year following 1994, the \$150 million shall be multiplied by the ratio of
  - (i) the U.S. GDP price deflator current as of the month of that year;
  - (ii) the U.S. GDP price deflator current as of the date of entry into force of this Agreement,

provided that the price deflators under subparagraphs (i) and (ii) have the same base year.

The resulting adjusted amount shall be rounded to the nearest million dollars.

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### *Other Restrictions in the Auto Decree*

17. Mexico shall eliminate any restriction that limits the number of motor vehicles that a manufacturer may import into Mexico in relation to the total number of motor vehicles that such manufacturer sells in Mexico.

18. For greater certainty, the differences in treatment required under paragraphs 5, 7 and 15 shall not be considered to be inconsistent with Article 1103 (Investment - Most-Favored-Nation Treatment).

### *Other Restrictions*

19. For the first 10 years after the date of entry into force of this Agreement, Mexico may maintain prohibitions or restrictions on the importation of new automotive products provided for in existing items 8407.34.02 (gasoline engines larger than 1000 cm<sup>3</sup> but smaller than or equal to 2000 cm<sup>3</sup>, except for motorcycles), 8407.34.99 (gasoline engines larger than 2000 cm<sup>3</sup>, except for motorcycles) and 8703.10.99 (other special vehicles) in the Tariff Schedule of the *General Import Duty Act* ("Tarifa de la Ley del Impuesto General de Importación"), except that Mexico may not prohibit or restrict the importation of automotive products provided for in item 8407.34.02 (gasoline engines larger than 1000 cm<sup>3</sup> but smaller than or equal to 2000 cm<sup>3</sup>, except for motorcycles), 8407.34.99 (gasoline engines larger than 2000 cm<sup>3</sup>, except for motorcycles) or 8703.10.99 (other special vehicles) by manufacturers that comply with the Auto Decree and the Auto Decree Implementing Regulations, as modified by this Appendix.

### *Autotransportation Decree and Autotransportation Implementing Regulations*

20. Mexico shall eliminate the Mexican *Decree for Development and Modernization of the Autotransportation Vehicle Manufacturing Industry*, ("Decreto para el Fomento y Modernización de la Industria Manufacturera de Vehículos de Autotransporte"), December 1989, and the *Resolution that Establishes Rules for the Implementation of the Autotransportation Decree* ("Acuerdo que Establece Reglas de Aplicación del Decreto para el Fomento y Modernización de la Industria Manufacturera de Vehículos de Autotransporte"), November 1990. Mexico may adopt or maintain any measure respecting autotransportation vehicles, autotransportation parts or manufacturers of autotransportation vehicles provided that the measure is not inconsistent with this Agreement.

### *Importation of Autotransportation Vehicles*

21. Mexico may adopt or maintain a prohibition or restriction on the importation of autotransportation vehicles of another Party until January 1, 1999, except with respect to the importation of autotransportation vehicles pursuant to paragraphs 22 and 23.

22. For each of the years 1994 through 1998, Mexico shall allow any manufacturer of autotransportation vehicles to import, for each type of autotransportation vehicle, a quantity of originating autotransportation vehicles equal to at least 50 percent of the number of vehicles of such type that the manufacturer produced in Mexico in that year.

23. For each of the years 1994 through 1998, Mexico shall allow persons other than manufacturers of autotransportation vehicles to import, in a quantity to be allocated among such persons, originating autotransportation vehicles of each type as follows:

- (a) for each of the years 1994 and 1995, no less than 15 percent of the total number of vehicles of each type of autotransportation vehicle produced in Mexico;
- (b) for 1996, no less than 20 percent of the total number of vehicles of each type of autotransportation vehicle produced in Mexico; and
- (c) for each of the years 1997 and 1998, no less than 30 percent of the total number of vehicles of each type of autotransportation vehicle produced in Mexico.

Mexico shall allocate such quantity through a non-discriminatory auction.

#### *Used Vehicles*

24. Mexico may adopt or maintain prohibitions or restrictions on imports of used vehicles from the territory of another Party, except as follows:

- (a) beginning January 1, 2009, Mexico may not adopt or maintain a prohibition or restriction on imports from the territory of Canada or the United States of originating used vehicles that are at least 10 years old;
- (b) beginning January 1, 2011, Mexico may not adopt or maintain a prohibition or restriction on imports from the territory of Canada or the United States of originating used vehicles that are at least eight years old;
- (c) beginning January 1, 2013, Mexico may not adopt or maintain a prohibition or restriction on imports from the territory of Canada or the United States of originating used vehicles that are at least six years old;

- (d) beginning January 1, 2015, Mexico may not adopt or maintain a prohibition or restriction on imports from the territory of Canada or the United States of originating used vehicles that are at least four years old;
  - (e) beginning January 1, 2017, Mexico may not adopt or maintain a prohibition or restriction on imports from the territory of Canada or the United States of originating used vehicles that are at least two years old; and
  - (f) beginning January 1, 2019, Mexico may not adopt or maintain a prohibition or restriction on imports from the territory of Canada or the United States of originating used vehicles.
25. (a) Paragraph 24 shall not apply to the importation on a temporary basis of a used vehicle provided for in item 8705.20.01 (mobile drilling derricks), 8705.20.99 (other mobile drilling derricks) or 8705.90.01 (street sweepers) of the Tariff Schedule of the *General Import Duty Act*. Such importation shall be subject to the conditions set out in Section B(4)(b) of Annex 301.3 for such time as Mexico may adopt or maintain a prohibition or restriction on the importation of the vehicle under paragraph 24.
- (b) Paragraph 24 shall not be construed to allow Mexico to derogate from its obligations in respect of land transportation services under Chapter Twelve (Cross-Border Trade in Services), including its Schedule to Annex I.

*Import Licensing Measures*

26. Mexico may adopt or maintain import licensing measures to the extent necessary to administer restrictions pursuant to:
- (a) the Auto Decree and the Auto Decree Implementing Regulations, as modified by this Appendix, on the importation of motor vehicles;
  - (b) paragraph 19 of this Appendix on the importation of new automotive products provided for in item 8407.34.02 (gasoline engines larger than 1000 cm<sup>3</sup> but smaller than or equal to 2000 cm<sup>3</sup>, except for motorcycles), 8407.34.99 (gasoline engines larger than 2000 cm<sup>3</sup>, except for motorcycles) or 8703.10.99 (other special vehicles) in the Tariff Schedule of the *General Import Duty Act*;
  - (c) paragraphs 22 and 23 of this Appendix on the importation of autotransportation vehicles; and

- (d) paragraph 24 (a) through (f) of this Appendix on the importation of used vehicles that are motor vehicles or autotransportation vehicles or of other used vehicles provided for in existing item 8702.90.01 (trolley buses), 8705.10.01 (mobile cranes), 8705.20.99 (other mobile drilling derricks), 8705.90.01 (street sweepers) or 8705.90.99 (other special purpose vehicles) in the Tariff Schedule of the *General Import Duty Act*;

provided that such measures shall not have trade restrictive effects on the importation of such goods additional to those due to restrictions imposed in accordance with this Appendix, and that a license shall be granted to any person that fulfills Mexico's legal requirements for the importation of the goods.

### Definitions

27. For purposes of this Appendix:

**abnormal production disruption** means a disruption in a manufacturer's production capability resulting from a natural disaster, fire, explosion or other unforeseen event beyond the manufacturer's control;

**automotive products** (referred to as "productos automotrices" in rule 1, paragraph III of the Auto Decree Implementing Regulations) means motor vehicles and autoparts;

**autoparts** (referred to as "partes y componentes automotrices" in article 2, paragraph X of the Auto Decree) means parts and components intended for use in a motor vehicle;

**autotransportation parts** means parts and components intended for use in an autotransportation vehicle;

**autotransportation vehicle** means a vehicle of one of the following types:

- (a) a vehicle without a chassis and with an integrated body, intended for the transport of more than 10 persons, with a gross vehicle weight of more than 8,864 kilograms, provided for in item 8702.10.02, 8702.10.03, 8702.90.02, 8702.90.04, 8705.20.01 or 8705.40.01 of the Tariff Schedule of the *General Import Duty Act*;
- (b) a vehicle with a chassis, intended for the transport of goods or more than 10 persons, with a gross vehicle weight of more than 8,864 kilograms, provided for in item 8702.10.01, 8702.10.03, 8702.90.02, 8702.90.04,



8704.22.99, 8704.23.99, 8704.32.99, 8705.20.01, 8705.40.01 or 8706.00.99 of the Tariff Schedule of the *General Import Duty Act*; or

- (c) a vehicle with two or three axles, either with integrated equipment or intended for the transport of goods by hauling a trailer, or semi-trailer, provided for in item 8701.20.01, 8705.20.01, 8705.40.01 or 8706.00.99 of the Tariff Schedule of the *General Import Duty Act*;

base value means the average for model years 1991 and 1992 of a manufacturer's production in Mexico for sale in Mexico (VTVd), adjusted annually for cumulative inflation, based on the *Mexican National Producer Price Index of Vehicles, Autoparts, and other Transportation Goods* ("Indice Nacional de Precios al Productor de vehiculos, refacciones y otros materiales de transporte"), or any successor index, published by the Bank of Mexico ("Banco de Mexico") in its "Economic Indicators" ("Indicadores Economicos") (hereinafter "Mexican NPPI"). To adjust the base value for cumulative inflation up to 1994 or a subsequent year, the average for model years 1991 and 1992 of the manufacturer's VTVd shall be multiplied by the ratio of:

- (a) the Mexican NPPI for that year, to
- (b) the Mexican NPPI for 1992,

provided that the price indices set out in subparagraphs (a) and (b) have the same base year;

enterprise of the autoparts industry (referred to as "empresa de la industria de autopartes" in article 2, paragraph V, and articles 6 and 7 of the Auto Decree) means an enterprise constituted or organized under the law of, and operating in, Mexico that produces autoparts and:

- (a) whose annual invoice value of sales of autoparts to manufacturers, for use as original equipment by the manufacturer in its production of automotive products for sale in Mexico, constitutes more than 60 percent of the enterprise's annual total invoice value of sales, calculating its annual invoice value of sales of autoparts to manufacturers in accordance with rule 20 of the Auto Decree Implementing Regulations as of August 12, 1992, or any other measure adopted by Mexico that is no more restrictive than such rule;
- (b) complies with the national value added requirements pursuant to paragraphs 2 and 3 of this Appendix;

- (c) complies with the capital structure required under the *Law to Promote Mexican Investment and Regulate Foreign Investment* ("Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera"), March 9, 1973, and the *Regulations of the Law to Promote Mexican Investment and to Regulate Foreign Investment* ("Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera"), May 16, 1989, as applied consistently with Mexico's commitments set out in its Schedule to Annex I of Part Five (Investment, Services and Related Matters); and
- (d) that, on the fulfillment of the requirements under subparagraphs (a), (b) and (c), is registered with the Ministry of Trade and Industrial Development ("Secretaría de Comercio y Fomento Industrial") ("SECOFI") as an enterprise of the autoparts industry, except that SECOFI may grant registration to an enterprise that complies with subparagraphs (b) and (c) but does not comply with subparagraph (a);

extended trade balance for a manufacturer is equal to  $S + T + W + 0.3I + SFt - Y$ , where:

- (a) S denotes the manufacturer's trade balance;
  - (b) T denotes the transfer of
    - (i) trade balance surpluses between the manufacturer and other manufacturers, and
    - (ii) foreign exchange to the manufacturer that an enterprise of the autoparts industry has earned from exports of autoparts, excluding the value of import content in such exports, and excluding foreign exchange that the enterprise has earned from exports of autoparts that were promoted by the manufacturer,
- applied in accordance with rule 8 of the Auto Decree Implementing Regulations as of August 12, 1992, or any other measure adopted by Mexico that is no more restrictive than such rule;
- (c) W denotes the transfer to the manufacturer of foreign exchange that a maquiladora has earned from the export of automotive products, excluding the value of the import content in such exports, provided that the maquiladora is not a national supplier, and one or more of the following conditions is met

- (i) the manufacturer is, directly or indirectly, a majority shareholder of the maquiladora,
- (ii) the manufacturer and the maquiladora have a majority shareholder in common, or
- (iii) the manufacturer is a promoter of the automotive goods exported by such maquiladora,

calculated in accordance with article 9 of the Auto Decree and rule 8 of the Auto Decree Implementing Regulations as of August 12, 1992, or any other measure adopted by Mexico that is no more restrictive than that article or rule;

(d) I denotes the value of the manufacturer's investments in fixed assets of Mexican origin destined for permanent use in Mexico, excluding machinery and equipment purchased in Mexico but not produced in Mexico, that the manufacturer may transfer to its extended trade balance, applied in accordance with article 11 of the Auto Decree and rule 8 of the Auto Decree Implementing Regulations as of August 12, 1992, or any other measure adopted by Mexico that is no more restrictive than the article or rule;

(e) SFt denotes the manufacturer's trade balance surpluses unused in prior years and transferred to the current year, calculated in accordance with rules 17 and 19 of the Auto Decree Implementing Regulations as of August 12, 1992, as modified by paragraph 16 of this Appendix, or any other measure adopted by Mexico that is no more restrictive than such rules; and

(f) Y denotes the adjustment factor calculated in accordance with paragraph 15;

**independent maquiladora** means an enterprise registered as an export maquiladora enterprise under the existing Maquiladora Decree, that has no majority shareholder in common with any manufacturer, and in which no manufacturer is directly or indirectly a majority shareholder;

**manufacturer** (referred to as "empresa de la industria terminal" in article 2, paragraph IV, and articles 3, 4 and 5 of the Auto Decree) means an enterprise constituted or organized under the law of, and operating in, Mexico, that is:

- (a) registered with SECOFI; and

- (b) engaged in Mexico in the manufacture or final assembly of motor vehicles;

**manufacturer of autotransportation vehicles** means an enterprise constituted or organized under the law of, and operating in, Mexico:

- (a) that is registered with SECOFI;
- (b) that manufactures autotransportation vehicles in Mexico; and
- (c) where the enterprise's
  - (i) total invoice value of sales of autotransportation vehicles and autotransportation parts that it produces in Mexico, minus
  - (ii) total invoice value of autotransportation parts that the enterprise imports directly, plus the value of the import content of autotransportation parts that it purchases in Mexico,

is equal to at least 40 percent of its total invoice value of sales of autotransportation vehicles and autotransportation parts that the enterprise produces in Mexico;

**manufacturer's production in Mexico for sale in Mexico (VTVd)** means the total invoice value of a manufacturer's sales in Mexico of motor vehicles and autoparts it produced in Mexico, excluding the manufacturer's sales of imported motor vehicles;

**manufacturer's total sales in Mexico** means the manufacturer's total invoice value of sales of motor vehicles it produced in Mexico for sale in Mexico plus the total invoice value of its sales of imported motor vehicles;

**model year** (referred to as "año-modelo" in article 2, paragraph IX of the Auto Decree) means a 12-month period beginning November 1;

**motor vehicle** (referred to as "vehículos automotores" in article 2, paragraph IV of the Auto Decree) means an automobile, a compact automobile of popular use, a commercial truck, a light duty truck or a medium duty truck, where:

- (a) **automobile** means a vehicle intended for the transport of up to 10 persons provided for in items 8703.21 through 8703.33, 8703.90.99, 8706.00.01, 8706.00.02 or 8706.00.99 of the Tariff Schedule of the *General Import Duty Act*;

- (b) **compact automobile of popular use** means a vehicle that complies with the characteristics set out in the existing *Decree that Establishes Exemptions for Compact Automobiles of Popular Use* ("Decreto que Otorga Exenciones a los Automóviles Compactos de Consumo Popular"), August 2, 1989, provided for in items 8703.21 through 8703.33, 8703.90.99, 8706.00.01, 8706.00.02 or 8706.00.99 of the Tariff Schedule of the *General Import Duty Act*;
- (c) **commercial truck** means a vehicle with or without a chassis, intended for the transport of goods or more than 10 persons, with a gross vehicle weight of up to 2,727 kilograms provided for in items 8702.10, 8702.90.02, 8702.90.03, 8702.90.04, 8703.21 through 8703.33, 8703.90.99, 8704.21.99, 8704.31.99, 8705.20.01, 8705.40.01, 8706.00.01, 8706.00.02 or 8706.00.99 of the Tariff Schedule of the *General Import Duty Act*;
- (d) **light duty truck** means a vehicle with or without a chassis, intended for the transport of goods or more than 10 persons, with a gross vehicle weight of more than 2,727 but no more than 7,272 kilograms provided for in item 8702.10, 8702.90.02, 8702.90.03, 8702.90.04, 8704.21.99, 8704.22.99, 8704.31.99, 8704.32.99, 8705.20.01, 8705.40.01, 8706.00.01, 8706.00.02 or 8706.00.99 of the Tariff Schedule of the *General Import Duty Act*; and
- (e) **medium duty truck** means a vehicle with or without a chassis, intended for the transport of goods or more than 10 persons, with a gross vehicle weight of more than 2,727 but no more than 8,864 kilograms provided for in item 8702.10, 8702.90.02, 8702.90.03, 8702.90.04, 8704.22.99, 8704.32.99, 8705.20.01, 8705.40.01, 8706.00.01, 8706.00.02 or 8706.00.99 of the Tariff Schedule of the *General Import Duty Act*;

**national supplier** (referred to as "proveedor nacional" in article 2, paragraph VII of the Auto Decree) means an enterprise constituted or organized under the law of, and operating in, Mexico:

- (a) that supplies to manufacturers autoparts classified in categories 26, 40, 41, 42, 43 and 57 of the input-output matrix of the National Institute of Statistics, Geography and Informatics ("Instituto Nacional de Estadística, Geografía e Informática"), published in 1980;
- (b) that is registered with SECOFI;
- (c) in which no manufacturer, directly or indirectly, is a majority shareholder;

- (d) that has no majority shareholders that are also majority shareholders of any manufacturer; and
- (e) that complies with the national value added requirements pursuant to paragraphs 2 and 3;

**national value added from suppliers (VANp)** (referred to as "VANp" in rule 18 of the Auto Decree Implementing Regulations) means, for a manufacturer, the sum of:

- (a) the national value added contained in the autoparts that the manufacturer purchases from national suppliers and from enterprises of the autoparts industry, excluding purchases of autoparts from such suppliers and enterprises destined for the aftermarket, and
- (b) the foreign exchange attributable to the value of exports of autoparts, excluding the value of import content in the exports, produced by national suppliers and enterprises of the autoparts industry, where the export of the autoparts was promoted by the manufacturer,

calculated in accordance with formula 7 of rule 18 in the Auto Decree Implementing Regulations as of August 12, 1992, or any other measure adopted by Mexico that is no more restrictive than such formula;

**national value added** means, for an enterprise of the autoparts industry or a national supplier, the total value of sales of such enterprise or supplier minus the value of its total imports, direct and indirect, excluding those imports incorporated in autoparts destined for the aftermarket, as modified by paragraphs 2 and 3;

**total national value added (VANI)** (referred to as "valor agregado nacional de la empresa de la industria terminal" in rule 18 of the Auto Decree Implementing Regulations) means for a manufacturer, either:

- (a) the sum of the manufacturer's production in Mexico for sale in Mexico (VTVD) plus the manufacturer's trade balance (S), where the trade balance (S) is greater than zero; or
- (b) the manufacturer's production in Mexico for sale in Mexico (VTVD), where the manufacturer's trade balance (S) is negative;

**total sales** means, for a national supplier or an enterprise of the autoparts industry, the sum of:

- (a) the invoice value of sales of autoparts by that supplier or enterprise to a manufacturer that are intended for use as original equipment in the motor vehicles or autoparts that the manufacturer produces, excluding autoparts destined for the aftermarket; and
- (b) the value of autoparts that the supplier or enterprise exports, either directly or through a manufacturer, less the value of the imported content of such autoparts; and

**trade balance (S)** (referred to as "saldo en balanza comercial" in rule 9 of the Auto Decree Implementing Regulations), for a manufacturer, is equal to  $X + TP - ID - IP$ , where:

- (a) X denotes the value of the manufacturer's direct exports of motor vehicles and autoparts that it produces,
- (b) TP denotes the foreign exchange attributable to the value of exports of autoparts, excluding the value of import content in the exports, produced by national suppliers and enterprises of the autoparts industry, where the exportation of such autoparts was promoted by the manufacturer,
- (c) ID denotes the value of the manufacturer's direct imports, excluding duties and domestic taxes, and whether the imports are for domestic consumption ("definitivas") or for re-export ("temporales"), incorporated in the motor vehicles and autoparts produced by the manufacturer, excluding autoparts destined for the aftermarket, and
- (d) IP denotes the value of import content in the autoparts purchased by the manufacturer from an enterprise of the autoparts industry or a national supplier that are incorporated in the motor vehicles and autoparts produced by the manufacturer, excluding the import content of autoparts destined for the aftermarket, calculated in accordance with rules 10, 12, 13, 14, and 15 of the Auto Decree Implementing Regulations as of August 12, 1992, or any other measure adopted by Mexico that is no more restrictive than such rules;

provided that, for purposes of subparagraphs (c) and (d), the value of imports for domestic consumption ("definitivas") shall be discounted in accordance with paragraph 12.

## Appendix 300-A.3

## United States - Corporate Average Fuel Economy

1. In accordance with the schedule set out in paragraph 2, for purposes of the *Energy Policy and Conservation Act of 1975*, 42 U.S.C. §§ 6201 *et seq.* ("the CAFE Act"), the United States shall consider an automobile to be domestically manufactured in any model year if at least 75 percent of the cost to the manufacturer of such automobile is attributable to value added in Canada, Mexico or the United States, unless the assembly of the automobile is completed in Canada or Mexico and such automobile is not imported into the United States prior to the expiration of the 30 days following the end of the model year.

2. Paragraph 1 shall apply to all automobiles produced by a manufacturer and sold in the United States, wherever produced and irrespective of car line or truck line, in accordance with the following schedule:

- (a) with respect to a manufacturer that initiated the production of automobiles in Mexico before model year 1992, the enterprise subject to the fuel economy requirements for those automobiles under the CAFE Act may make a one-time election at any time between January 1, 1997 and January 1, 2004, to have paragraph 1 applied beginning with the next model year after its election;
- (b) with respect to a manufacturer initiating the production of automobiles in Mexico after model year 1991, paragraph 1 shall apply beginning with the next model year after either January 1, 1994 or the date that the manufacturer initiates the production of automobiles in Mexico, whichever is later;
- (c) with respect to any other manufacturer producing automobiles in the territory of a Party, the enterprise subject to the fuel economy requirements for those automobiles under the CAFE Act may make a one-time election at any time between January 1, 1997 and January 1, 2004, to have paragraph 1 applied beginning with the next model year after its election. If such a manufacturer initiates the production of automobiles in Mexico, it shall be subject to subparagraph (b) on the date it initiates such production;
- (d) with respect to all manufacturers of automobiles not producing automobiles in the territory of a Party, paragraph 1 shall apply beginning with the next model year after January 1, 1994; and



- (e) with respect to a manufacturer of automobiles covered by subparagraph (a) or (c), paragraph 1 shall apply beginning with the next model year after January 1, 2004, where the enterprise subject to the fuel economy requirements for those automobiles under the CAFE Act, has not made an election under subparagraph (a) or (c).

3. The United States shall ensure that any measure it adopts pertaining to the definition of domestic production in the CAFE Act or its implementing regulations shall apply equally to value added in Canada or Mexico.

4. Nothing in this Appendix shall be construed to require the United States to make any changes in its fuel economy requirements for automobiles, or to prevent the United States from making any changes in its fuel economy requirements for automobiles that are otherwise consistent with this Appendix.

5. For greater certainty, the differences in treatment pursuant to paragraphs 1 through 3 shall not be considered to be inconsistent with Article 1103 (Investment - Most-Favored-Nation Treatment).

6. For purposes of this Appendix:

**automobile** means "automobile" as defined in the CAFE Act and its implementing regulations;

**manufacturer** means "manufacturer" as defined in the CAFE Act and its implementing regulations; and

**model year** means "model year" as defined in the CAFE Act and its implementing regulations.

## Annex 300-B

### Textile and Apparel Goods

#### Section 1: Scope and Coverage

1. This Annex applies to the textile and apparel goods set out in Appendix 1.1.
2. In the event of any inconsistency between this Agreement and the *Arrangement Regarding International Trade in Textiles* (Multifiber Arrangement), as amended and extended, including any amendment or extension after January 1, 1994, or any other existing or future agreement applicable to trade in textile or apparel goods, this Agreement shall prevail to the extent of the inconsistency, unless the Parties agree otherwise.

#### Section 2: Tariff Elimination

1. Except as otherwise provided in this Agreement, each Party shall progressively eliminate its customs duties on originating textile and apparel goods in accordance with its Schedule to Annex 302.2 (Tariff Elimination), and as set out for ease of reference in Appendix 2.1.
2. For purposes of this Annex:
  - (a) a textile or apparel good shall be considered an originating good if the applicable change in tariff classification set out in Chapter Four (Rules of Origin) has been satisfied in the territory of one or more of the Parties in accordance with Article 404 (Accumulation); and
  - (b) for purposes of determining which rate of customs duty and staging category is applicable to an originating textile or apparel good, a good shall be considered a good of a Party
    - (i) as determined by each importing Party's regulations, practices or procedures, except that

- (ii) in the event of an agreement between the Parties pursuant to paragraph 1 of Annex 311, as determined by such agreement.

3. An importing Party and an exporting Party may identify at any time particular textile and apparel goods that they mutually agree fall within:

- (a) hand-loomed fabrics of a cottage industry;
- (b) hand-made cottage industry goods made of such hand-loomed fabrics; or
- (c) traditional folklore handicraft goods.

The importing Party shall grant duty-free treatment to goods so identified, if certified by the competent authority of the exporting Party.

4. Appendix 2.4 applies to the Parties specified in that Appendix respecting the elimination of tariffs on certain textile and apparel goods.

### Section 3: Import and Export Prohibitions, Restrictions and Consultation Levels

1. Each Party may maintain a prohibition, restriction or consultation level only in accordance with Appendix 3.1 or as otherwise provided in this Annex.

2. Each Party shall eliminate any prohibition, restriction or consultation level on a textile or apparel good that otherwise would be permitted under this Annex if that Party is required to eliminate such measure as a result of having integrated that good into the GATT as a result of commitments undertaken by that Party under any successor agreement to the Multifiber Arrangement.

### Section 4: Bilateral Emergency Actions (Tariff Actions)

1. Subject to paragraphs 2 through 5 and during the transition period only, if, as a result of the reduction or elimination of a duty provided for in this Agreement, a textile or apparel good originating in the territory of a Party, or a good that has been integrated into the GATT pursuant to a commitment undertaken by a Party under any successor agreement to the Multifiber Arrangement and entered under a tariff preference level set out in Appendix 6, is being imported into the territory of another Party in such increased

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quantities, in absolute terms or relative to the domestic market for that good, and under such conditions as to cause serious damage, or actual threat thereof, to a domestic industry producing a like or directly competitive good, the importing Party may, to the minimum extent necessary to remedy the damage or actual threat thereof:

- (a) suspend the further reduction of any rate of duty provided for under this Agreement on the good; or
- (b) increase the rate of duty on the good to a level not to exceed the lesser of
  - (i) the most-favored-nation (MFN) applied rate of duty in effect at the time the action is taken, and
  - (ii) the MFN applied rate of duty in effect on December 31, 1993.

2. In determining serious damage, or actual threat thereof, the Party:

- (a) shall examine the effect of increased imports on the particular industry, as reflected in changes in such relevant economic variables as output, productivity, utilization of capacity, inventories, market share, exports, wages, employment, domestic prices, profits and investment, none of which is necessarily decisive; and
- (b) shall not consider changes in technology or consumer preference as factors supporting a determination of serious damage or actual threat thereof.

3. A Party shall deliver without delay to any Party that may be affected by an emergency action taken under this Section written notice of its intent to take such action, and on request shall enter into consultations with that Party.

4. The following conditions and limitations apply to any emergency action taken under this Section:

- (a) no action may be maintained for a period exceeding three years or, except with the consent of the Party against whose good the action is taken, have effect beyond the expiration of the transition period;
- (b) no action may be taken by a Party against any particular good originating in the territory of another Party more than once during the transition period; and

- (c) on termination of the action, the rate of duty shall be the rate that, according to the Schedule for the staged elimination of the tariff, would have been in effect one year after the initiation of the action, and beginning January 1 of the year following the termination of the action, at the option of the Party that has taken the action
  - (i) the rate of duty shall conform to the applicable rate set out in that Party's Schedule to Annex 302.2, or
  - (ii) the tariff shall be eliminated in equal annual stages ending on the date set out in that Party's Schedule to Annex 302.2 for the elimination of the tariff.

5. The Party taking an action under this Section shall provide to the Party against whose good the action is taken mutually agreed trade liberalizing compensation in the form of concessions having substantially equivalent trade effects or equivalent to the value of the additional duties expected to result from the action. Such concessions shall be limited to the textile and apparel goods set out in Appendix 1.1, unless the Parties otherwise agree. If the Parties concerned are unable to agree on compensation, the exporting Party may take tariff action having trade effects substantially equivalent to the action taken under this Section against any goods imported from the Party that initiated the action under this Section. The Party taking the tariff action shall only apply the action for the minimum period necessary to achieve the substantially equivalent effects.

6. For purposes of this Section, a good originating in the territory of a Party shall be determined in accordance with Section 2.2.

7. Paragraphs 1 through 5 shall also apply to textile and apparel goods described in Appendix 2.4.

### Section 5: Bilateral Emergency Actions (Quantitative Restrictions)

1. Subject to Appendix 5.1, a Party may take bilateral emergency action against non-originating textile or apparel goods of another Party in accordance with this Section and Appendix 3.1.

2. If a Party considers that a non-originating textile or apparel good, including a good entered under a tariff preference level set out in Appendix 6, is being imported into its territory from a Party in such increased quantities, in absolute terms or relative to the

domestic market for that good, under such conditions as to cause serious damage, or actual threat thereof, to a domestic industry producing a like or directly competitive good in the importing Party, the importing Party may request consultations with the other Party with a view to eliminating the serious damage or actual threat thereof.

3. The Party requesting consultations shall include in its request for consultations the reasons that it considers demonstrate that such serious damage or actual threat thereof to its domestic industry is resulting from the imports of the other Party, including the latest data concerning such damage or threat.
4. In determining serious damage, or actual threat thereof, the Party shall apply Section 4(2).
5. The Parties concerned shall begin consultations within 60 days of the request for consultations and shall endeavor to agree on a mutually satisfactory level of restraint on exports of the particular good within 90 days of the request, unless the consulting Parties agree to extend this period. In reaching a mutually satisfactory level of export restraint, the consulting Parties shall:
  - (a) consider the situation in the market in the importing Party;
  - (b) consider the history of trade in textile and apparel goods between the consulting Parties, including previous levels of trade; and
  - (c) seek to ensure that the textile and apparel goods imported from the territory of the exporting Party are accorded equitable treatment as compared with treatment accorded like textile and apparel goods from non-Party suppliers.
6. If the consulting Parties do not agree on a mutually satisfactory level of export restraint, the Party requesting consultations may impose annual quantitative restrictions on imports of the good from the territory of the other Party, subject to paragraphs 7 through 13.
7. Any quantitative restriction imposed under paragraph 6 shall be no less than the sum of:
  - (a) the quantity of the good imported into the territory of the Party requesting consultations from the Party that would be affected by the restriction, as reported in general import statistics of the importing Party, during the first

12 of the most recent 14 months preceding the month in which the request for consultations was made; and

- (b) 20 percent of such quantity for cotton, man-made fiber and other non-cotton vegetable fiber good categories, and six percent for wool good categories.

8. The first period of any quantitative restriction imposed under paragraph 6 shall begin on the day after the date on which the request for consultations was made and terminate at the end of the calendar year in which the quantitative restriction is imposed. Any quantitative restriction that is imposed for a first period of less than 12 months shall be prorated to correspond to the time remaining in the calendar year in which the restriction is imposed, and the prorated amount may be adjusted in accordance with the flexibility provisions set out in paragraph 8(b) and (c) of Appendix 3.1.

9. For each successive calendar year that the quantitative restriction imposed under paragraph 6 remains in effect, the Party imposing it shall:

- (a) increase it by six percent for cotton, man-made fiber and non-cotton vegetable fiber textile and apparel goods, and by two percent for wool textile and apparel goods, and
- (b) accelerate the growth rate for quantitative restrictions on cotton, man-made fiber and non-cotton vegetable fiber textile and apparel goods if required by any successor agreement to the Multifiber Arrangement,

and the flexibility provisions set out in paragraph 8(b) and (c) of Appendix 3.1 apply.

10. A quantitative restriction imposed under paragraph 6 before July 1 in any calendar year may remain in effect for the remainder of that year, plus two additional calendar years. Such a restriction imposed on or after July 1 in any calendar year may remain in effect for the remainder of that year, plus three additional calendar years. No such restriction may remain in effect beyond the transition period.

11. No Party may take an emergency action under this Section with respect to any particular textile or apparel non-originating good against which a quantitative restriction is in effect.

12. No Party may adopt or maintain a quantitative restriction under this Section on a particular textile or apparel good that otherwise would be permitted under this Annex, if that Party is required to eliminate such measure as a result of having integrated that good

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into the GATT as a result of commitments undertaken by that Party pursuant to any successor agreement to the Multifiber Arrangement.

13. No Party may take a bilateral emergency action after the expiration of the transition period with respect to cases of serious damage, or actual threat thereof, to domestic industry arising from the operation of this Agreement except with the consent of the Party against whose good the action would be taken.

### Section 6: Special Provisions

Appendix 6 sets out special provisions applicable to certain textile and apparel goods.

### Section 7: Review and Revision of Rules of Origin

1.
  - (a) The Parties shall monitor the effects of the application of the rule of origin set out in Annex 401 applicable to goods of subheading 6212.10 of the Harmonized System (HS). No earlier than April 1, 1995, a Party may request consultations with the other Parties to seek a mutually satisfactory solution to any difficulties that it considers result from the application of that rule of origin.
  - (b) If the consulting Parties fail to reach a mutually satisfactory solution within 90 days of a request for consultations, on request of any Party the rule of origin applicable to subheading 6212.10 shall change to the rule of origin set out in Annex 401 applicable to headings 62.06 through 62.11 with respect to trade between the requesting Party and the other Parties. Any such change shall be effective 180 days after the request. The Parties shall take measures to ease any resulting administrative burden on producers.
  - (c) Unless the Parties agree otherwise, at any time after the completion of consultations held under subparagraph (a) and during the transition period only, a Party that has requested such consultations may make one additional request for consultations under subparagraph (a) and take action under subparagraph (b).
2.
  - (a) On request of any Party, the Parties shall consult to consider whether particular goods should be subject to different rules of origin to address



issues of availability of supply of fibers, yarns or fabrics in the free trade area.

- (b) In the consultations, each Party shall consider all data presented by a Party showing substantial production in its territory of the particular good. The consulting Parties shall consider that substantial production has been shown if that Party demonstrates that its domestic producers are capable of supplying commercial quantities of the good in a timely manner.
- (c) The Parties shall endeavor to conclude consultations within 60 days of the request. An agreement between two or more Parties resulting from the consultations shall supersede any prior rule of origin for such good when approved by each such Party in accordance with Article 2202(2) (Amendments). If no agreement is reached, a Party may have recourse to paragraph B(8) of Appendix 6.
- (d) Further to subparagraph (a), on request of any Party, the Parties shall consult to consider whether the rules of origin set out in Annex 401 applicable to the following provisions should be amended in view of increasing availability of supply of relevant yarns or fabrics within the free trade area:
  - (i) Canadian tariff item 5407.60.10, Mexican tariff item 5407.60.02 and U.S. tariff item 5407.60.22,
  - (ii) provisions (a) through (i) of the rule of origin for subheadings 6205.20 through 6205.30,
  - (iii) goods of subheadings 6107.21, 6108.21 and 6108.31, wholly of fabric of Canadian tariff item 6002.92.10, Mexican tariff item 6002.92.01, and U.S. tariff item 6002.92.10, and exclusive of collar, cuffs, waistband, elastic or lace;
  - (iv) note 2 to Chapter 62 of Annex 401, and
  - (v) Canadian tariff item 6303.92.10, Mexican tariff item 6303.92.01 and U.S. tariff item 6303.92.aa.

3. The Parties shall review the rules of origin applicable to textile and apparel goods within five years of the date of entry into force of this Agreement to take into account the

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effect of increasing global competition on textile and apparel goods and the implications of any integration into the GATT of textile and apparel goods pursuant to any successor agreement to the Multifiber Arrangement. The Parties shall give particular consideration to operative rules in other economic association or integration agreements and developments relating to textile and apparel production and trade.

### **Section 8: Labelling Requirements**

The Subcommittee on Labelling of Textile and Apparel Goods established under Article 913(5) shall perform the functions set out in Annex 913.5.a-4.

### **Section 9: Trade in Worn Clothing and Other Worn Articles**

1. The Parties hereby establish a Committee on Trade in Worn Clothing, comprising representatives of each Party. The Committee shall:

- (a) include or consult with a broadly representative group drawn from the manufacturing and retailing sectors in each Party; and
- (b) act in a transparent manner and, if no member of the Committee formally objects, make recommendations to the Commission.

2. The Committee shall assess the potential benefits and risks that may result from the elimination of existing restrictions on trade between the Parties in worn clothing and other worn articles, as defined in heading 63.09 of the HS, including the effects on business and employment opportunities, and on the market for textile and apparel goods in each Party.

3. A Party may maintain restrictions in effect on the date of entry into force of this Agreement on the importation of worn clothing and other worn articles classified under heading 63.09 of the HS, unless the Parties agree otherwise on the basis of the recommendations presented to the Commission by the Committee on Trade in Worn Clothing.

### **Section 10: Definitions**

For purposes of this Annex:

**average yarn number**, as applied to woven fabrics of cotton or man-made fibers, means the average yarn number of the yarns contained therein. In computing the average yarn number, the length of the yarn is considered to be equal to the distance covered by it in the fabric, with all clipped yarn being measured as if continuous and with the count being taken of the total single yarns in the fabric including the single yarns in any multiple (folded) or cabled yarns. The weight shall be taken after any excessive sizing is removed by boiling or other suitable process. Any of the following formulas can be used to determine the average yarn number:

$$N = \frac{BYT}{1,000} , \quad \frac{100T}{Z'} , \quad \frac{BT}{Z} \quad \text{or} \quad \frac{ST}{10}$$

when:

N is the average yarn number,  
 B is the breadth (width) of the fabric in centimeters,  
 Y is the meters (linear) of the fabric per kilogram,  
 T is the total single yarns per square centimeter,  
 S is the square meters of fabric per kilogram,  
 Z is the grams per linear meter of fabric, and  
 Z' is the grams per square meter of fabric.

Fractions in the resulting "average yarn number" shall be disregarded.

**category** means a grouping of textile or apparel goods, and as set out in Appendix 10.1 for the Parties specified in that Appendix;

**consultation level** means a level of exports for a particular textile or apparel good that may be adjusted in accordance with paragraph 7 of Appendix 3.1 and includes a designated consultation level, but does not include a specific limit;

**exporting Party** means the Party from whose territory a textile or apparel good is exported;

**flexibility provisions** means the provisions set out in paragraph 8(b) and (c) of Appendix 3.1;

**importing Party** means the Party into whose territory a textile or apparel good is imported;

integrated  
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application  
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tariff pref  
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transition

wool appa

(a)

(b)

(c)

**integrated into the GATT** means subject to the obligations of the *General Agreement on Tariffs and Trade*, an agreement under the GATT or any successor agreements;

**specific limit** means a level of exports for a particular textile or apparel good that may be adjusted in accordance with paragraph 8 of Appendix 3.1;

**square meters equivalent (SME)** means that unit of measurement that results from the application of the conversion factors set out in Schedule 3.1.3 to a primary unit of measure such as unit, dozen or kilogram;

**tariff preference level** means a mechanism that provides for the application of a customs duty at a preferential rate to imports of a particular good up to a specified quantity, and at a different rate to imports of that good that exceed that quantity;

**transition period** means the 10-year period beginning on January 1, 1994; and

**wool apparel** means:

- (a) apparel in chief weight of wool;
- (b) woven apparel in chief weight of man-made fibers containing 36 percent or more by weight of wool; and
- (c) knitted or crocheted apparel in chief weight of man-made fibers containing 23 percent or more by weight of wool.

## Appendix 1.1

## List of Goods Covered by Annex 300-B

Note: For purposes of reference only, descriptions are provided next to the corresponding item. For legal purposes, coverage shall be determined according to the terms of the Harmonized System.

## HS No. Description

## Chapter 30 Pharmaceutical Products

3005.90 Wadding, gauze, bandages and the like

## Chapter 39 Plastics and articles thereof

ex 3921.12 (Woven, knitted or non-woven fabric coated, covered or laminated with plastics)  
ex 3921.13  
ex 3921.90

## Chapter 42 Articles of leather; saddlery and harness; travel goods, handbags and similar containers

ex 4202.12 (Luggage, handbags and flatgoods with an outer surface predominantly of textile materials)  
ex 4202.22  
ex 4202.32  
ex 4202.92

## Chapter 50 Silk

5004.00 Silk yarn (other than yarn spun from silk waste) not for retail sale  
5005.00 Yarn spun from silk waste, not for retail sale  
5006.00 Silk yarn and yarn spun from silk waste, for retail sale; silk-worm gut  
5007.10 Woven fabric of noil silk  
5007.20 Woven fabric of silk or silk waste, other than noil silk, 85% or more of such fibers  
5007.90 Woven fabric of silk, nes

## Chapter 51 Wool, fine or coarse animal hair, horsehair yarn and fabric

5105.10 Carded wool  
5105.21 Combed wool in fragments  
5105.29 Wool tops and other combed wool, other than combed wool in fragments  
5105.30 Fine animal hair, carded or combed  
5106.10 Yarn of carded wool,  $\geq 85\%$  wool, not for retail sale  
5106.20 Yarn of carded, wool,  $< 85\%$  wool, not for retail sale  
5107.10 Yarn of combed wool,  $\geq 85\%$  wool, not for retail sale  
5107.20 Yarn of combed wool,  $< 85\%$  wool, not for retail sale  
5108.10 Yarn of carded fine animal hair, not for retail sale  
5108.20 Yarn of combed fine animal hair, not for retail sale

HS No. Des

5109.10 Yarn

5109.90 Yarn

5110.00 Yarn

5111.11 Wov

5111.19 Wov

5111.20 Wov

fiber

5111.30 Wov

fiber

5111.90 Wov

5112.11 Wov

5112.19 Wov

5112.20 Wov

filam

5112.30 Wov

fiber

5112.90 Wov

5113.00 Wov

Chapter 52 C

5203.00 Cotto

5204.11 Cotto

5204.19 Cotto

5204.20 Cotto

5205.11 Cotto

5205.12 Cotto

5205.13 Cotto

5205.14 Cotto

5205.15 Cotto

5205.21 Cotto

5205.22 Cotto

5205.23 Cotto

5205.24 Cotto

5205.25 Cotto

5205.31 Cotto

5205.32 Cotto

5205.33 Cotto

5205.34 Cotto

5205.35 Cotto

5205.41 Cotto

5205.42 Cotto

5205.43 Cotto

5205.44 Cotto

5205.45 Cotto

5206.11 Cotto

5206.12 Cotto

5206.13 Cotto

5206.14 Cotto

## HS No. Description

- 5109.10 Yarn of wool or of fine animal hair,  $\geq 85\%$  wool and fine animal hair, for retail sale  
 5109.90 Yarn of wool/of fine animal hair,  $< 85\%$  wool and fine animal hair, for retail sale  
 5110.00 Yarn of coarse animal hair or of horsehair  
 5111.11 Woven fabric of carded wool or fine animal hair,  $\geq 85\%$  wool and fine animal hair,  $\leq 300$  g/m<sup>2</sup>  
 5111.19 Woven fabric of carded wool or fine animal hair,  $\geq 85\%$  wool or fine animal hair,  $> 300$  g/m<sup>2</sup>  
 5111.20 Woven fabric of carded wool or fine animal hair,  $< 85\%$  wool or fine animal hair, with man-made fibers  
 5111.30 Woven fabric of carded wool or fine animal hair,  $< 85\%$  wool or fine animal hair, with man-made fibers  
 5111.90 Woven fabric of carded wool or fine animal hair,  $< 85\%$  wool or fine animal hair, nes  
 5112.11 Woven fabric of combed wool or fine animal hair,  $\geq 85\%$  wool or fine animal hair,  $\leq 200$  g/m<sup>2</sup>  
 5112.19 Woven fabric of combed wool or fine animal hair,  $\geq 85\%$  wool or fine animal hair,  $> 200$  g/m<sup>2</sup>  
 5112.20 Woven fabric of combed wool or fine animal hair,  $< 85\%$  wool or fine animal hair, with man-made filament  
 5112.30 Woven fabric of combed wool or fine animal hair,  $< 85\%$  wool or fine animal hair, with man-made fibers  
 5112.90 Woven fabric of combed wool or fine animal hair,  $< 85\%$  wool or fine animal hair, nes  
 5113.00 Woven fabric of coarse animal hair or of horsehair

## Chapter 52 Cotton

- 5203.00 Cotton, carded or combed  
 5204.11 Cotton sewing thread  $\geq 85\%$  cotton, not for retail sale  
 5204.19 Cotton sewing thread,  $< 85\%$  cotton, not for retail sale  
 5204.20 Cotton sewing thread, for retail sale  
 5205.11 Cotton yarn,  $\geq 85\%$  cotton, single, uncombed,  $\geq 714.29$  decitex, not for retail sale  
 5205.12 Cotton yarn,  $\geq 85\%$  cotton, single, uncombed,  $714.29 > \text{decitex} \geq 232.56$ , not for retail sale  
 5205.13 Cotton yarn,  $\geq 85\%$  cotton, single, uncombed,  $232.56 > \text{decitex} \geq 192.31$ , not for retail sale  
 5205.14 Cotton yarn,  $\geq 85\%$  cotton, single, uncombed,  $192.31 > \text{decitex} \geq 125$ , not for retail sale  
 5205.15 Cotton yarn,  $\geq 85\%$  cotton, single, uncombed,  $< 125$  decitex, not for retail sale  
 5205.21 Cotton yarn,  $\geq 85\%$  cotton, single, combed,  $\geq 714.29$ , not for retail sale  
 5205.22 Cotton yarn,  $\geq 85\%$  cotton, single, combed,  $714.29 > \text{decitex} \geq 232.56$ , not for retail sale  
 5205.23 Cotton yarn,  $\geq 85\%$  cotton, single, combed,  $232.56 > \text{decitex} \geq 192.31$ , not for retail sale  
 5205.24 Cotton yarn,  $\geq 85\%$  cotton, single, combed,  $192.31 > \text{decitex} \geq 125$ , not for retail sale  
 5205.25 Cotton yarn,  $\geq 85\%$  cotton, single, combed,  $< 125$  decitex, not for retail sale  
 5205.31 Cotton yarn,  $\geq 85\%$  cotton, multiple, uncombed,  $\geq 714.29$  decitex, not for retail sale, nes  
 5205.32 Cotton yarn,  $\geq 85\%$  cotton, multiple, uncombed,  $714.29 > \text{decitex} \geq 232.56$ , not for retail sale, nes  
 5205.33 Cotton yarn,  $\geq 85\%$  cotton, multiple, uncombed,  $232.56 > \text{decitex} \geq 192.31$ , not for retail sale, nes  
 5205.34 Cotton yarn,  $\geq 85\%$  cotton, multiple, uncombed,  $192.31 > \text{decitex} \geq 125$ , not for retail sale, nes  
 5205.35 Cotton yarn,  $\geq 85\%$  cotton, multiple, uncombed,  $< 125$  decitex, not for retail sale, nes  
 5205.41 Cotton yarn,  $\geq 85\%$  cotton, multiple, combed,  $\geq 714.29$  decitex, not for retail sale, nes  
 5205.42 Cotton yarn,  $\geq 85\%$  cotton, multiple, combed,  $714.29 > \text{decitex} \geq 232.56$ , not for retail sale, nes  
 5205.43 Cotton yarn,  $\geq 85\%$  cotton, multiple, combed,  $232.56 > \text{decitex} \geq 192.31$ , not for retail sale, nes  
 5205.44 Cotton yarn,  $\geq 85\%$  cotton, multiple, combed,  $192.31 > \text{decitex} \geq 125$ , not for retail sale, nes  
 5205.45 Cotton yarn,  $\geq 85\%$  cotton, multiple, combed,  $< 125$  decitex, not for retail sale, nes  
 5206.11 Cotton yarn,  $< 85\%$  cotton, single, uncombed,  $\geq 714.29$ , not for retail sale  
 5206.12 Cotton yarn,  $< 85\%$  cotton, single, uncombed,  $714.29 > \text{decitex} \geq 232.56$ , not for retail sale  
 5206.13 Cotton yarn,  $< 85\%$  cotton, single, uncombed,  $232.56 > \text{decitex} \geq 192.31$ , not for retail sale  
 5206.14 Cotton yarn,  $< 85\%$  cotton, single, uncombed,  $192.31 > \text{decitex} \geq 125$ , not for retail sale

## HS No. Description

5206.15	Cotton yarn, <85% cotton, single, uncombed, <125 decitex, not for retail sale
5206.21	Cotton yarn, <85% cotton, single, combed, $\geq 714.29$ decitex, not for retail sale
5206.22	Cotton yarn, <85% cotton, single, combed, $714.29 > \text{decitex} \geq 232.56$ , not for retail sale
5206.23	Cotton yarn, <85% cotton, single, combed, $232.56 > \text{decitex} \geq 192.31$ , not for retail sale
5206.24	Cotton yarn, <85% cotton, single, combed, $192.31 > \text{decitex} \geq 125$ , not for retail sale
5206.25	Cotton yarn, <85% cotton, single, combed, <125 decitex, not for retail sale
5206.31	Cotton yarn, <85% cotton, multiple, uncombed, $\geq 714.29$ , not for retail sale, nes
5206.32	Cotton yarn, <85% cotton, multiple, uncombed, $714.29 > \text{decitex} \geq 232.56$ , not for retail sale, nes
5206.33	Cotton yarn, <85% cotton, multiple, uncombed, $232.56 > \text{decitex} \geq 192.31$ , not for retail sale, nes
5206.34	Cotton yarn, <85% cotton, multiple, uncombed, $192.31 > \text{decitex} \geq 125$ , not for retail sale, nes
5206.35	Cotton yarn, <85% cotton, multiple, uncombed, <125 decitex, not for retail sale, nes
5206.41	Cotton yarn, <85% cotton, multiple, combed, $\geq 714.29$ , not for retail sale, nes
5206.42	Cotton yarn, <85% cotton, multiple, combed, $714.29 > \text{decitex} \geq 232.56$ , not for retail sale, nes
5206.43	Cotton yarn, <85% cotton, multiple, combed, $232.56 > \text{decitex} \geq 192.31$ , not for retail sale, nes
5206.44	Cotton yarn, <85% cotton, multiple, combed, $192.31 > \text{decitex} \geq 125$ , not for retail sale, nes
5206.45	Cotton yarn, <85% cotton, multiple, combed, <125 decitex, not for retail sale, nes
5207.10	Cotton yarn (other than sewing thread) $\geq 85\%$ cotton, for retail sale
5207.90	Cotton yarn (other than sewing thread) <85% cotton, for retail sale
5208.11	Plain weave cotton fabric, $\leq 85\%$ cotton, $\leq 100\text{g/m}^2$ , unbleached
5208.12	Plain weave cotton fabric, $\leq 85\%$ cotton, $> 100\text{g/m}^2$ , $\leq 200\text{g/m}^2$ , unbleached
5208.13	Twill weave cotton fabric, $\geq 85\%$ cotton, $\leq 200\text{g/m}^2$ , unbleached
5208.19	Woven fabric of cotton, $\geq 85\%$ cotton, $\leq 200\text{g/m}^2$ , unbleached, nes
5208.21	Plain weave cotton fabric, $\geq 85\%$ cotton, $\leq 100\text{g/m}^2$ , bleached
5208.22	Plain weave cotton fabric, $\geq 85\%$ cotton, $> 100\text{g/m}^2$ , $\leq 200\text{g/m}^2$ , bleached
5208.23	Twill weave cotton fabric, $\geq 85\%$ cotton, $\leq 200\text{g/m}^2$ , bleached
5208.29	Woven fabric of cotton, $\geq 85\%$ cotton, $\leq 200\text{g/m}^2$ , bleached, nes
5208.31	Plain weave cotton fabric, $\geq 85\%$ cotton, $\leq 100\text{g/m}^2$ , dyed
5208.32	Plain weave cotton fabric, $\geq 85\%$ cotton, $> 100\text{g/m}^2$ , $\leq 200\text{g/m}^2$ , dyed
5208.33	Twill weave cotton fabric, $\geq 85\%$ cotton, $\leq 200\text{g/m}^2$ , dyed
5208.39	Woven fabric of cotton, $\geq 85\%$ cotton, $\leq 200\text{g/m}^2$ , dyed, nes
5208.41	Plain weave cotton fabric, $\geq 85\%$ cotton, $\leq 100\text{g/m}^2$ , yarn dyed
5208.42	Plain weave cotton fabric, $\geq 85\%$ cotton, $> 100\text{g/m}^2$ , $\leq 200\text{g/m}^2$ , yarn dyed
5208.43	Twill weave cotton fabric, $\geq 85\%$ cotton, $\leq 200\text{g/m}^2$ , yarn dyed
5208.49	Woven fabric of cotton, $\geq 85\%$ cotton, $\leq 200\text{g/m}^2$ , yarn dyed, nes
5208.51	Plain weave cotton fabric, $\geq 85\%$ cotton, $\leq 100\text{g/m}^2$ , printed
5208.52	Plain weave cotton fabric, $\geq 85\%$ cotton, $> 100\text{g/m}^2$ , $\leq 200\text{g/m}^2$ , printed
5208.53	Twill weave cotton fabric, $\geq 85\%$ cotton, $\leq 200\text{g/m}^2$ , printed
5208.59	Woven fabric of cotton, $\geq 85\%$ cotton, $\leq 200\text{g/m}^2$ , printed, nes
5209.11	Plain weave cotton fabric, $\geq 85\%$ cotton, $> 200\text{g/m}^2$ , unbleached
5209.12	Twill weave cotton fabric, $\geq 85\%$ cotton, $> 200\text{g/m}^2$ , unbleached
5209.19	Woven fabric of cotton, $\geq 85\%$ cotton, $> 200\text{g/m}^2$ , unbleached, nes
5209.21	Plain weave cotton fabric, $\geq 85\%$ cotton, $> 200\text{g/m}^2$ , bleached
5209.22	Twill weave cotton fabric, $\geq 85\%$ cotton, $> 200\text{g/m}^2$ , bleached
5209.29	Woven fabric of cotton, $\geq 85\%$ cotton, $> 200\text{g/m}^2$ , bleached, nes
5209.31	Plain weave cotton fabric, $\geq 85\%$ cotton, $> 200\text{g/m}^2$ , dyed
5209.32	Twill weave cotton fabric, $\geq 85\%$ cotton, $> 200\text{g/m}^2$ , dyed
5209.39	Woven fabric of cotton, $\geq 85\%$ cotton, $> 200\text{g/m}^2$ , dyed, nes
5209.41	Plain weave cotton fabric, $\geq 85\%$ cotton, $> 200\text{g/m}^2$ , yarn dyed

## HS No. Des

5209.42	Blue
5209.43	Twill
5209.49	Woven
5209.51	Plain
5209.52	Twill
5209.59	Woven
5210.11	Plain
5210.12	Twill
5210.19	Woven
5210.21	Plain
5210.22	Twill
5210.29	Woven
5210.31	Plain
5210.32	Twill
5210.39	Woven
5210.41	Plain
5210.42	Twill
5210.49	Woven
5210.51	Plain
5210.52	Twill
5210.59	Woven
5211.11	Plain
5211.12	Twill
5211.19	Woven
5211.21	Plain
5211.22	Twill
5211.29	Woven
5211.31	Plain
5211.32	Twill
5211.39	Woven
5211.41	Plain
5211.42	Blue
5211.43	Twill
5211.49	Woven
5211.51	Plain
5211.52	Twill
5211.59	Woven
5212.11	Woven
5212.12	Woven
5212.13	Woven
5212.14	Woven
5212.15	Woven
5212.21	Woven
5212.22	Woven
5212.23	Woven
5212.24	Woven
5212.25	Woven

## HS No. Description

- 5209.42 Blue denim fabric of cotton,  $\geq 85\%$  cotton,  $> 200\text{g/m}^2$   
5209.43 Twill weave cotton fabric, other than denim,  $\geq 85\%$  cotton,  $> 200\text{g/m}^2$ , yarn dyed  
5209.49 Woven fabric of cotton,  $\geq 85\%$  cotton,  $> 200\text{g/m}^2$ , yarn dyed, nes  
5209.51 Plain weave cotton fabric,  $\geq 85\%$  cotton,  $> 200\text{g/m}^2$ , printed  
5209.52 Twill weave cotton fabric,  $\geq 85\%$  cotton,  $> 200\text{g/m}^2$ , printed  
5209.59 Woven fabric of cotton,  $\geq 85\%$  cotton,  $> 200\text{g/m}^2$ , printed, nes  
5210.11 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , unbleached  
5210.12 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , unbleached  
5210.19 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , unbleached, nes  
5210.21 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , bleached  
5210.22 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , bleached  
5210.29 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , bleached, nes  
5210.31 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , dyed  
5210.32 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , dyed  
5210.39 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , dyed, nes  
5210.41 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , yarn dyed  
5210.42 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , yarn dyed  
5210.49 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , yarn dyed, nes  
5210.51 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , printed  
5210.52 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , printed  
5210.59 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g/m}^2$ , printed, nes  
5211.11 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , unbleached  
5211.12 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , unbleached  
5211.19 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , unbleached, nes  
5211.21 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , bleached  
5211.22 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , bleached  
5211.29 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , bleached, nes  
5211.31 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , dyed  
5211.32 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , dyed  
5211.39 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , dyed, nes  
5211.41 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , yarn dyed  
5211.42 Blue denim fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$   
5211.43 Twill weave cotton fabric, other than denim,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , yarn dyed  
5211.49 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , yarn dyed, nes  
5211.51 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , printed  
5211.52 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , printed  
5211.59 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g/m}^2$ , printed, nes  
5212.11 Woven fabric of cotton, weighing  $\leq 200\text{g/m}^2$ , unbleached, nes  
5212.12 Woven fabric of cotton, weighing  $\leq 200\text{g/m}^2$ , bleached, nes  
5212.13 Woven fabric of cotton, weighing  $\leq 200\text{g/m}^2$ , dyed, nes  
5212.14 Woven fabric of cotton,  $\leq 200\text{g/m}^2$ , of yarns of different colors, nes  
5212.15 Woven fabric of cotton, weighing  $\leq 200\text{g/m}^2$ , printed, nes  
5212.21 Woven fabric of cotton, weighing  $> 200\text{g/m}^2$ , unbleached, nes  
5212.22 Woven fabric of cotton, weighing  $> 200\text{g/m}^2$ , bleached, nes  
5212.23 Woven fabric of cotton, weighing  $> 200\text{g/m}^2$ , dyed, nes  
5212.24 Woven fabric of cotton,  $> 200\text{g/m}^2$ , of yarns of different colors, nes  
5212.25 Woven fabric of cotton, weighing  $> 200\text{g/m}^2$ , printed, nes



## HS No. Description

## Chapter 53 Other vegetable textile fibers; paper yarn and woven fabric of paper yarn

- 5306.10 Flax yarn, single  
 5306.20 Flax yarn, multiple  
 5307.10 Yarn of jute or of other textile bast fibers, single  
 5307.20 Yarn of jute or other textile bast fibers, multiple  
 5308.20 True hemp yarn  
 5308.90 Yarn of other vegetable textile fibers  
 5309.11 Woven fabric,  $\geq 85\%$  flax, unbleached or bleached  
 5309.19 Woven fabric,  $\geq 85\%$  flax, other than unbleached or bleached  
 5309.21 Woven fabric of flax,  $< 85\%$  flax, unbleached or bleached  
 5309.29 Woven fabric of flax,  $< 85\%$  flax, other than unbleached or bleached  
 5310.10 Woven fabric of jute or of other textile bast fibers, unbleached  
 5310.90 Woven fabric of jute or of other textile bast fibers, other than unbleached  
 5311.00 Woven fabric of other vegetable textile fibers; woven fabric of paper yarn

## Chapter 54 Man-made filaments

- 5401.10 Sewing thread of synthetic filaments  
 5401.20 Sewing thread of artificial filaments  
 5402.10 High tenacity yarn (other than sewing thread), nylon or other polyamide fiber, not for retail sale  
 5402.20 High tenacity yarn (other than sewing thread), of polyester filaments, not for retail sale  
 5402.31 Textured yarn nes, of nylon or other polyamide fiber,  $\leq 50$  tex/single yarn, not for retail sale  
 5402.32 Textured yarn nes, of nylon or other polyamide fiber,  $> 50$  tex/single yarn, not for retail sale  
 5402.33 Textured yarn nes, of polyester filaments, not for retail sale  
 5402.39 Textured yarn of synthetic filaments, nes, not for retail sale  
 5402.41 Yarn of nylon or other polyamide fiber, single, untwisted, nes, not for retail sale  
 5402.42 Yarn of polyester filaments, partially oriented, single, nes, not for retail sale  
 5402.43 Yarn of polyester filaments, single, untwisted, nes, not for retail sale  
 5402.49 Yarn of synthetic filaments, single, untwisted, nes, not for retail sale  
 5402.51 Yarn of nylon or other polyamide fiber, single,  $> 50$  turns per meter, not for retail sale  
 5402.52 Yarn of polyester filaments, single,  $> 50$  turns per meter, not for retail sale  
 5402.59 Yarn of synthetic filaments, single,  $> 50$  turns per meter, nes, not for retail sale  
 5402.61 Yarn of nylon or other polyamide fiber, multiple, nes, not for retail sale  
 5402.62 Yarn of polyester filaments, multiple, nes, not for retail sale  
 5402.69 Yarn of synthetic filaments, multiple, nes, not for retail sale  
 5403.10 High tenacity yarn (other than sewing thread), of viscose rayon filaments, not for retail sale  
 5403.20 Textured yarn nes, of artificial filaments, not for retail sale  
 5403.31 Yarn of viscose rayon filaments, single, untwisted, nes, not for retail sale  
 5403.32 Yarn of viscose rayon filaments, single,  $> 120$  turns per meter, nes, not for retail sale  
 5403.33 Yarn of cellulose acetate filaments, single, nes, not for retail sale  
 5403.39 Yarn of artificial filaments, single, nes, not for retail sale  
 5403.41 Yarn of viscose rayon filaments, multiple, nes, not for retail sale  
 5403.42 Yarn of cellulose acetate filaments, multiple, nes, not for retail sale  
 5403.49 Yarn of artificial filaments, multiple, nes, not for retail sale  
 5404.10 Synthetic monofilament,  $\geq 67$  decitex, no cross sectional dimension  $> 1$  mm  
 5404.90 Strip and the like of synthetic textile material of an apparent width  $\leq 5$  mm  
 5405.00 Artificial monofil, 67 decitex, cross sectional dimension  $> 1$ mm; strip of art. tex. mat. width  $\leq 5$ mm

## HS No. Des

- 5406.10 Yar  
 5406.20 Yar  
 5407.10 Wov  
 5407.20 Wov  
 5407.30 Fabr  
 5407.42 Wov  
 5407.43 Wov  
 5407.44 Wov  
 5407.51 Wov  
 5407.52 Wov  
 5407.53 Wov  
 5407.54 Wov  
 5407.60 Wov  
 5407.71 Wov  
 5407.72 Wov  
 5407.73 Wov  
 5407.74 Wov  
 5407.81 Wov  
 5407.82 Wov  
 5407.83 Wov  
 5407.84 Wov  
 5407.91 Wov  
 5407.92 Wov  
 5407.93 Wov  
 5407.94 Wov  
 5408.10 Wov  
 5408.21 Wov  
 5408.22 Wov  
 5408.23 Wov  
 5408.24 Wov  
 5408.31 Wov  
 5408.32 Wov  
 5408.33 Wov  
 5408.34 Wov

## Chapter 55 M

- 5501.10 Filam  
 5501.20 Filam  
 5501.30 Filam  
 5501.90 Synthe  
 5502.00 Artific  
 5503.10 Staple  
 5503.20 Staple  
 5503.30 Staple  
 5503.40 Staple  
 5503.90 Synthe

## HS No. Description

- 5406.10 Yarn of synthetic filaments (other than sewing thread), for retail sale
- 5406.20 Yarn of artificial filaments (other than sewing thread), for retail sale
- 5407.10 Woven fabric of high tenacity filament yarn of nylon or other polyamides, or polyester
- 5407.20 Woven fabric obtained from strip or the like of synthetic textile materials
- 5407.30 Fabric specified in Note 9 Section XI (layers of parallel synthetic textile yarn)
- 5407.41 Woven fabric,  $\geq 85\%$  nylon or other polyamide filaments, unbleached or bleached, nes
- 5407.42 Woven fabric,  $\geq 85\%$  nylon or other polyamide filaments, dyed, nes
- 5407.43 Woven fabric,  $\geq 85\%$  nylon or other polyamide filaments, yarn dyed, nes
- 5407.44 Woven fabric,  $\geq 85\%$  nylon or other polyamide filaments, printed, nes
- 5407.51 Woven fabric,  $\geq 85\%$  textured polyester filaments, unbleached or bleached, nes
- 5407.52 Woven fabric,  $\geq 85\%$  textured polyester filaments, dyed, nes
- 5407.53 Woven fabric,  $\geq 85\%$  textured polyester filaments, yarn dyed, nes
- 5407.54 Woven fabric,  $\geq 85\%$  textured polyester filaments, printed, nes
- 5407.60 Woven fabric,  $\geq 85\%$  non-textured polyester filaments, nes
- 5407.71 Woven fabric,  $\geq 85\%$  synthetic filaments, unbleached or bleached, nes
- 5407.72 Woven fabric,  $\geq 85\%$  synthetic filaments, dyed, nes
- 5407.73 Woven fabric,  $\geq 85\%$  synthetic filaments, yarn dyed, nes
- 5407.74 Woven fabric,  $\geq 85\%$  synthetic filaments, printed, nes
- 5407.81 Woven fabric of synthetic filaments,  $< 85\%$  syn. filaments, with cotton, unbl or bl, nes
- 5407.82 Woven fabric of synthetic filaments,  $< 85\%$  with cotton, dyed, nes
- 5407.83 Woven fabric of synthetic filaments,  $< 85\%$  with cotton, yarn dyed, nes
- 5407.84 Woven fabric of synthetic filaments,  $< 85\%$  with cotton, printed, nes
- 5407.91 Woven fabric of synthetic filaments, unbleached or bleached, nes
- 5407.92 Woven fabric of synthetic filaments, dyed, nes
- 5407.93 Woven fabric of synthetic filaments, yarn dyed, nes
- 5407.94 Woven fabric of synthetic filaments, printed, nes
- 5408.10 Woven fabric of high tenacity filament yarn of viscose rayon
- 5408.21 Woven fabric,  $\geq 85\%$  artificial filament or strip, unbleached or bleached, nes
- 5408.22 Woven fabric,  $\geq 85\%$  artificial filament or strip, dyed, nes
- 5408.23 Woven fabric,  $\geq 85\%$  artificial filament or strip, yarn dyed, nes
- 5408.24 Woven fabric,  $\geq 85\%$  artificial filament or strip, printed, nes
- 5408.31 Woven fabric of artificial filaments, unbleached or bleached, nes
- 5408.32 Woven fabric of artificial filaments, dyed, nes
- 5408.33 Woven fabric of artificial filaments, yarn dyed, nes
- 5408.34 Woven fabric of artificial filaments, printed, nes

## Chapter 55 Man-made staple fibers

- 5501.10 Filament tow of nylon or other polyamides
- 5501.20 Filament tow of polyesters
- 5501.30 Filament tow of acrylic or modacrylic
- 5501.90 Synthetic filament tow, nes
- 5502.00 Artificial filament tow
- 5503.10 Staple fibers of nylon or other polyamides, not carded or combed
- 5503.20 Staple fibers of polyesters, not carded or combed
- 5503.30 Staple fibers of acrylic or modacrylic, not carded or combed
- 5503.40 Staple fibers of polypropylene, not carded or combed
- 5503.90 Synthetic staple fibers, not carded or combed, nes

## HS No. Description

## HS No. Description

5504.10	Staple fibers of viscose, not carded or combed	5513.22	Twill
5504.90	Artificial staple fibers, other than viscose, not carded or combed	5513.23	Woven
5505.10	Waste of synthetic fibers	5513.29	Woven
5505.20	Waste of artificial fibers	5513.31	Plain
5506.10	Staple fibers of nylon or other polyamides, carded or combed	5513.32	Twill
5506.20	Staple fibers of polyesters, carded or combed	5513.33	Woven
5506.30	Staple fibers of acrylic or modacrylic, carded or combed	5513.39	Woven dyed
5506.90	Synthetic staple fibers, carded or combed, nes	5513.41	Plain
5507.00	Artificial staple fibers, carded or combed	5513.42	Twill
5508.10	Sewing thread of synthetic staple fibers	5513.43	Woven
5508.20	Sewing thread of artificial staple fibers	5513.49	Woven
5509.11	Yarn, $\geq 85\%$ nylon or other polyamide staple fibers, single, not for retail sale	5514.11	Plain
5509.12	Yarn, $\geq 85\%$ nylon or other polyamide staple fibers, multiple, not for retail sale, nes	5514.12	Twill
5509.21	Yarn, $\geq 85\%$ of polyester staple fibers, single, not for retail sale	5514.13	Woven
5509.22	Yarn, $\geq 85\%$ of polyester staple fibers, multiple, not for retail sale, nes	5514.19	Woven
5509.31	Yarn, $\geq 85\%$ of acrylic or modacrylic staple fibers, single, not for retail sale	5514.21	Plain
5509.32	Yarn, $\geq 85\%$ acrylic/modacrylic staple fibers, multiple, not for retail sale, nes	5514.22	Twill
5509.41	Yarn, $\geq 85\%$ of other synthetic staple fibers, single, not for retail sale	5514.23	Woven
5509.42	Yarn, $\geq 85\%$ of other synthetic staple fibers, multiple, not for retail sale, nes	5514.29	Woven dyed
5509.51	Yarn of polyester staple fibers mixed with artificial staple fiber, not for retail sale, nes	5514.31	Plain
5509.52	Yarn of polyester staple fiber mixed with wool or fine animal hair, not for retail sale, nes	5514.32	Twill
5509.53	Yarn of polyester staple fibers mixed with cotton, not for retail sale, nes	5514.33	Woven
5509.59	Yarn of polyester staple fibers, not for retail sale, nes	5514.39	Woven
5509.61	Yarn of acrylic staple fiber mixed with wool or fine animal hair, not for retail sale, nes	5514.41	Plain
5509.62	Yarn of acrylic staple fibers mixed with cotton, not for retail sale, nes	5514.42	Twill
5509.69	Yarn of acrylic staple fibers, not for retail sale, nes	5514.43	Woven
5509.91	Yarn of other synthetic staple fibers mixed with wool or fine animal hair, not for retail sale, nes	5514.49	Woven
5509.92	Yarn of other synthetic staple fibers mixed with cotton, not for retail sale, nes	5515.11	Woven
5509.99	Yarn of other synthetic staple fibers, not for retail sale, nes	5515.12	Woven
5510.11	Yarn, $\geq 85\%$ of artificial staple fibers, single, not for retail sale	5515.13	Woven
5510.12	Yarn, $\geq 85\%$ of artificial staple fibers, multiple, not for retail sale, nes	5515.19	Woven
5510.20	Yarn of artificial staple fiber mixed with wool/fine animal hair, not for retail sale, nes	5515.21	Woven
5510.30	Yarn of artificial staple fibers mixed with cotton, not for retail sale, nes	5515.22	Woven
5510.90	Yarn of artificial staple fibers, not for retail sale, nes	5515.29	Woven
5511.10	Yarn, $\geq 85\%$ of synthetic staple fibers, other than sewing thread, for retail sale	5515.91	Woven
5511.20	Yarn, $< 85\%$ of synthetic staple fibers, for retail sale, nes	5515.92	Woven
5511.30	Yarn of artificial fibers (other than sewing thread), for retail sale	5515.99	Woven
5512.11	Woven fabric, $\geq 85\%$ of polyester staple fibers, unbleached or bleached	5516.11	Woven
5512.19	Woven fabric, $\geq 85\%$ of polyester staple fibers, other than unbleached or bleached	5516.12	Woven
5512.21	Woven fabric, $\geq 85\%$ of acrylic staple fibers, unbleached or bleached	5516.13	Woven
5512.29	Woven fabric, $\geq 85\%$ of acrylic staple fibers, other than unbleached or bleached	5516.14	Woven
5512.91	Woven fabric, $\geq 85\%$ of other synthetic staple fibers, unbleached or bleached	5516.21	Woven
5512.99	Woven fabric, $\geq 85\%$ of other synthetic staple fibers, other than unbleached or bleached	5516.22	Woven
5513.11	Plain weave polyester fabric, $< 85\%$ syn stple fiber, with cot, $\leq 170\text{g}/\text{m}^2$ , unbl or bl	5516.23	Woven
5513.12	Twill weave polyester staple fiber fabric, $< 85\%$ syn. staple fiber, with cotton, $\leq 170\text{g}/\text{m}^2$ , unbl or bl	5516.24	Woven
5513.13	Woven polyester fabric, $< 85\%$ synthetic stple fiber, with cotton, $\leq 170\text{g}/\text{m}^2$ , unbl or bl, nes	5516.31	Woven
5513.19	Woven fabric of other synthetic staple fiber, $< 85\%$ syn. stpl fib, with cotton, $\leq 170\text{g}/\text{m}^2$ , unbl or bl		
5513.21	Plain weave polyester staple fiber fabric, $< 85\%$ synthetic staple fiber, with cotton, $\leq 170\text{g}/\text{m}^2$ , dyed		

## HS No. Description

- 5513.22 Twill weave polyester staple fiber fabric, <85% synthetic staple fiber, with cotton,  $\leq 170\text{g/m}^2$ , dyed
- 5513.23 Woven fabric of polyester staple fiber, <85% syn. staple fiber, with cotton,  $\leq 170\text{g/m}^2$ , dyed, nes
- 5513.29 Woven fabric of other synthetic staple fiber, <85% syn. staple fiber, with cotton,  $\leq 170\text{g/m}^2$ , dyed, nes
- 5513.31 Plain weave polyester staple fiber fabric, <85% syn. staple fiber, with cotton,  $\leq 170\text{g/m}^2$ , dyed
- 5513.32 Twill weave polyester staple fiber fabric, <85% syn. staple fiber, with cotton,  $\leq 170\text{g/m}^2$ , yarn dyed
- 5513.33 Woven fabric of polyester staple fiber, <85% syn. staple fiber, with cotton,  $\leq 170\text{g/m}^2$ , dyed nes
- 5513.39 Woven fabric of other synthetic staple fiber, <85% syn. staple fiber, with cotton,  $\leq 170\text{g/m}^2$ , yarn dyed
- 5513.41 Plain weave polyester staple fiber fabric, <85% syn. stpl fiber, with cotton,  $\leq 170\text{g/m}^2$ , printed
- 5513.42 Twill weave polyester staple fiber fabric, <85% syn. staple fiber, with cotton,  $\leq 170\text{g/m}^2$ , printed
- 5513.43 Woven fabric of polyester staple fiber, <85% syn staple fiber, with cotton,  $\leq 170\text{g/m}^2$ , printed, nes
- 5513.49 Woven fabric of other synthetic staple fiber, <85% syn. staple fiber, with cotton,  $\leq 170\text{g/m}^2$ , printed
- 5514.11 Plain weave polyester staple fiber fabric, <85% syn. staple fiber, with cotton,  $> 170\text{g/m}^2$ , unbl or bl
- 5514.12 Twill weave polyester staple fiber fabric, <85% syn. staple fiber, with cotton,  $> 170\text{g/m}^2$ , unbl or bl
- 5514.13 Woven fabric of polyester staple fiber, <85% syn. stpl fiber, with cotton,  $> 170\text{g/m}^2$ , unbl or bl
- 5514.19 Woven fabric of other synthetic staple fiber, <85% syn stpl. fib, with cotton,  $> 170\text{g/m}^2$ , unbl or bl, nes
- 5514.21 Plain weave polyester staple fiber fabric, <85% syn staple fiber, with cotton,  $> 170\text{g/m}^2$ , dyed
- 5514.22 Twill weave polyester staple fiber fabric, <85% synthetic staple fiber, with cotton,  $> 170\text{g/m}^2$ , dyed
- 5514.23 Woven fabric of polyester staple fiber, <85% synthetic staple fiber, with cotton,  $> 170\text{g/m}^2$ , dyed
- 5514.29 Woven fabric of other synthetic staple fiber, <85% synthetic staple fiber, with cotton,  $> 170\text{g/m}^2$ , dyed
- 5514.31 Plain weave polyester staple fiber fabric, <85% syn. staple fiber, with cotton,  $> 170\text{g/m}^2$ , yarn dyed
- 5514.32 Twill weave polyester staple fiber fabric, <85% mixed with cotton,  $> 170\text{g/m}^2$ , yarn dyed
- 5514.33 Woven fabric of polyester staple fiber, <85% syn. staple fiber, with cotton,  $> 170\text{g/m}^2$ , yarn dyed nes
- 5514.39 Woven fabric of other synthetic staple fiber, <85% syn. stpl fiber, with cotton,  $> 170\text{g/m}^2$ , yarn dyed
- 5514.41 Plain weave polyester staple fiber fabric, <85% synthetic staple fiber, with cotton,  $> 170\text{g/m}^2$ , printed
- 5514.42 Twill weave polyester staple fiber fabric, <85% synthetic staple fiber, with cotton,  $> 170\text{g/m}^2$ , printed
- 5514.43 Woven fabric of polyester staple fibers <85% syn. staple fiber, with cotton,  $> 170\text{g/m}^2$ , printed, nes
- 5514.49 Woven fabric of other synthetic staple fiber, <85% syn. staple fiber, with cotton,  $> 170\text{g/m}^2$ , printed, nes
- 5515.11 Woven fabric of polyester staple fiber, with viscose rayon staple fiber, nes
- 5515.12 Woven fabric of polyester staple fiber, with man-made filaments, nes
- 5515.13 Woven fabric of polyester staple fiber, with wool or fine animal hair, nes
- 5515.19 Woven fabric of polyester staple fiber, nes
- 5515.21 Woven fabric of acrylic staple fiber, with man-made filaments, nes
- 5515.22 Woven fabric of acrylic staple fiber, with wool or fine animal hair, nes
- 5515.29 Woven fabric of acrylic or modacrylic staple fibers, nes
- 5515.91 Woven fabric of other synthetic staple fiber, with man-made filaments, nes
- 5515.92 Woven fabric of other synthetic staple fiber, with wool or fine animal hair, nes
- 5515.99 Woven fabric of synthetic staple fibers, nes
- 5516.11 Woven fabric,  $\geq 85\%$  artificial staple fiber, unbleached or bleached
- 5516.12 Woven fabric,  $\geq 85\%$  artificial staple fiber, dyed
- 5516.13 Woven fabric,  $\geq 85\%$  artificial staple fiber, yarn dyed
- 5516.14 Woven fabric,  $\geq 85\%$  artificial staple fiber, printed
- 5516.21 Woven fabric of artificial staple fiber, <85% artificial staple fiber, with man-made fib, unbl or bl
- 5516.22 Woven fabric of artificial staple fiber, <85% artificial staple fiber, with man-made fib, dyed
- 5516.23 Woven fabric of artificial staple fiber, <85% artificial staple fiber, with man-made fib, yarn dyed
- 5516.24 Woven fabric of artificial staple fiber, <85% artificial staple fiber, with man-made fib, printed
- 5516.31 Woven fabric of artificial staple fiber, <85% art stpl fiber, with wool/fine animal hair, unbl or bl

## HS No. Description

- 5516.32 Woven fabric of artificial staple fiber, <85% art staple fiber, mixed mainly or solely with wool/fine animal hair, dyed
- 5516.33 Woven fabric of artificial staple fiber, <85% art staple fiber, mixed mainly or solely with wool/fine animal hair, yarn dyed
- 5516.34 Woven fabric of artificial staple fiber, <85% art staple fiber, mixed mainly or solely with wool/fine animal hair, printed
- 5516.41 Woven fabric of artificial staple fiber, <85% artificial staple fiber, with cotton, unbl or bl
- 5516.42 Woven fabric of artificial staple fiber, <85% artificial staple fiber, with cotton, dyed
- 5516.43 Woven fabric of artificial staple fiber, <85% artificial staple fiber, with cotton, yarn dyed
- 5516.44 Woven fabric of artificial staple fiber, <85% artificial staple fiber, with cotton, printed
- 5516.91 Woven fabric of artificial staple fiber, unbleached or bleached, nes
- 5516.92 Woven fabric of artificial staple fiber, dyed, nes
- 5516.93 Woven fabric of artificial staple fiber, yarn dyed, nes
- 5516.94 Woven fabric of artificial staple fiber, printed, nes

## Chapter 56 Wadding, felt and nonwovens; special yarns, twine, cordage, ropes and cables and articles thereof

- 5601.10 Sanitary articles of wadding of textile materials, including sanitary towels, tampons, and diapers
- 5601.21 Wadding of cotton and articles thereof, other than sanitary articles
- 5601.22 Wadding of man-made fibers and articles thereof, other than sanitary articles
- 5601.29 Wadding of other textile materials and articles thereof, other than sanitary articles
- 5601.30 Textile flock and dust and mill neps
- 5602.10 Needleloom felt and stitch-bonded fiber fabric
- 5602.21 Felt other than needleloom, of wool or fine animal hair, not impregnated, coated, covered or laminated
- 5602.29 Felt other than needleloom, of other textile materials, not impregnated, coated, covered or laminated
- 5602.90 Felt of textile materials, nes
- 5603.00 Nonwovens, whether or not impregnated, coated, covered or laminated
- 5604.10 Rubber thread and cord, textile covered
- 5604.20 High tenacity yarn of polyester, nylon other polyamide, viscose rayon, impregnated or coated
- 5604.90 Textile yarn, strip, impregnated, coated, covered or sheathed with rubber or plastics nes
- 5605.00 Metalized yarn, being textile yarn combined with metal thread, strip, or powder
- 5606.00 Gimped yarn nes; chenille yarn; loop wale-yarn
- 5607.10 Twine, cordage, ropes and cables, of jute or other textile bast fibers
- 5607.21 Binder or baler twine, of sisal or other textile fibers of the genus Agave
- 5607.29 Twine nes, cordage, ropes and cables, of sisal textile fibers
- 5607.30 Twine, cordage, ropes and cables, of abaca or other hard (leaf) fibers
- 5607.41 Binder or baler twine, of polyethylene or polypropylene
- 5607.49 Twine nes, cordage, ropes and cables, of polyethylene or polypropylene
- 5607.50 Twine, cordage, ropes and cables, of other synthetic fibers
- 5607.90 Twine, cordage, ropes and cables, of other materials
- 5608.11 Made up fishing nets, of man-made textile materials
- 5608.19 Knotted netting of twine, cordage, or rope, and other made up nets of man-made textile materials
- 5608.90 Knotted netting of twine, cordage, or rope, nes, and made up nets of other textile materials
- 5609.00 Articles of yarn, strip, twine, cordage, rope and cables, nes

## Chapter 57 Carpets and other textile floor coverings

- 5701.10 Carpets of wool or fine animal hair, knotted
- 5701.90 Carpets of other textile materials, knotted
- 5702.10 Kelem, Schumacks, Karamanie and similar textile hand-woven rugs

## HS No. Desc

- 5702.20 Floor
- 5702.31 Carp
- 5702.32 Carp
- 5702.39 Carp
- 5702.41 Carp
- 5702.42 Carp
- 5702.49 Carp
- 5702.51 Carp
- 5702.52 Carp
- 5702.59 Carp
- 5702.91 Carp
- 5702.92 Carp
- 5702.99 Carp
- 5703.10 Carp
- 5703.20 Carp
- 5703.30 Carp
- 5703.90 Carp
- 5704.10 Tiles
- 5704.90 Carp
- 5705.00 Carp

## Chapter 58 Sp

- 5801.10 Woven
- 5801.21 Woven
- 5801.22 Cut co
- 5801.23 Woven
- 5801.24 Woven
- 5801.25 Woven
- 5801.26 Chenil
- 5801.31 Woven
- 5801.32 Cut co
- 5801.33 Woven
- 5801.34 Woven
- 5801.35 Woven
- 5801.36 Chenil
- 5801.90 Woven
- 5802.11 Terry t
- 5802.19 Terry t
- 5802.20 Terry t
- 5802.30 Tufted
- 5803.10 Gauze
- 5803.90 Gauze
- 5804.10 Tulles
- 5804.21 Mecha
- 5804.29 Mecha
- 5804.30 Hand-n
- 5805.00 Hand-w

## HS No. Description

- 5702.20 Floor coverings of coconut fibers (coir)
- 5702.31 Carpets of wool or fine animal hair, of woven pile construction, not made up, nes
- 5702.32 Carpets of man-made textile materials, of woven pile construction, not made up, nes
- 5702.39 Carpets of other textile materials, of woven pile construction, not made up, nes
- 5702.41 Carpets of wool or fine animal hair, of woven pile construction, made up, nes
- 5702.42 Carpets of man-made textile materials, of woven pile construction, made up, nes
- 5702.49 Carpets of other textile materials, of woven pile construction, made up, nes
- 5702.51 Carpets of wool or fine animal hair, woven, not made up, nes
- 5702.52 Carpets of man-made textile materials, woven, not made up, nes
- 5702.59 Carpets of other textile materials, woven, not made up, nes
- 5702.91 Carpets of wool or fine animal hair, woven, made up, nes
- 5702.92 Carpets of man-made textile materials, woven, made up, nes
- 5702.99 Carpets of other textile materials, woven, made up, nes
- 5703.10 Carpets of wool or fine animal hair, tufted
- 5703.20 Carpets of nylon or other polyamide, tufted
- 5703.30 Carpets of other man-made textile materials, tufted
- 5703.90 Carpets of other textile materials, tufted
- 5704.10 Tiles of felt of textile materials, having a maximum surface area of 0.3 m<sup>2</sup>
- 5704.90 Carpets of felt of textile materials, nes
- 5705.00 Carpets and other textile floor coverings, nes

## Chapter 58 Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery

- 5801.10 Woven pile fabric of wool or fine animal hair, other than terry and narrow fabric
- 5801.21 Woven uncut weft pile fabric of cotton, other than terry and narrow fabric
- 5801.22 Cut corduroy fabric of cotton, other than narrow fabric
- 5801.23 Woven weft pile fabric of cotton, nes
- 5801.24 Woven warp pile fabric of cotton, epingle (uncut), other than terry and narrow fabric
- 5801.25 Woven warp pile fabric of cotton, cut, other than terry and narrow fabric
- 5801.26 Chenille fabric of cotton, other than narrow fabric
- 5801.31 Woven uncut weft pile fabric of manmade fibers, other than terry and narrow fabric
- 5801.32 Cut corduroy fabric of man-made fibers, other than narrow fabric
- 5801.33 Woven weft pile fabric of man-made fibers, nes
- 5801.34 Woven warp pile fabric of man-made fiber, epingle (uncut), other than terry and narrow fabric
- 5801.35 Woven warp pile fabric of man-made fiber, cut, other than terry and narrow fabric
- 5801.36 Chenille fabric of man-made fibers, other than narrow fabric
- 5801.90 Woven pile fabric and chenille fabric of other textile materials, other than terry and narrow fabric
- 5802.11 Terry toweling and similar woven terry fabric of cotton, other than narrow fabric, unbleached
- 5802.19 Terry toweling and similar woven terry fabric of cotton, other than unbleached or narrow fabric
- 5802.20 Terry toweling and similar woven terry fabric of other textile materials, other than narrow fabric
- 5802.30 Tufted textile fabric, other than products of heading No 57.03
- 5803.10 Gauze of cotton, other than narrow fabric
- 5803.90 Gauze of other textile material, other than narrow fabric
- 5804.10 Tulle and other net fabric, not including woven, knitted or crocheted fabric
- 5804.21 Mechanically made lace of man-made fiber, in the piece, in strips or motifs
- 5804.29 Mechanically made lace of other textile materials, in the piece, in strips or in motifs
- 5804.30 Hand-made lace, in the piece, in strips or in motifs
- 5805.00 Hand-woven tapestries and needle-worked tapestries, whether or not made up

## HS No. Description

- 5806.10 Narrow woven pile fabric and narrow chenille fabric  
 5806.20 Narrow woven fabric, containing  $\geq 5\%$  elastomeric yarn or rubber thread, nes  
 5806.31 Narrow woven fabric of cotton, nes  
 5806.32 Narrow woven fabric of man-made fibers, nes  
 5806.39 Narrow woven fabric of other textile materials, nes  
 5806.40 Fabric consisting of warp without weft, assembled by means of an adhesive  
 5807.10 Labels, badges and similar woven articles of textile materials  
 5807.90 Labels, badges and similar articles, not woven, of textile materials, nes  
 5808.10 Braids in the piece  
 5808.90 Ornamental trimmings in the piece, other than knit; tassels, pompons and similar articles  
 5809.00 Woven fabric of metal thread or metalized yarn, for apparel, and homefurnishings, nes  
 5810.10 Embroidery without visible ground, in the piece, in strips or in motifs  
 5810.91 Embroidery of cotton, in the piece, in strips or in motifs, nes  
 5810.92 Embroidery of man-made fibers, in the piece, in strips or in motifs, nes  
 5810.99 Embroidery of other textile materials, in the piece, in strips or motifs, nes  
 5811.00 Quilted textile products in the piece

**Chapter 59 Impregnated, coated, covered, laminated textile fabric; textile articles suitable for industrial use**

- 5901.10 Textile fabric coated with gum, of a kind used for outer covers of books or the like  
 5901.90 Tracing cloth; prepared painting canvas; stiffened textile fabric for hats, nes  
 5902.10 Tire cord fabric of high tenacity nylon or other polyamide yarn  
 5902.20 Tire cord fabric of high tenacity polyester yarn  
 5902.90 Tire cord fabric made of high tenacity viscose rayon yarn  
 5903.10 Textile fabric impregnated, coated, covered, or laminated with polyvinyl chloride, nes  
 5903.20 Textile fabric impregnated, coated, covered, or laminated with polyurethane, nes  
 5903.90 Textile fabric impregnated, coated, covered, or laminated with plastics, nes  
 5904.10 Linoleum, whether or not cut to shape  
 5904.91 Floor coverings, other than linoleum, with a base of needleloom felt or nonwovens  
 5904.92 Floor coverings, other than linoleum, with other textile base  
 5905.00 Textile wall coverings  
 5906.10 Rubberized textile adhesive tape of a width not exceeding 20 cm  
 5906.91 Rubberized textile knitted or crocheted fabric, nes  
 5906.99 Rubberized textile fabric, nes  
 5907.00 Textile fabric impregnated, coated, covered, nes; painted canvas for theater use, backdrops, etc.  
 5908.00 Textile wicks for lamps, stoves, candles or the like; gas mantles and knitted gas mantle fabric  
 5909.00 Textile hosepiping and similar textile tubing  
 5910.00 Transmission or conveyor belts or belting of textile material whether or not reinforced  
 5911.10 Felt and felt-lined woven fabric combined with rubber, leather, or other material, for technical uses  
 5911.20 Textile bolting cloth, whether or not made up  
 5911.31 Textile fabric, endless or linked, for paper-making or similar machines, weighing  $< 650$  g/m<sup>2</sup>  
 5911.32 Textile fabric, endless or linked, for paper-making or similar machines, weighing  $\geq 650$  g/m<sup>2</sup>  
 5911.40 Textile straining cloth used in oil presses or the like, including of human hair  
 5911.90 Textile products and articles for technical uses, nes

HS No.

Chapter

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Chapter 6

6101.10

6101.20

6101.30

6101.90

6102.10

6102.20

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6103.11

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6104.19

## HS No. Description

## Chapter 60 Knitted or crocheted fabrics

- 6001.10 Long pile knitted or crocheted textile fabric  
 6001.21 Looped pile knitted or crocheted fabric, of cotton  
 6001.22 Looped pile knitted or crocheted fabric, of man-made fibers  
 6001.29 Looped pile knitted or crocheted fabric, of other textile materials  
 6001.91 Pile knitted or crocheted fabric, of cotton, nes  
 6001.92 Pile knitted or crocheted fabric, of man-made fiber, nes  
 6001.99 Pile knitted or crocheted fabric, of other textile materials, nes  
 6002.10 Knitted or crocheted textile fabric, width  $\leq 30$  cm,  $\geq 5\%$  of elastomeric yarn or rubber thread, nes  
 6002.20 Knitted or crocheted textile fabric, width not exceeding 30 cm, nes  
 6002.30 Knitted or crocheted textile fabric, width  $> 30$  cm,  $\geq 5\%$  of elastomeric yarn or rubber thread, nes  
 6002.41 Warp knitted fabric, of wool or fine animal hair, nes  
 6002.42 Warp knitted fabric, of cotton, nes  
 6002.43 Warp knitted fabric, of man-made fibers, nes  
 6002.49 Warp knitted fabric, of other materials, nes  
 6002.91 Knitted or crocheted fabric, of wool or of fine animal hair, nes  
 6002.92 Knitted or crocheted fabric, of cotton, nes  
 6002.93 Knitted or crocheted fabric, of manmade fibers, nes  
 6002.99 Knitted or crocheted fabric, of other materials, nes

## Chapter 61 Articles of apparel and clothing accessories, knitted or crocheted

- 6101.10 Men's or boys' overcoats, anoraks, and sim articles, of wool or fine animal hair, knitted or crocheted  
 6101.20 Men's or boys' overcoats, anoraks, and similar articles, of cotton, knitted or crocheted  
 6101.30 Men's or boys' overcoats, anoraks, and similar articles, of man-made fibers, knitted or crocheted  
 6101.90 Men's or boys' overcoats, anoraks, and sim articles, of other textile materials, knitted or crocheted  
 6102.10 Women's or girls' overcoats, anoraks and sim art, of wool or fine animal hair, knitted or crocheted  
 6102.20 Women's or girls' overcoats, anoraks and similar articles, of cotton, knitted or crocheted  
 6102.30 Women's or girls' overcoats, anoraks and similar articles, of man-made fibers, knitted or crocheted  
 6102.90 Women's or girls' overcoats, anoraks and sim art, of other textile materials, knitted or crocheted  
 6103.11 Men's or boys' suits, of wool or fine animal hair, knitted or crocheted  
 6103.12 Men's or boys' suits, of synthetic fibers, knitted or crocheted  
 6103.19 Men's or boys' suits, of other textile materials, knitted or crocheted  
 6103.21 Men's or boys' ensembles, of wool or fine animal hair, knitted or crocheted  
 6103.22 Men's or boys' ensembles, of cotton, knitted or crocheted  
 6103.23 Men's or boys' ensembles, of synthetic fibers, knitted or crocheted  
 6103.29 Men's or boys' ensembles, of other textile materials, knitted or crocheted  
 6103.31 Men's or boys' jackets and blazers, of wool or fine animal hair, knitted or crocheted  
 6103.32 Men's or boys' jackets and blazers, of cotton, knitted or crocheted  
 6103.33 Men's or boys' jackets and blazers, of synthetic fibers, knitted or crocheted  
 6103.39 Men's or boys' jackets and blazers, of other textile materials, knitted or crocheted  
 6103.41 Men's or boys' trousers and shorts, of wool or fine animal hair, knitted or crocheted  
 6103.42 Men's or boys' trousers and shorts, of cotton, knitted or crocheted  
 6103.43 Men's or boys' trousers and shorts, of synthetic fibers, knitted or crocheted  
 6103.49 Men's or boys' trousers and shorts, of other textile materials, knitted or crocheted  
 6104.11 Women's or girls' suits, of wool or fine animal hair, knitted or crocheted  
 6104.12 Women's or girls' suits, of cotton, knitted or crocheted  
 6104.13 Women's or girls' suits, of synthetic fibers, knitted or crocheted  
 6104.19 Women's or girls' suits, of other textile materials, knitted or crocheted



## HS No. Description

HS No.	Description	HS No.	Description
6104.21	Women's or girls' ensembles, of wool or fine animal hair, knitted or crocheted	6109.90	T
6104.22	Women's or girls' ensembles, of cotton, knitted or crocheted	6110.10	Sv
6104.23	Women's or girls' ensembles, of synthetic fibers, knitted or crocheted	6110.20	Sv
6104.29	Women's or girls' ensembles, of other textile materials, knitted or crocheted	6110.30	Sv
6104.31	Women's or girls' jackets, of wool or fine animal hair, knitted or crocheted	6110.90	Sv
6104.32	Women's or girls' jackets, of cotton, knitted or crocheted	6111.10	Ba
6104.33	Women's or girls' jackets, of synthetic fibers, knitted or crocheted	6111.20	Ba
6104.39	Women's or girls' jackets, of other textile materials, knitted or crocheted	6111.30	Ba
6104.41	Women's or girls' dresses, of wool or fine animal hair, knitted or crocheted	6111.90	Ba
6104.42	Women's or girls' dresses, of cotton, knitted or crocheted	6112.11	Tr
6104.43	Women's or girls' dresses, of synthetic fibers, knitted or crocheted	6112.12	Tr
6104.44	Women's or girls' dresses, of artificial fibers, knitted or crocheted	6112.19	Tr
6104.49	Women's or girls' dresses, of other textile materials, knitted or crocheted	6112.20	Sk
6104.51	Women's or girls' skirts, of wool or fine animal hair, knitted or crocheted	6112.31	Me
6104.52	Women's or girls' skirts, of cotton, knitted or crocheted	6112.39	Me
6104.53	Women's or girls' skirts, of synthetic fibers, knitted or crocheted	6112.41	Wc
6104.59	Women's or girls' skirts, of other textile materials, knitted or crocheted	6112.49	Wc
6104.61	Women's or girls' trousers and shorts, of wool or fine animal hair, knitted or crocheted	6113.00	Gar
6104.62	Women's or girls' trousers and shorts, of cotton, knitted or crocheted	6114.10	Gar
6104.63	Women's or girls' trousers and shorts, of synthetic fibers, knitted or crocheted	6114.20	Gar
6104.69	Women's or girls' trousers and shorts, of other textile materials, knitted or crocheted	6114.30	Gar
6105.10	Men's or boys' shirts, of cotton, knitted or crocheted	6114.90	Gar
6105.20	Men's or boys' shirts, of man-made fibers, knitted or crocheted	6115.11	Pan
6105.90	Men's or boys' shirts, of other textile materials, knitted or crocheted	6115.12	Pan
6106.10	Women's or girls' blouses and shirts, of cotton, knitted or crocheted	6115.19	Pan
6106.20	Women's or girls' blouses and shirts, of man-made fibers, knitted or crocheted	6115.20	Wo
6106.90	Women's or girls' blouses and shirts, of other materials, knitted or crocheted	6115.91	Hos
6107.11	Men's or boys' underpants and briefs, of cotton, knitted or crocheted	6115.92	Hos
6107.12	Men's or boys' underpants and briefs, of man-made fibers, knitted or crocheted	6115.93	Hos
6107.19	Men's or boys' underpants and briefs, of other textile materials, knitted or crocheted	6115.99	Hos
6107.21	Men's or boys' nightshirts and pajamas, of cotton, knitted or crocheted	6116.10	Glo
6107.22	Men's or boys' nightshirts and pajamas, of man-made fibers, knitted or crocheted	6116.91	Glo
6107.29	Men's or boys' nightshirts and pajamas, of other textile materials, knitted or crocheted	6116.92	Glo
6107.91	Men's or boys' underpants, briefs, robes, and similar articles of cotton, knitted or crocheted	6116.93	Glo
6107.92	Men's or boys' underpants, briefs, robes, and sim articles of man-made fibers, knitted or crocheted	6116.99	Glo
6107.99	Men's or boys' underwear, briefs, robes, and sim art of other textile materials, knitted or crocheted	6117.10	Shav
6108.11	Women's or girls' slips and petticoats, of man-made fibers, knitted or crocheted	6117.20	Ties
6108.19	Women's or girls' slips and petticoats, of other textile materials, knitted or crocheted	6117.80	Clot
6108.21	Women's or girls' briefs and panties, of cotton, knitted or crocheted	6117.90	Part
6108.22	Women's or girls' briefs and panties, of man-made fibers, knitted or crocheted		
6108.29	Women's or girls' briefs and panties, of other textile materials, knitted or crocheted		
6108.31	Women's or girls' nightdresses and pajamas, of cotton, knitted or crocheted		
6108.32	Women's or girls' nightdresses and pajamas, of man-made fibers, knitted or crocheted		
6108.39	Women's or girls' nightdresses and pajamas, of other textile materials, knitted or crocheted		
6108.91	Women's or girls' robes, dressing gowns, and similar articles of cotton, nes, knitted or crocheted		
6108.92	Women's or girls' robes, dressing gowns, and sim art of man-made fibers, nes, knitted or crocheted		
6108.99	Women's or girls' robes, dressing gowns, and sim art of other tex materials, nes, knitted or crocheted		
6109.10	T-shirts, singlets, tank tops, and similar garments, of cotton, knitted or crocheted		

HS No. D

6109.90 T

6110.10 Sv

6110.20 Sv

6110.30 Sv

6110.90 Sv

6111.10 Ba

6111.20 Ba

6111.30 Ba

6111.90 Ba

6112.11 Tr

6112.12 Tr

6112.19 Tr

6112.20 Sk

6112.31 Me

6112.39 Me

6112.41 Wc

6112.49 Wc

6113.00 Gar

6114.10 Gar

6114.20 Gar

6114.30 Gar

6114.90 Gar

6115.11 Pan

6115.12 Pan

6115.19 Pan

6115.20 Wo

6115.91 Hos

6115.92 Hos

6115.93 Hos

6115.99 Hos

6116.10 Glo

6116.91 Glo

6116.92 Glo

6116.93 Glo

6116.99 Glo

6117.10 Shav

6117.20 Ties

6117.80 Clot

6117.90 Part

Chapter 62

6201.11 Men

6201.12 Men

6201.13 Men

6201.19 Men

6201.91 Men

6201.92 Men

## HS No. Description

- 6109.90 T-shirts, singlets, tank tops, and similar garments, of other textile materials, knitted or crocheted  
 6110.10 Sweaters, pullovers, sweatshirts, and sim articles of wool or fine animal hair, knitted or crocheted  
 6110.20 Sweaters, pullovers, sweatshirts, and similar articles of cotton, knitted or crocheted  
 6110.30 Sweaters, pullovers, sweatshirts, and similar articles of man-made fibers, knitted or crocheted  
 6110.90 Sweaters, pullovers, sweatshirts, and sim articles of other textile materials, knitted or crocheted  
 6111.10 Babies' garments and clothing accessories of wool or fine animal hair, knitted or crocheted  
 6111.20 Babies' garments and clothing accessories of cotton, knitted or crocheted  
 6111.30 Babies' garments and clothing accessories of synthetic fibers, knitted or crocheted  
 6111.90 Babies' garments and clothing accessories of other textile materials, knitted or crocheted  
 6112.11 Track suits, of cotton, knitted or crocheted  
 6112.12 Track suits, of synthetic fibers, knitted or crocheted  
 6112.19 Track suits, of other textile materials, knitted or crocheted  
 6112.20 Ski suits, of textile materials, knitted or crocheted  
 6112.31 Men's or boys' swimwear, of synthetic fibers, knitted or crocheted  
 6112.39 Men's or boys' swimwear, of other textile materials, knitted or crocheted  
 6112.41 Women's or girls' swimwear, of synthetic fibers, knitted or crocheted  
 6112.49 Women's or girls' swimwear, of other textile materials, knitted or crocheted  
 6113.00 Garments made up of impregnated, coated, covered or laminated textile knitted or crocheted fabric  
 6114.10 Garments of wool or fine animal hair, knitted or crocheted, nes  
 6114.20 Garments of cotton, knitted or crocheted, nes  
 6114.30 Garments of man-made fibers, knitted or crocheted, nes  
 6114.90 Garments of other textile materials, knitted or crocheted, nes  
 6115.11 Panty hose and tights, of synthetic fiber yarn, <67 decitex/single yarn, knitted or crocheted  
 6115.12 Panty hose and tights, of synthetic fiber yarn, ≥67 decitex/single yarn, knitted or crocheted  
 6115.19 Panty hose and tights, of other textile materials, knitted or crocheted  
 6115.20 Women full or knee length hosiery, of textile yarn, <67 decitex/single yarn, knitted or crocheted  
 6115.91 Hosiery nes, of wool or fine animal hair, knitted or crocheted  
 6115.92 Hosiery nes, of cotton, knitted or crocheted  
 6115.93 Hosiery nes, of synthetic fibers, knitted or crocheted  
 6115.99 Hosiery nes, of other textile materials, knitted or crocheted  
 6116.10 Gloves or mittens, impregnated, coated or covered with plastics or rubber, knitted or crocheted  
 6116.91 Gloves or mittens, nes, of wool or fine animal hair, knitted or crocheted  
 6116.92 Gloves or mittens, nes, of cotton, knitted or crocheted  
 6116.93 Gloves or mittens, nes, of synthetic fibers, knitted or crocheted  
 6116.99 Gloves or mittens, nes, of other textile materials, knitted or crocheted  
 6117.10 Shawls, scarves, veils and the like, of textile materials, knitted or crocheted  
 6117.20 Ties, bow ties and cravats, of textile materials, knitted or crocheted  
 6117.80 Clothing accessories nes, of textile materials, knitted or crocheted  
 6117.90 Parts of garments or clothing accessories, of textile materials, knitted or crocheted

## Chapter 62 Articles of apparel and clothing accessories, not knitted or crocheted

- 6201.11 Men's or boys' overcoats, and similar articles of wool or fine animal hair, not knitted or crocheted  
 6201.12 Men's or boys' overcoats, and similar articles of cotton, not knitted or crocheted  
 6201.13 Men's or boys' overcoats, and similar articles of man-made fibers, not knitted or crocheted  
 6201.19 Men's or boys' overcoats, and similar articles of other textile materials, not knitted or crocheted  
 6201.91 Men's or boys' anoraks and similar articles, of wool or fine animal hair, not knitted or crocheted  
 6201.92 Men's or boys' anoraks and similar articles, of cotton, not knitted or crocheted

## HS No. Description

HS No.	Description
6201.93	Men's or boys' anoraks and similar articles, of man-made fibers, not knitted or crocheted
6201.99	Men's or boys' anoraks and similar articles, of other textile materials, not knitted or crocheted
6202.11	Women's or girls' overcoats and similar articles of wool or fine animal hair not knitted or crocheted
6202.12	Women's or girls' overcoats and similar articles of cotton, not knitted or crocheted
6202.13	Women's or girls' overcoats and similar articles of other textile materials, not knitted or crocheted
6202.19	Women's or girls' overcoats and similar articles of other textile materials, not knitted or crocheted
6202.91	Women's or girls' anoraks and similar article of wool or fine animal hair, not knitted or crocheted
6202.92	Women's or girls' anoraks and similar article of cotton, not knitted or crocheted
6202.93	Women's or girls' anoraks and similar article of other textile materials, not knitted or crocheted
6202.99	Women's or girls' anoraks and similar article of other textile materials, not knitted or crocheted
6203.11	Men's or boys' suits, of wool or fine animal hair, not knitted or crocheted
6203.12	Men's or boys' suits, of synthetic fibers, not knitted or crocheted
6203.19	Men's or boys' suits, of other textile materials, not knitted or crocheted
6203.21	Men's or boys' ensembles, of wool or fine animal hair, not knitted or crocheted
6203.22	Men's or boys' ensembles, of cotton, not knitted or crocheted
6203.23	Men's or boys' ensembles, of synthetic fibers, not knitted or crocheted
6203.29	Men's or boys' ensembles, of other textile materials, not knitted or crocheted
6203.31	Men's or boys' jackets and blazers, of wool or fine animal hair, not knitted or crocheted
6203.32	Men's or boys' jackets and blazers, of cotton, not knitted or crocheted
6203.33	Men's or boys' jackets and blazers, of synthetic fibers, not knitted or crocheted
6203.39	Men's or boys' jackets and blazers, of other textile materials, not knitted or crocheted
6203.41	Men's or boys' trousers and shorts, of wool or fine animal hair, not knitted or crocheted
6203.42	Men's or boys' trousers and shorts, of cotton, not knitted or crocheted
6203.43	Men's or boys' trousers and shorts, of synthetic fibers, not knitted or crocheted
6203.49	Men's or boys' trousers and shorts, of other textile materials, not knitted or crocheted
6204.11	Women's or girls' suits, of wool or fine animal hair, not knitted or crocheted
6204.12	Women's or girls' suits, of cotton, not knitted or crocheted
6204.13	Women's or girls' suits, of synthetic fibers, not knitted or crocheted
6204.19	Women's or girls' suits, of other textile materials, not knitted or crocheted
6204.21	Women's or girls' ensembles, of wool or fine animal hair, not knitted or crocheted
6204.22	Women's or girls' ensembles, of cotton, not knitted or crocheted
6204.23	Women's or girls' ensembles, of synthetic fibers, not knitted or crocheted
6204.29	Women's or girls' ensembles, of other textile materials, not knitted or crocheted
6204.31	Women's or girls' jackets, of wool or fine animal hair, not knitted or crocheted
6204.32	Women's or girls' jackets, of cotton, not knitted or crocheted
6204.33	Women's or girls' jackets, of synthetic fibers, not knitted or crocheted
6204.39	Women's or girls' jackets, of other textile materials, not knitted or crocheted
6204.41	Women's or girls' dresses, of wool or fine animal hair, not knitted or crocheted
6204.42	Women's or girls' dresses, of cotton, not knitted or crocheted
6204.43	Women's or girls' dresses, of synthetic fibers, not knitted or crocheted
6204.44	Women's or girls' dresses, of artificial fibers, not knitted or crocheted
6204.49	Women's or girls' dresses, of other textile materials, not knitted or crocheted
6204.51	Women's or girls' skirts, of wool or fine animal hair, not knitted or crocheted
6204.52	Women's or girls' skirts, of cotton, not knitted or crocheted
6204.53	Women's or girls' skirts, of synthetic fibers, not knitted or crocheted
6204.59	Women's or girls' skirts, of other textile materials, not knitted or crocheted
6204.61	Women's or girls' trousers and shorts, of wool or fine animal hair, not knitted or crocheted
6204.62	Women's or girls' trousers and shorts, of cotton, not knitted or crocheted

## HS No.

6204.63	W
6204.69	V
6205.10	M
6205.20	M
6205.30	M
6205.90	M
6206.10	V
6206.20	W
6206.30	W
6206.40	W
6206.90	W
6207.11	M
6207.19	M
6207.21	M
6207.22	M
6207.29	M
6207.91	M
6207.92	M
6207.99	M
6208.11	W
6208.19	W
6208.21	W
6208.22	W
6208.29	W
6208.91	W
6208.92	W
6208.99	W
6209.10	Bab
6209.20	Bab
6209.30	Bab
6209.90	Bab
6210.10	Gar
6210.20	Men
6210.30	Wor
6210.40	Men
6210.50	Wor
6211.11	Men
6211.12	Wor
6211.20	Ski
6211.31	Men
6211.32	Men
6211.33	Men
6211.39	Men
6211.41	Wor
6211.42	Wor
6211.43	Wor
6211.49	Wor
6212.10	Bras

HS No. Description

- 6204.63 Women's or girls' trousers and shorts, of synthetic fibers, not knitted or crocheted
- 6204.69 Women's or girls' trousers and shorts, of other textile materials, not knitted or crocheted
- 6205.10 Men's or boys' shirts, of wool or fine animal hair, not knitted or crocheted
- 6205.20 Men's or boys' shirts, of cotton, not knitted or crocheted
- 6205.30 Men's or boys' shirts, of man-made fibers, not knitted or crocheted
- 6205.90 Men's or boys' shirts, of other textile materials, not knitted or crocheted
- 6206.10 Women's or girls' blouses and shirts, of silk or silk waste, not knitted or crocheted
- 6206.20 Women's or girls' blouses and shirts, of wool or fine animal hair, not knitted or crocheted
- 6206.30 Women's or girls' blouses and shirts, of cotton, not knitted or crocheted
- 6206.40 Women's or girls' blouses and shirts, of man-made fibers, not knitted or crocheted
- 6206.90 Women's or girls' blouses and shirts, of other textile materials, not knitted or crocheted
- 6207.11 Men's or boys' underpants and briefs, of cotton, not knitted or crocheted
- 6207.19 Men's or boys' underpants and briefs, of other textile materials, not knitted or crocheted
- 6207.21 Men's or boys' nightshirts and pajamas, of cotton, not knitted or crocheted
- 6207.22 Men's or boys' nightshirts and pajamas, of man-made fibers, not knitted or crocheted
- 6207.29 Men's or boys' nightshirts and pajamas, of other textile materials, not knitted or crocheted
- 6207.91 Men's or boys' robes, dressing gowns, and similar articles of cotton, not knitted or crocheted
- 6207.92 Men's or boys' robes, dressing gowns, and sim art of man-made fibers, not knitted or crocheted
- 6207.99 Men's or boys' robes, dressing gowns, and similar articles of other textile materials, not knit
- 6208.11 Women's or girls' slips and petticoats, of man-made fibers, not knitted or crocheted
- 6208.19 Women's or girls' slips and petticoats, of other textile materials, not knitted or crocheted
- 6208.21 Women's or girls' nightdresses and pajamas, of cotton, not knitted or crocheted
- 6208.22 Women's or girls' nightdresses and pajamas, of man-made fibers, not knitted or crocheted
- 6208.29 Women's or girls' nightdresses and pajamas, of other textile materials, not knitted or crocheted
- 6208.91 Women's or girls' panties, robes, and similar articles of cotton, not knitted or crocheted
- 6208.92 Women's or girls' panties, robes, and similar articles of man-made fibers, not knitted or crocheted
- 6208.99 Women's or girls' panties, robes, and sim art of other textile materials, not knitted or crocheted
- 6209.10 Babies' garments and clothing accessories of wool or fine animal hair, not knitted or crocheted
- 6209.20 Babies' garments and clothing accessories of cotton, not knitted or crocheted
- 6209.30 Babies' garments and clothing accessories of synthetic fibers, not knitted or crocheted
- 6209.90 Babies' garments and clothing accessories of other textile materials, not knitted or crocheted
- 6210.10 Garments made up of textile felts and of nonwoven textile fabric
- 6210.20 Men's or boys' overcoats and similar articles of impreg, coated, covered etc, textile fabric
- 6210.30 Women's or girls' overcoats and sim art, of impregnated, coated, covered, or laminated woven fabric
- 6210.40 Men's or boys' garments nes, made up of impregnated, coated, covered, or laminated woven fabric
- 6210.50 Women's or girls' garments nes, of impregnated, coated, covered, or laminated woven fabric
- 6211.11 Men's or boys' swimwear, of textile materials not knitted or crocheted
- 6211.12 Women's or girls' swimwear, of textile materials, not knitted or crocheted
- 6211.20 Ski suits, of textile materials, not knitted or crocheted
- 6211.31 Men's or boys' garments nes, of wool or fine animal hair, not knitted or crocheted
- 6211.32 Men's or boys' garments nes, of cotton, not knitted or crocheted
- 6211.33 Men's or boys' garments nes, of man-made fibers, not knitted or crocheted
- 6211.39 Men's or boys' garments nes, of other textile materials, not knitted or crocheted
- 6211.41 Women's or girls' garments nes, of wool or fine animal hair, not knitted or crocheted
- 6211.42 Women's or girls' garments nes, of cotton, not knitted or crocheted
- 6211.43 Women's or girls' garments nes, of man-made fibers, not knitted or crocheted
- 6211.49 Women's or girls' garments nes, of other textile materials, not knitted or crocheted
- 6212.10 Brassieres and parts thereof, of textile materials, whether or not knitted or crocheted

## HS No. Description

6212.20	Girdles, panty girdles and parts thereof, of textile materials, whether or not knitted or crocheted
6212.30	Corselettes and parts thereof, of textile materials, whether or not knitted or crocheted
6212.90	Corsets, braces and sim articles and parts, of textile materials, whether or not knitted or crocheted
6213.10	Handkerchiefs, of silk or silk waste, not knitted or crocheted
6213.20	Handkerchiefs, of cotton, not knitted or crocheted
6213.90	Handkerchiefs, of other textile materials, not knitted or crocheted
6214.10	Shawls, scarves, veils and the like, of silk or silk waste, not knitted or crocheted
6214.20	Shawls, scarves, veils and the like, of wool or fine animal hair, not knitted or crocheted
6214.30	Shawls, scarves, veils and the like, of synthetic fibers, not knitted or crocheted
6214.40	Shawls, scarves, veils and the like, of artificial fibers, not knitted or crocheted
6214.90	Shawls, scarves, veils and the like, of other textile materials, not knitted or crocheted
6215.10	Ties, bow ties and cravats, of silk or silk waste, not knitted or crocheted
6215.20	Ties, bow ties and cravats, of man-made fibers, not knitted or crocheted
6215.90	Ties, bow ties and cravats, of other textile materials, not knitted or crocheted
6216.00	Gloves, mittens and mitts, of textile materials, not knitted or crocheted
6217.10	Clothing accessories of textile materials, not knitted or crocheted, nes
6217.90	Parts of garments or of clothing accessories of textile materials, not knitted or crocheted, nes

## Chapter 63 Other made up textile articles; needlecraft sets; worn clothing and worn textile articles; rags

6301.10	Electric blankets, of textile materials
6301.20	Blankets (other than electric) and traveling rugs, of wool or fine animal hair
6301.30	Blankets (other than electric) and traveling rugs, of cotton
6301.40	Blankets (other than electric) and traveling rugs, of synthetic fibers
6301.90	Blankets (other than electric) and traveling rugs, of other textile materials
6302.10	Bed linen, of textile knitted or crocheted or crocheted materials
6302.21	Bed linen, of cotton, printed, not knitted or crocheted
6302.22	Bed linen, of man-made fibers, printed, not knitted or crocheted
6302.29	Bed linen, of other textile materials, printed, not knitted or crocheted
6302.31	Bed linen, of cotton, nes
6302.32	Bed linen, of man-made fibers, nes
6302.39	Bed linen, of other textile materials, nes
6302.40	Table linen, of textile knitted or crocheted materials
6302.51	Table linen, of cotton, not knitted or crocheted
6302.52	Table linen, of flax, not knitted or crocheted
6302.53	Table linen, of man-made fibers, not knitted or crocheted
6302.59	Table linen, of other textile materials, not knitted or crocheted
6302.60	Toilet and kitchen linen, of terry toweling or similar terry fabric, of cotton
6302.91	Toilet and kitchen linen, of cotton, nes
6302.92	Toilet and kitchen linen, of flax
6302.93	Toilet and kitchen linen, of man-made fibers
6302.99	Toilet and kitchen linen, of other textile materials
6303.11	Curtains, interior blinds and curtain or bed valances, of cotton, knitted or crocheted
6303.12	Curtains, interior blinds and curtain or bed valances, of synthetic fiber, knitted or crocheted
6303.19	Curtains, interior blinds and curtain or bed valances, other textile materials, knitted or crocheted
6303.91	Curtains, interior blinds and curtain or bed valances, of cotton, not knitted or crocheted
6303.92	Curtains, interior blinds and curtain or bed valances, of synthetic fiber, not knitted or crocheted
6303.99	Curtains, interior blinds and curtain or bed valances, of other tex mat, not knitted or crocheted

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6304.11	Be
6304.19	Be
6304.91	Fu
6304.92	Fu
6304.93	Fu
6304.99	Fu
6305.10	Sac
6305.20	Sac
6305.31	Sac
6305.39	Sac
6305.90	Sac
6306.11	Tar
6306.12	Tar
6306.19	Tar
6306.21	Ten
6306.22	Ten
6306.29	Ten
6306.31	Sail
6306.39	Sail
6306.41	Pne
6306.49	Pne
6306.91	Cam
6306.99	Cam
6307.10	Floo
6307.20	Lif
6307.90	Mad
6308.00	Sets
6309.00	Worr

## Chapter 64 F

ex 6405.20	F
ex 6406.10	F
ex 6406.99	L

## Chapter 65 F

6501.00	Hat-f
6502.00	Hat-st
6503.00	Felt h
6504.00	Hats
6505.90	Hats

## Chapter 66 U

6601.10	Umbre
6601.91	Other
6601.99	Other

**HS No. Description**

- 6304.11 Bedspreads of textile materials, nes, knitted or crocheted
- 6304.19 Bedspreads of textile materials, nes, not knitted or crocheted
- 6304.91 Furnishing articles nes, of textile materials, knitted or crocheted
- 6304.92 Furnishing articles nes, of cotton, not knitted or crocheted
- 6304.93 Furnishing articles nes, of synthetic fibers, not knitted or crocheted
- 6304.99 Furnishing articles nes, of other textile materials, not knitted or crocheted
- 6305.10 Sacks and bags of jute or of other textile bast fibers
- 6305.20 Sacks and bags of cotton
- 6305.31 Sacks and bags polyethylene or polypropylene strips
- 6305.39 Sacks and bags of other man-made textile materials
- 6305.90 Sacks and bags of other textile materials
- 6306.11 Tarpaulins, awnings and sunblinds, of cotton
- 6306.12 Tarpaulins, awnings and sunblinds, of synthetic fibers
- 6306.19 Tarpaulins, awnings and sunblinds, of other textile materials
- 6306.21 Tents, of cotton
- 6306.22 Tents, of synthetic fibers
- 6306.29 Tents, of other textile materials
- 6306.31 Sails, of synthetic fibers
- 6306.39 Sails, of other textile materials
- 6306.41 Pneumatic mattresses, of cotton
- 6306.49 Pneumatic mattresses, of other textile materials
- 6306.91 Camping goods nes, of cotton
- 6306.99 Camping goods nes, of other textile materials
- 6307.10 Floor-cloths, dish-cloths, dusters and similar cleaning cloths, of textile materials
- 6307.20 Life jackets and life belts, of textile materials
- 6307.90 Made up articles, of textile materials, nes, including dress patterns
- 6308.00 Sets of woven fabric and yarn, for rugs, tapestries, and similar textile articles, for retail sale
- 6309.00 Worn clothing and other worn articles

**Chapter 64 Footwear, gaiters, and the like; parts of such articles**

- ex 6405.20 Footwear with soles and uppers of wool felt
- ex 6406.10 Footwear uppers of which the external surface is  $\geq 50\%$  textile material
- ex 6406.99 Leg warmers and gaiters of textile materials

**Chapter 65 Headgear and parts thereof**

- 6501.00 Hat-forms, hat bodies and hoods of felt; plateaux and manchons of felt
- 6502.00 Hat-shapes, plaited or made by assembling strips of any material
- 6503.00 Felt hats and other felt headgear
- 6504.00 Hats and other headgear, plaited or made by assembling strips of any material
- 6505.90 Hats and other headgear, knitted or made up from lace, or other textile materials

**Chapter 66 Umbrellas, sun umbrellas, walking sticks, seatsticks, whips, riding-crops and parts thereof**

- 6601.10 Umbrellas and sun umbrellas, garden type
- 6601.91 Other umbrella types, telescopic shaft
- 6601.99 Other umbrellas

**HS No. Description**

**Chapter 70 Glass and glassware**

- ex 7019.10 Yarn of fiber glass
- 7019.20 Woven fabric of fiber glass

**Chapter 87 Vehicles other than railway or tramway rolling stock, and parts and accessories thereof**

- 8708.21 Safety seat belts for motor vehicles

**Chapter 88 Aircraft, spacecraft, and parts thereof**

- 8804.00 Parachutes; their parts and accessories

**Chapter 91 Clocks and watches and parts thereof**

- 9113.90 Watch straps, bands and bracelets of textile materials

**Chapter 94 Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings**

- ex 9404.90 Pillow and cushions of cotton; quilts; eiderdowns; comforters and sim articles of textile materials

**Chapter 95 Toys, games and sports requisites; parts and accessories thereof**

- 9502.91 Garments for dolls

**Chapter 96 Miscellaneous manufactured articles**

- ex 9612.10 Woven ribbons, of man-made fibers, other than those <30 mm wide and permanently in cartridges

## Appendix 2.1

### Tariff Elimination

For purposes of this Appendix, each Party shall apply Section 2(2) to determine whether a textile or apparel good is an originating good of a particular Party.

#### A. Trade between Canada and the United States

As required by Article 302, Canada and the United States each shall progressively eliminate its respective customs duties on originating textile and apparel goods of the other Party in accordance with Annex 401.2, as amended, of the *Canada - United States Free Trade Agreement*, as incorporated into Annex 302.2.

#### B. Trade between Mexico and the United States

Except as provided in Schedule 2.1.B, and as required by Article 302, Mexico and the United States each shall progressively eliminate its respective customs duties on originating textile and apparel goods of the other Party, in accordance with its respective Schedule to Annex 302.2, as follows:

- (a) duties on textile and apparel goods provided for in the items in staging category A in a Party's Schedule shall be eliminated entirely and such goods shall be duty-free, effective January 1, 1994;
- (b) duties on textile and apparel goods provided for in the items in staging category B6 in a Party's Schedule shall be reduced on January 1, 1994, by an amount equal, in percentage terms, to the base rates. Thereafter, duties shall be removed in five equal annual stages beginning on January 1, 1995, and such goods shall be duty-free, effective January 1, 1999;
- (c) duties on textile and apparel goods provided for in the items in staging category C in a Party's Schedule shall be removed in 10 equal annual stages beginning on January 1, 1994, and such goods shall be duty-free, effective January 1, 2003; and



- (d) if the application of a formula provided in subparagraph (b) or (c) for staging category B6 or C results in a duty that exceeds 20 percent ad valorem during any annual stage, the rate of duty during that stage shall be 20 percent ad valorem instead of the rate that otherwise would have applied.

### C. Trade between Canada and Mexico

As required by Article 302, Canada and Mexico each shall progressively eliminate its respective customs duties on originating textile and apparel goods of the other Party, in accordance with its respective Schedule to Annex 302.2, as follows:

- (a) duties on textile and apparel goods provided for in the items in staging category A in a Party's Schedule shall be eliminated entirely and such goods shall be duty-free, effective January 1, 1994;
- (b) duties on textile and apparel goods provided for in the items in staging category B1 in a Party's Schedule shall be removed in six equal annual stages beginning on January 1, 1994, and such goods shall be duty-free, effective January 1, 1999;
- (c) duties on textile and apparel goods provided for in the items in staging category B+ in a Party's Schedule shall be reduced by the following percentages of the base rates, beginning on January 1, 1994, and such goods shall be duty-free, effective January 1, 2001
- (i) January 1, 1994, 20 percent,
  - (ii) January 1, 1995, 0 percent,
  - (iii) January 1, 1996, 10 percent,
  - (iv) January 1, 1997, 10 percent,
  - (v) January 1, 1998, 10 percent,
  - (vi) January 1, 1999, 10 percent,
  - (vii) January 1, 2000, 10 percent,
  - (viii) January 1, 2001, 30 percent; and
- (d) duties on textile and apparel goods provided for in the items in staging category C in a Party's Schedule shall be removed in 10 equal annual stages beginning on January 1, 1994, and such goods shall be duty-free, effective January 1, 2003.

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**D. Trade between All Parties**

Originating textile and apparel goods provided for in the items in staging category D in a Party's Schedule to Annex 302.2 shall continue to receive duty-free treatment.

**Schedule 2.1.B**

**Exceptions to Tariff Phase-out Formula  
Specified in Appendix 2.1**

1. The United States shall apply the following rates of duty on tariff items 5111.11.70, 5111.19.60, 5112.11.20 and 5112.19.90 during the transition period:

1994	25.0%
1995	24.1%
1996	18.0%
1997	12.0%
1998	6.0%
1999 and thereafter	0.0%

2. Mexico shall apply the following rates of duty on tariff items 5111.11.01, 5111.19.99, 5112.11.01 and 5112.19.99, as modified to correspond to the U.S. tariff items identified in paragraph 1, during the transition period:

1994	15.0%
1995	14.5%
1996	10.8%
1997	7.2%
1998	3.6%
1999 and thereafter	0.0%

3. The United States shall apply the following rates of duty on tariff items 5111.20.90, 5111.30.90, 5112.20.30, 5112.30.30, 5407.91.05, 5407.92.05, 5407.93.05, 5407.94.05, 5408.31.05, 5408.32.05, 5408.33.05, 5408.34.05, 5515.13.05, 5515.22.05, 5515.92.05, 5516.31.05, 5516.32.05, 5516.33.05 and 5516.34.05 during the transition period:

1994	25.0%
1995	25.0%
1996	20.0%
1997	13.3%
1998	6.7%
1999 and thereafter	0.0%

4. Mexico shall apply the following rates of duty on tariff items 5111.20.99, 5111.30.99, 5112.20.01, 5112.30.01, 5407.91.99, 5407.92.99, 5407.93.99, 5407.94.99, 5408.31.99, 5408.32.99, 5408.33.99, 5408.34.99, 5515.13.01, 5515.22.01, 5515.92.01, 5516.31.01, 5516.32.01, 5516.33.01 and 5516.34.01, as modified to correspond to the U.S. tariff items identified in paragraph 3, during the transition period:

1994	15.0%
1995	15.0%
1996	12.0%
1997	8.0%
1998	4.0%
1999 and thereafter	0.0%

5. Mexico shall apply the following rates of duty on goods of subheadings 5703.20 and 5703.30 measuring not more than 5.25 square meters in area, other than nylon hand hooked, during the transition period:

1994	20.0%
1995	20.0%
1996	10.0%
1997	6.6%
1998	3.3%
1999 and thereafter	0.0%

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**Appendix 2.4**

**Tariff Elimination on Certain Textile and Apparel Goods**

On January 1, 1994, the United States shall eliminate customs duties on textile and apparel goods that are assembled in Mexico from fabrics wholly formed and cut in the United States and exported from and reimported into the United States under:

- (a) U.S. tariff item 9802.00.80.10; or
- (b) Chapter 61, 62 or 63 if, after such assembly, those goods that would have qualified for treatment under 9802.00.80.10 have been subject to bleaching, garment dyeing, stone-washing, acid-washing or perma-pressing.

Thereafter, the United States shall not adopt or maintain any customs duty on textile and apparel goods of Mexico that satisfy the requirements of subparagraph (a) or (b) or the requirements of any successor provision to U.S. tariff item 9802.00.80.10.

**Appendix 3.1**

**Administration of Import and Export Prohibitions,  
Restrictions and Consultation Levels**

**A. Trade between Canada and Mexico and between Mexico and the United States**

1. This Appendix applies to prohibitions, restrictions and consultation levels on non-originating textile and apparel goods.
2. An exporting Party whose textile or apparel good is subject to a prohibition, restriction or consultation level shall limit its annual exports to the specified limits or levels, and the importing Party may assist the exporting Party in implementing the prohibition, restriction or consultation level by controlling its imports.
3. Each Party shall count exports of textile and apparel goods subject to a restriction or consultation level against the limit or level:

- (a) applicable to the calendar year in which the good was exported; or
- (b) authorized for the following year if such exports exceed the authorized limit or level for the calendar year in which the good was exported, if allowed entry into the territory of the importing Party.

4. Each exporting Party whose goods are subject to a restriction or consultation level shall endeavor to space exports of such goods to the territory of the importing Party evenly throughout each calendar year, taking into consideration normal seasonal factors.

5. On written request of an exporting Party whose goods are subject to a prohibition, restriction or consultation level, that Party and the importing Party shall consult within 30 days of receipt of the request on any matter arising from the implementation of this Appendix.

6. On written request of an exporting Party that considers the application of a prohibition, restriction or consultation level under this Annex has placed it in an inequitable position in relation to another Party or a non-Party, the exporting Party and importing Party shall consult within 60 days of receipt of the request to seek a mutually beneficial solution.

7. An importing Party and an exporting Party, at any time by mutual agreement, may adjust annual Designated Consultation Levels (DCLs) as follows:

- (a) if the exporting Party whose goods are subject to a DCL wishes to export goods in any category in excess of the applicable DCL in any calendar year, that Party may present to the importing Party a formal written request for an increase in the DCL; and
- (b) the importing Party shall respond, in writing, within 30 days of the receipt of the request. If the response is negative, the Parties concerned shall consult no later than 15 days after the receipt of the response or as soon thereafter as mutually convenient, and shall endeavor to reach a mutually satisfactory solution. The Parties concerned shall confirm any agreement reached on a new DCL by an exchange of letters.

8. Adjustments to annual specific limits (SLs), including those set out in Schedule 3.1.2, may be made as follows:

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- (a) an exporting Party wishing to adjust an SL shall deliver a notice to the importing Party of its intent to make an adjustment;
- (b) the exporting Party may increase the SL for a calendar year by no more than six percent ("swing"); and
- (c) in addition to any increase of its SL under subparagraph (b), the exporting Party may increase its unadjusted SL for that year by no more than 11 percent by allocating to such SL for that calendar year (the "receiving year") an unused portion ("shortfall") of the corresponding SL for the previous calendar year ("carryover") or a portion of the corresponding SL for the following calendar year ("carryforward"), as follows:
  - (i) subject to subparagraph (iii), the exporting Party may utilize carryover, as available, up to 11 percent of the unadjusted SL for the receiving year,
  - (ii) the exporting Party may utilize carryforward charged against the corresponding SL for the following calendar year, up to six percent of the unadjusted SL for the receiving year,
  - (iii) the combination of the exporting Party's carryover and carryforward shall not exceed 11 percent of the unadjusted SL in the receiving year, and
  - (iv) carryover may be utilized only following confirmation by the importing Party that sufficient shortfall exists. If the importing Party does not consider that sufficient shortfall exists, it shall promptly provide data to the exporting Party to support that view. Where substantial statistical differences exist between the import and export data on which the shortfall is computed, the Parties concerned shall seek to resolve these differences promptly.

**B. Trade between Mexico and the United States**

9. During the transition period, non-originating textile and apparel goods of Mexico exported to the United States shall be subject to the restrictions and consultation levels specified in Schedule 3.1.2, in accordance with this Appendix and its Schedules. Such restrictions and consultation levels shall be progressively eliminated as follows:

- (a) restrictions or consultation levels on items contained in the categories of textile and apparel goods in staging category 1 in Schedule 3.1.1 shall be eliminated on January 1, 1994;
- (b) restrictions or consultation levels on items contained in the categories of textile and apparel goods in staging category 2 in Schedule 3.1.1 shall be eliminated on January 1, 2001; and
- (c) restrictions or consultation levels on items contained in the categories of textile and apparel goods in staging category 3 in Schedule 3.1.1 shall be eliminated on January 1, 2004.

10. In addition, on January 1, 1994, the United States shall eliminate restrictions or consultation levels on textile and apparel goods that are assembled in Mexico from fabrics wholly formed and cut in the United States and exported from and reimported into the United States under:

- (a) U.S. tariff item 9802.00.80.10; or
- (b) Chapter 61, 62 or 63 if, after such assembly, those goods that would have qualified for treatment under 9802.00.80.10 have been subject to bleaching, garment dyeing, stone-washing, acid-washing or perma-pressing.

Thereafter, notwithstanding Section 5, the United States shall not adopt or maintain prohibitions, restrictions or consultation levels on textile and apparel goods of Mexico that satisfy the requirements of subparagraph (a) or (b) or the requirements of any successor provision to U.S. tariff item 9802.00.80.10.

11. Mexico and the United States may identify at any time particular textile and apparel goods that they mutually agree fall within:

- (a) hand-loomed fabrics of a cottage industry;
- (b) hand-made cottage industry goods made of such hand-loomed fabrics; or
- (c) traditional folklore handicraft goods.

The importing Party shall exempt from restrictions and consultation levels goods so identified, if certified by the competent authority of the exporting Party.

12. The *Bilateral Textile Agreement Between the United States of America and the United Mexican States*, signed at Mazatlán, February 13, 1988, as amended and extended (the Bilateral Agreement), shall terminate on the date of entry into force of this Agreement.
13. On request of either Party, the Parties shall consult to consider accelerating the elimination of restrictions or consultation levels set out in Schedule 3.1.2 on specific textile and apparel goods. An agreement between the Parties to accelerate the elimination of a restriction or consultation level shall supersede Schedule 3.1.1 when approved by each such Party in accordance with Article 2202(2) (Amendments).
14. During 1994, Mexico may carry over any unused portion of the 1993 limit specified in the Bilateral Agreement, or apply against the 1994 limit specified in this Appendix any exports made during 1993 in excess of the applicable limit under the Bilateral Agreement, in accordance with the flexibility provisions set forth in paragraph 8.
15. All exports of textile and apparel goods from the territory of Mexico to the territory of the United States covered by restrictions or consultation levels under this Appendix shall be accompanied by an export visa issued by the competent authority of Mexico, pursuant to any bilateral visa arrangement in effect between the Parties.
16. On written request of either Party, both Parties shall consult within 30 days of receipt of the request on any matter arising from the implementation of this Appendix. In addition, on written request of either Party, both Parties shall conduct a review of this Appendix by January 1, 1999.
17. For purposes of applying prohibitions, restrictions or consultation levels, each Party shall consider a good as being of:
  - (a) man-made fibers if the good is in chief weight of man-made fibers, unless
    - (i) the good is knitted or crocheted apparel in which wool equals or exceeds 23 percent by weight of all fibers, in which case it shall be of wool,
    - (ii) the good is apparel, not knitted or crocheted, in which wool equals or exceeds 36 percent by weight of all fibers, in which case it shall be of wool, or



- (iii) the good is a woven fabric in which wool equals or exceeds 36 percent by weight of all fibers, in which case it shall be of wool;
- (b) cotton, if not covered by subparagraph (a) and if the good is in chief weight of cotton, unless the good is a woven fabric in which wool equals or exceeds 36 percent by weight of all fibers, in which case it shall be of wool;
- (c) wool, if not covered by subparagraph (a) or (b), and the good is in chief weight of wool; and
- (d) non-cotton vegetable fiber, if not covered by subparagraph (a), (b) or (c), and the good is in chief weight of non-cotton vegetable fiber, unless
  - (i) cotton with wool and/or man-made fibers in the aggregate equal or exceed 50 percent by weight of the component fibers thereof and the cotton component equals or exceeds the weight of each of the total wool and/or man-made fiber components, in which case it shall be of cotton,
  - (ii) if not covered by subparagraph (i) and wool exceeds 17 percent by weight of all component fibers, in which case it shall be of wool, or
  - (iii) if not covered by subparagraph (i) or (ii) and man-made fibers in combination with cotton and/or wool in the aggregate equal or exceed 50 percent by weight of the component fibers thereof and the man-made fiber component exceeds the weight of the total wool and/or total cotton component, in which case it shall be of man-made fibers.

For purposes of this paragraph, only the textile fibers in the component of the good that determines the tariff classification of the good are to be considered.

**C. Schedules**

To determine which HS provisions are contained in a U.S. category listed in the Schedules to this Appendix, the Parties shall refer to the *Correlation: Textile and Apparel Categories with the Harmonized Tariff Schedule of the United States, 1992* (or successor document), U.S. Department of Commerce, International Trade Administration, Office of

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**Category**

- 335 SR
- 336/636 SR
- 338/339/638
- 340/640 SR
- 341/641 SR
- 342/642 SR
- 347/348/647
- 351/651 SR
- 352/652 SR
- 359-C/659-C
- 633 SR
- 635 SR

**Category**

- Broadwoven  
Group
- 218
- 219
- 220

Textiles and Apparel, Trade and Data Division, Washington, D.C. The descriptions listed in these Schedules are provided for ease of reference only. For legal purposes, coverage of a category shall be determined according to the Correlation.

### Schedule 3.1.1

#### Schedule for the Elimination of Restrictions and Consultation Levels on Exports from Mexico to the United States

##### A. Special Regime (SR) Goods

Category	Description	Staging Category
335 SR	C W&G Coats, Special Regime	1
336/636 SR	C/MMF Dresses, Special Regime	1
338/339/638/639 SR	C/MMF Knit Shirts, Special Regime	1
340/640 SR	C/MMF Woven Shirts, Special Regime	1
341/641 SR	C/MMF Blouses, Special Regime	1
342/642 SR	C/MMF Skirts, Special Regime	1
347/348/647/648 SR	C/MMF Trousers, Special Regime	1
351/651 SR	C/MMF Pyjamas, etc. Special Regime	1
352/652 SR	C/MMF Underwear, Special Regime	1
359-C/659-C SR	C/MMF Coveralls, Special Regime	1
633 SR	MMF Suit Coats, Special Regime	1
635 SR	MMF Coats, Special Regime	1

##### B. Non-originating Goods

Category	Description	Staging Category
Broadwoven Fabric Group	C/MMF	1
218	C/MMF Fabrics/Yarns of Different Colors	1
219	C/MMF Duck Fabric	2
220	C/MMF Fabric of Special Weave	1

Category	Description	Staging Category	Category
225	C/MMF Denim Fabric	1	635
226	C/MMF Cheesecloth, Batistes	1	643
227	C/MMF Oxford Cloth	1	669-B
300/301/607-Y	C Combed/Carded Yarn; etc.	1	670
313	C Sheeting Fabric	2	
314	C Poplin and Broadcloth Fabric	2	
315	C Printcloth Fabric	2	
317	C Twill Fabric	2	For purp
326	C Sateen Fabric	1	
334/634	C/MMF Men's and Boys' Coats	1	C
335 NR	C Coats, Women's and Girls'	1	M
336/636 NR	C/MMF Dresses	1	
338/339/638/639 NR	C/MMF Knit Shirts and Blouses	2	M
340/640 NR	C/MMF Woven Shirts	2	
341/641 NR	C/MMF Woven Blouses	1	NI
342/642	C/MMF Skirts	1	
347/348/647/648 NR	C/MMF Trousers and Pants	2	W
351/651	C/MMF Pyjamas and Nightwear	1	
352/652 NR	C/MMF Underwear	1	W
359-C/659-C NR	C/MMF Coveralls	1	
363	C Terry and Pile towels	1	
410	Woven Wool Fabric	3	
433	W Men's and Boys' Suit-type Coats	3	
435	W Women's and Girls' Coats	1	
443	W Men's and Boys' Suits	3	
604-A	Acrylic Spun Yarn	1	
604-O/607-O	Staple Fiber Yarn	1	
611	Artificial Staple Fiber Woven Fabric	3	
613	MMF Sheeting Fabric	1	Category
614	MMF Poplin & Broadcloth Fabric	1	
615	MMF Printcloth Fabric	1	219
617	MMF Twill & Sateen Fabric	1	313
625	MMF Poplin/Broadcloth Staple/Filament	1	314
626	MMF Printcloth Staple/Filament	1	315
627	MMF Sheeting Staple/Filament	1	317
628	MMF Twill/Sateen Staple/Filament	1	611
629	MMF Other Staple/Filament Fabric	1	410
633 NR	MMF Suit-Type Coats, M&B	2	

Category	Description	Staging Category
635	Women's and Girls' MMF Coats	1
643	MMF Suits for Men and Boys	2
669-B	Polypropylene Bags	1
670	MMF Luggage, Flat Goods Etc.	1

For purposes of this Schedule:

- C means cotton;
- M&B means men's and boys';
- MMF means man-made fiber;
- NR means normal regime;
- W means wool; and
- W&G means women's and girls'.

**Schedule 3.1.2**

**Restrictions and Consultation Levels  
on Exports from Mexico to the United States**

Category	Form	Unit of Measure	1994	1995	1996
219	DCL	SM	9,438,000	9,438,000	9,438,000
313	DCL	SM	16,854,000	16,854,000	16,854,000
314	DCL	SM	6,966,904	6,966,904	6,966,904
315	DCL	SM	6,966,904	6,966,904	6,966,904
317	DCL	SM	8,427,000	8,427,000	8,427,000
611	DCL	SM	1,267,710	1,267,710	1,267,710
410	DCL	SM	397,160	397,160	397,160

Category	Form	Unit of Measure	1994	1995	1996
338/339/ 638/639	DCL	DZ	650,000	650,000	650,000
340/640	SL	DZ	120,439	128,822	137,788
347/348/ 647/648	DCL	DZ	650,000	650,000	650,000
433	DCL	DZ	11,000	11,000	11,000
443	SL	NO	150,000	156,000	162,240
633	DCL	DZ	10,000	10,000	10,000
643	DCL	NO	155,556	155,556	155,556

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Category	1997	1998	1999	2000
219	9,438,000	9,438,000	9,438,000	9,438,000
313	16,854,000	16,854,000	16,854,000	16,854,000
314	6,966,904	6,966,904	6,966,904	6,966,904
315	6,966,904	6,966,904	6,966,904	6,966,904
317	8,427,000	8,427,000	8,427,000	8,427,000
611	1,267,710	1,267,710	1,267,710	1,267,710
410	397,160	397,160	397,160	397,160
338/339/ 638/639	650,000	650,000	650,000	650,000
340/640	147,378	160,200	174,137	189,287
347/348/ 647/648	650,000	650,000	650,000	650,000
433	11,000	11,000	11,000	11,000
443	168,730	175,479	182,498	189,798
633	10,000	10,000	10,000	10,000
643	155,556	155,556	155,556	155,556

U.S. Category  
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Category	2001	2002	2003
611	1,267,710	1,267,710	1,267,710
410	397,160	397,160	397,160
433	11,000	11,000	11,000
443	197,390	205,286	213,496

## Schedule 3.1.3

## Conversion Factors

1. This Schedule applies to restrictions and consultation levels applied pursuant to Section 5 and paragraph 9 of Appendix 3.1, and to tariff preference levels applied pursuant to Section 6 and Appendix 6.
2. Unless otherwise provided in this Annex, or as may be mutually agreed between any two Parties with respect to trade between them, the rates of conversion into SME set out in paragraphs 3 through 6 shall apply.
3. The following conversion factors shall apply to the goods covered by the following U.S. categories:

U.S. Category	Conversion Factor	Description	Primary Unit of Measure
200	6.60	YARN FOR RETAIL SALE, SEWING THREAD	KG
201	6.50	SPECIALTY YARNS	KG
218	1.00	FABRIC OF YARNS OF DIFFERENT COLORS	SM
219	1.00	DUCK FABRIC	SM
220	1.00	FABRIC OF SPECIAL WEAVE	SM
222	6.00	KNIT FABRIC	KG
223	14.00	NON-WOVEN FABRIC	KG
224	1.00	PILE & TUFTED FABRIC	KG
225	1.00	BLUE DENIM FABRIC	SM
226	1.00	CHEESECLOTH, BATISTE, LAWN & VOILE	SM
227	1.00	OXFORD CLOTH	SM
229	13.60	SPECIAL PURPOSE FABRIC	KG
237	19.20	PLAYSUITS, SUNSUITS, ETC	DZ
239	6.30	BABIES' GARMENTS & CLOTHING ACCESS.	KG
300	8.50	CARDED COTTON YARN	KG
301	8.50	COMBED COTTON YARN	KG
313	1.00	COTTON SHEETING FABRIC	SM
314	1.00	COTTON POPLIN & BROADCLOTH FABRIC	SM
315	1.00	COTTON PRINTCLOTH FABRIC	SM
317	1.00	COTTON TWILL FABRIC	SM
326	1.00	COTTON SATEEN FABRIC	SM
330	1.40	COTTON HANDKERCHIEFS	DZ
331	2.90	COTTON GLOVES AND MITTENS	DPR
332	3.80	COTON HOSIERY	DPR
333	30.30	M&B SUIT-TYPE COATS, COTTON	DZ

U.S. Category	Conversion Factor	Description	Primary Unit & Measure	U.S. Category
334	34.50	OTHER M&B COATS, COTTON	DE	464
335	34.50	W&G COTTON COATS	DE	465
336	37.90	COTTON DRESSES	DE	469
338	6.00	M&B COTTON KNIT SHIRTS	DE	600
339	6.00	W&G COTTON KNIT SHIRTS/BLOUSES	DE	603
340	20.10	M&B COTTON SHIRTS, NOT KNIT	DE	604
341	12.10	W&G COTTON SHIRTS/BLOUSES,NOT KNIT	DE	606
342	14.90	COTTON SKIRTS	DE	607
345	30.80	COTTON SWEATERS	DE	611
347	14.90	M&B COTTON TROUSERS/BREECHES/SHORTS	DE	613
348	14.90	W&G COTTON TROUSERS/BREECHES/SHORTS	DE	614
349	4.00	BRASSIERES, OTHER BODY SUPPORT GARMENTS	DE	615
350	42.60	COTTON DRESSING GOWNS, ROBES ETC.	DE	617
351	43.50	COTTON NIGHTWEAR/PAJAMAS	DE	618
352	9.20	COTTON UNDERWEAR	DE	619
353	34.50	M&B COTTON DOWN-FILLED COATS	DE	620
354	34.50	W&G COTTON DOWN-FILLED COATS	DE	621
359	8.50	OTHER COTTON APPAREL	DE	622
360	0.90	COTTON PILLOWCASES	X	624
361	5.20	COTTON SHEETS	X	625
362	5.80	OTHER COTTON BEDDING	X	626
363	0.40	COTTON TERRY & OTHER PILE TOWELS	X	627
369	8.50	OTHER COTTON MANUFACTURES	X	628
400	3.70	WOOL YARN	S	629
410	1.00	WOOL WOVEN FABRIC	S	630
414	2.80	OTHER WOOL FABRIC	DE	631
431	1.80	WOOL GLOVES/MITTENS	DE	632
432	2.30	WOOL HOSIERY	DE	633
433	30.10	M&B WOOL SUIT-TYPE COATS	DE	634
434	45.10	OTHER M&B WOOL COATS	DE	635
435	45.10	W&G WOOL COATS	DE	636
436	41.10	WOOL DRESSES	DE	638
438	12.50	WOOL KNIT SHIRTS/BLOUSES	DE	639
439	6.30	BABIES' WOOL GARM/CLOTHING ACCESS.	DE	640
440	20.10	WOOL SHIRTS/BLOUSES, NOT-KNIT	DE	641
442	15.00	WOOL SKIRTS	DE	642
443	3.76	M&B WOOL SUITS	S	643
444	3.76	W&G WOOL SUITS	S	644
445	12.40	M&B WOOL SWEATERS	DE	645
446	12.40	W&G WOOL SWEATERS	DE	646
447	15.00	M&B WOOL TROUSERS/BREECHES/SHORTS	DE	647
448	15.00	W&G WOOL TROUSERS/BREECHES/SHORTS	DE	648
459	3.70	OTHER WOOL APPAREL	S	649

Primary Unit of Measure

U.S. Category	Conversion Factor	Description	Primary Unit of Measure
464	2.40	WOOL BLANKETS	KG
465	1.00	WOOL FLOOR COVERINGS	SM
469	3.70	OTHER WOOL MANUFACTURES	KG
600	6.50	TEXTURED FILAMENT YARN	KG
603	6.30	YARN ≥85% ARTIFICIAL STAPLE FIBER	KG
604	7.60	YARN ≥85% SYNTHETIC STAPLE FIBER	KG
606	20.10	NON-TEXTURED FILAMENT YARN	KG
607	6.50	OTHER STAPLE FIBER YARN	KG
611	1.00	WOVEN FABRIC ≥85% ARTIFICIAL STAPLE	SM
613	1.00	MMF SHEETING FABRIC	SM
614	1.00	MMF POPLIN & BROADCLOTH FABRIC	SM
615	1.00	MMF PRINTCLOTH FABRIC	SM
617	1.00	MMF TWILL AND SATEEN FABRIC	SM
618	1.00	WOVEN ARTIFICIAL FILAMENT FABRIC	SM
619	1.00	POLYESTER FILAMENT FABRIC	SM
620	1.00	OTHER SYNTHETIC FILAMENT FABRIC	SM
621	14.40	IMPRESSION FABRIC	KG
622	1.00	GLASS FIBER FABRIC	SM
624	1.00	WOVEN MMF FABRIC, 15% TO 36% WOOL	SM
625	1.00	MMF STAPLE/FILAMENT POPLIN & BROADCLOTH FABRIC	SM
626	1.00	MMF STAPLE/FILAMENT PRINTCLOTH FABRIC	SM
627	1.00	MMF STAPLE/FILAMENT SHEETING FABRIC	SM
628	1.00	MMF STAPLE/FILAMENT TWILL/SATEEN FABRIC	SM
629	1.00	OTHER MMF STAPLE/FILAMENT FABRIC	SM
630	1.40	MMF HANDKERCHIEFS	DZ
631	2.90	MMF GLOVES AND MITTENS	DPR
632	3.80	MMF HOSIERY	DPR
633	30.30	M&B MMF SUIT-TYPE COATS	DZ
634	34.50	OTHER M&B MMF COATS	DZ
635	34.50	W&G MMF COATS	DZ
636	37.90	MMF DRESSES	DZ
638	15.00	M&B MMF KNIT SHIRTS	DZ
639	12.50	W&G MMF KNIT SHIRTS & BLOUSES	DZ
640	20.10	M&B NOT-KNIT MMF SHIRTS	DZ
641	12.10	W&G NOT-KNIT MMF SHIRTS & BLOUSES	DZ
642	14.90	MMF SKIRTS	DZ
643	3.76	M&B MMF SUITS	NO
644	3.76	W&G MMF SUITS	NO
645	30.80	M&B MMF SWEATERS	DZ
646	30.80	W&G MMF SWEATERS	DZ
647	14.90	M&B MMF TROUSERS/BREECHES/SHORTS	DZ
648	14.90	W&G MMF TROUSERS/BREECHES/SHORTS	DZ
649	4.00	MMF BRAS & OTHER BODY SUPPORT GARMENTS	DZ



U.S. Category	Conversion Factor	Description	Primary Unit of Measure	4. The U.S. ca	U.S. Harmonized System Statistical Provision
650	42.60	MMF ROBES, DRESSING GOWNS, ETC.	DE		
651	43.50	MMF NIGHTWEAR & PAJAMAS	DE		
652	13.40	MMF UNDERWEAR	DE		
653	34.50	M&B MMF DOWN-FILLED COATS	DE		
654	34.50	W&G MMF DOWN-FILLED COATS	DE		5208.31.20
659	14.40	OTHER MMF APPAREL	DE		
665	1.00	MMF FLOOR COVERINGS	KS		5208.32.10
666	14.40	OTHER MMF FURNISHINGS	KS		
669	14.40	OTHER MMF MANUFACTURES	KS		5208.41.20
670	3.70	MMF FLAT GOODS, HANDBAGS, LUGGAGE	KS		
800	8.50	YARN, SILK BLENDS/VEGETABLE FIBER	KS		5208.42.10
810	1.00	WOVEN FABRIC, SILK BLENDS/VEGETABLE FIBER	DE		
831	2.90	GLOVES & MITTENS, SILK BLENDS/VEGETABLE FIBER	DE		
832	3.80	HOSIERY, SILK BLENDS/VEGETABLE FIBER	DE		5208.51.20
833	30.30	M&B SUIT-TYPE COATS, SILK BLENDS/VEGETABLE FIBER	DE		
834	34.50	OTHER M&B COATS, SILK BLENDS/VEGETABLE FIBER	DE		5208.52.10
835	34.50	W&G COATS, SILK BLENDS/VEGETABLE FIBER	DE		
836	37.90	DRESSES, SILK BLENDS/VEGETABLE FIBER	DE		5209.31.30
838	11.70	KNIT SHIRTS & BLOUSES, SILK BLENDS/VEGETABLE FIBER	DE		
839	6.30	BABIES' GARM & CLOTHING ACCESSORIES, SILK/VEG FIBER	DE		5209.41.30
840	16.70	NOT-KNIT SHIRTS & BLOUSES, SILK BLENDS/VEGETABLE FIBER	DE		5209.51.30
842	14.90	SKIRTS, SILK BLENDS/VEGETABLE FIBERS	DE		
843	3.76	M&B SUITS, SILK BLENDS/VEGETABLE FIBER	DE		5307.10.00
844	3.76	W&G SUITS, SILK BLENDS/VEGETABLE FIBER	DE		
845	30.80	SWEATERS, NON-COTTON VEGETABLE FIBERS	DE		5307.20.00
846	30.80	SWEATERS, SILK BLENDS	DE		
847	14.90	TROUSERS/BREECHES/SHORTS, SILK BLENDS/VEGETABLE FIBER	DE		5308.10.00
					5308.30.00
					5310.10.00
850	42.60	ROBES, DRESSING GOWNS, ETC, SILK BLENDS/VEGETABLE FIBER	DE		
851	43.50	NIGHTWEAR & PYJAMAS, SILK BLENDS/VEGETABLE FIBER	DE		
852	11.30	UNDERWEAR, SILK BLENDS/VEGETABLE FIBER	DE		5310.10.00
858	6.60	NECKWEAR, SILK BLENDS/VEGETABLE FIBER	DE		
859	12.50	OTHER SILK BLEND/VEGETABLE FIBER APPAREL	DE		
863	0.40	TOWELS, SILK BLENDS/VEGETABLE FIBERS	DE		5310.10.00
870	3.70	LUGGAGE, SILK BLENDS/VEGETABLE FIBERS	DE		
871	3.70	HANDBAGS & FLATGOODS, SILK BLENDS/VEGETABLE FIBER	DE		
899	11.10	OTHER SILK BLENDS/VEGETABLE FIBER MANUFACTURES	DE		5310.90.00
					5311.00.60
					5402.10.30

4. The following conversion factors shall apply to the following goods not covered by a U.S. category:

U.S. Harmonized System Statistical Provision	Conversion Factor	Primary Unit of Measure	Description
5208.31.2000	1.00	SM	WOVEN FABRIC, 85% > COTTON, <100G/M2 CERTIFIED HAND-LOOM FABRIC, DYED
5208.32.1000	1.00	SM	WOVEN FABRIC, 85% > COTTON, 100-200G/M2 CERTIFIED HAND-LOOM FABRIC, DYED
5208.41.2000	1.00	SM	WOVEN FABRIC, ≥85% COTTON ≤100G/M2 CERTIFIED HAND-LOOM, YARNS OF DIFFERENT COLORS
5208.42.1000	1.00	SM	WOVEN FABRIC, ≥85% COTTON 100-200G/M2 CERTIFIED HAND-LOOM, YARNS OF DIFFERENT COLORS
5208.51.2000	1.00	SM	WOVEN FABRIC, 85% > COTTON ≤100G/M2 PLAIN WEAVE, CERTIFIED HAND-LOOM, PRINTED
5208.52.1000	1.00	SM	WOVEN FABRIC, ≥85% COTTON 100-200G/M2 PLAIN WEAVE, CERTIFIED HAND-LOOM, PRINTED
5209.31.3000	1.00	SM	WOVEN FABRIC, 85% > COTTON >200G/M2 PLAIN WEAVE, CERTIFIED HAND-LOOM, DYED
5209.41.3000	1.00	SM	WOVEN FABRIC, 85% > COTTON >200G/M2, PLAIN WEAVE, YARNS OF DIFFERENT COLOR
5209.51.3000	1.00	SM	WOVEN FABRIC, >85% COTTON >200G/M2, PLAIN WEAVE, CERTIFIED HAND-LOOM, PRINTED
5307.10.0000	8.50	KG	YARN, JUTE OR OTHER TEXTILE BAST FIBER (EXCLUDING FLAX/HEMP/RAMIE), SINGLE
5307.20.0000	8.50	KG	YARN, JUTE OR OTHER TEXTILE BAST FIBER (EX. FLAX/HEMP/RAMIE), MULTIPLE/CABLE
5308.10.0000	8.50	KG	YARN, COIR
5308.30.0000	8.50	KG	YARN, PAPER
5310.10.0020	1.00	SM	WOVEN FABRIC, JUTE OR OTHER TEXTILE BAST FIBER (EX FLAX/HEMP/RAMIE), ≤130CM WIDE, UNBLEACHED
5310.10.0040	1.00	SM	WOVEN FABRIC, JUTE OR OTHER TEXTILE BAST FIBER (EX FLAX/HEMP/RAMIE) >130 TO ≤250 CM WIDE, UNBLEACHED
5310.10.0060	1.00	SM	WOVEN FABRIC, JUTE OR OTHER TEXTILE BAST FIBER (EX FLAX/HEMP/RAMIE), >250 CM WIDE, UNBLEACHED
5310.90.0000	1.00	SM	WOVEN FABRIC, JUTE OR OTHER TEXTILE BAST FIBER (EXCLUDING FLAX/HEMP/RAMIE), NES
5311.00.6000	1.00	SM	WOVEN FABRIC OF PAPER YARN
5402.10.3020	20.10	KG	NYLON HIGH TENACITY YARN, <5 TURNS PER METER, NOT FOR RETAIL SALE

U.S. Harmonized System Statistical Provision	Conversion Factor	Primary Unit of Measure	Description	U.S. Harmonized System Statistical Provision
5402.20.3020	20.10	KG	POLYESTER HIGH TENACITY YARN, <5 TURNS PER METER, NOT FOR RETAIL SALE	5405.00.30
5402.41.0010	20.10	KG	NYLON MULTIFILAMENT YARN, PARTIALLY ORIENTED, UNTWIST/TWIST <5 TURNS/METER, NOT FOR RETAIL SALE	5405.00.60 5407.30.10
5402.41.0020	20.10	KG	NYLON MONO/MULTIFILAMENT YARN, UNTWIST/TWIST <5 TURNS/METER, NOT FOR RETAIL SALE, NES	5501.10.00 5501.20.00 5501.30.00 5501.90.00
5402.41.0030	20.10	KG	NYLON MONO/MULTIFILAMENT YARN, UNTWIST/TWIST <5 TURNS/METER, NOT FOR RETAIL SALE	5502.00.00 5503.10.00
5402.42.0000	20.10	KG	POLYESTER YARN, PARTIALLY ORIENTED, UNTWIST/TWIST ≤ 50 TURNS/METER, NOT FOR RETAIL SALE	5503.20.00
5402.43.0020	20.10	KG	POLYESTER YARN, MONOFILAMENT, UNTWIST/TWIST ≤ 5 TURNS/METER, NOT FOR RETAIL SALE	5503.30.00
5402.49.0010	20.10	KG	POLYETHYLENE/POLYPROPYLENE FILAMENT YARN, UNTWIST/TWIST <5 TURNS/METER, NOT FOR RETAIL SALE	5503.40.00 5503.90.00
5402.49.0050	20.10	KG	SYNTHETIC FILAMENT YARN, UNTWIST/TWIST <5 TURNS/METER, NOT FOR RETAIL SALE, NES	5504.10.00
5403.10.3020	20.10	KG	VISCOSE RAYON HIGH TENACITY FILAMENT YARN, UNTWIST/TWIST <5 TURNS/METER, NOT FOR RETAIL SALE	5504.90.00
5403.31.0020	20.10	KG	VISCOSE RAYON FILAMENT YARN, SINGLE, UNTWIST/TWIST <5 TURNS/METER, NOT FOR RETAIL SALE	5505.10.00 5505.10.00 5505.10.00 5505.20.00 5506.10.00
5403.33.0020	20.10	KG	CELLULOSE ACETATE FILAMENT YARN, SINGLE, UNTWIST/TWIST <5 TURNS/METER, NOT FOR RETAIL SALE	5506.20.00
5403.39.0020	20.10	KG	ARTIFICIAL FILAMENT YARN, UNTWIST/TWIST <5 TURNS/METER, NOT FOR RETAIL SALE, NES	5506.30.00
5404.10.1000	20.10	KG	SYNTHETIC MONOFILAMENT RACKET STRINGS, ≥67 DECITEX, CROSS-SECT. DIMENSION >1MM	5506.90.00
5404.10.2020	20.10	KG	NYLON MONOFILAMENT, ≥67 DECITEX, CROSS-SECTIONAL DIMENSION >1MM,	5507.00.00
5404.10.2040	20.10	KG	POLYESTER MONOFILAMENT, >67 DECITEX, CROSS-SECTIONAL DIMENSION >1MM	5801.90.20 5802.20.00
5404.10.2090	20.10	KG	SYNTHETIC MONOFILAMENT ≥67 DECITEX, CROSS-SECTIONAL DIMENSION >1MM, NES	5802.30.00
5404.90.0000	20.10	KG	SYNTHETIC STRIP WIDTH ≤5MM	

	U.S. Harmonized System Statistical Provision	Conversion Factor	Primary Unit of Measure	Description
PER	5405.00.3000	20.10	KG	ARTIFICIAL MONOFILAMENT, $\geq 67$ DECITEX, CROSS-SECTIONAL DIMENSION $\leq$ IMM
	5405.00.6000	20.10	KG	ARTIFICIAL STRIP AND THE LIKE, WIDTH $\leq$ 5MM
NOT	5407.30.1000	1.00	SM	WOVEN SYNTHETIC FILAMENT FABRIC WITH YARN AT ACUTE/RIGHT ANGLES, $> 60\%$ PLASTIC
	5501.10.0000	7.60	KG	NYLON/OTHER POLYAMIDE FILAMENT TOW
ETAL	5501.20.0000	7.60	KG	POLYESTER FILAMENT TOW
	5501.30.0000	7.60	KG	ACRYLIC OR MODACRYLIC FILAMENT TOW
	5501.90.0000	7.60	KG	SYNTHETIC FILAMENT TOW, NES
ETAL	5502.00.0000	6.30	KG	ARTIFICIAL FILAMENT TOW
	5503.10.0000	7.60	KG	NYLON/OTHER POLAMIDE STAPLE FIBERS NOT CARDED/COMBED OR OTHERWISE PROCESSED
	5503.20.0000	7.60	KG	POLYESTER STAPLE FIBERS NOT CARDED/COMBED, OR OTHERWISE PROCESSED
(T)WS	5503.30.0000	7.60	KG	ACRYLIC/MODOACRYLIC STAPLE FIBERS, NOT CARDED/COMBED OR OTHERWISE PROCESSED
YARN	5503.40.0000	7.60	KG	POLYPROPYLENE STAPLE FIBERS NOT CARDED/COMBED OR OTHERWISE PROCESSED
RETAL	5503.90.0000	7.60	KG	SYNTHETIC STAPLE FIBER NOT CARDED/COMBED, OR OTHERWISE PROCESSED, NES
<5	5504.10.0000	6.30	KG	VISCOSE RAYON STAPLE FIBERS NOT CARDED/COMBED OR OTHERWISE PROCESSED
YARN	5504.90.0000	6.30	KG	ARTIFICIAL STAPLE FIBERS NOT CARDED/COMBED OR OTHERWISE PROCESSED, NES
RETAL	5505.10.0020	7.60	KG	WASTE, NYLON AND OTHER POLYAMIDES
	5505.10.0040	7.60	KG	WASTE, POLYESTER
RETAL	5505.10.0060	7.60	KG	WASTE, MMF SYNTHETIC FIBERS, NES
	5505.20.0000	6.30	KG	WASTE, MMF ARTIFICIAL FIBERS
LE,	5506.10.0000	7.60	KG	NYLON/OTHER POLYAMIDES FIBERS, CARDED/COMBED OR OTHERWISE PROCESSED
RETAL	5506.20.0000	7.60	KG	POLYESTER STAPLE FIBER CARDED/COMBED, OR OTHERWISE PROCESSED
T <5	5506.30.0000	7.60	KG	ACRYLIC/MODOACRYLIC STAPLE FIBER, CARDED/COMBED OR OTHERWISE PROCESSED
IS, $\geq 6$	5506.90.0000	7.60	KG	SYNTHETIC STAPLE FIBER CARDED/COMBED OR OTHERWISE PROCESSED, NES
	5507.00.0000	6.30	KG	ARTIFICIAL STAPLE FIBERS, CARDED/COMBED, OR OTHERWISE PROCESSED
CROSS-	5801.90.2010	1.00	SM	WOVEN PILE FABRIC, $> 85\%$ SILK OR SILK WASTE
CROSS-	5802.20.0010	1.00	SM	TERRY TOWELING FABRIC, $> 85\%$ SILK OR SILK WASTE
	5802.30.0010	1.00	SM	TUFTED TEXTILE FABRIC, $> 85\%$ SILK OR SILK WASTE

U.S. Harmonized System Statistical Provision	Conversion Factor	Primary Unit of Measure	Description	U.S. Harmoniz System Statistical Provision
5803.90.4010	1.00	SM	GAUZE, >85% SILK OR SILK WASTE	5810.99.00
5804.10.0010	11.10	KG	TULLES & OTHER NETTING FABRIC, KNIT OR CROCHETED, >85% SILK OR SILK WASTE	5811.00.40
5804.29.0010	11.10	KG	LACE IN THE PIECE/STRIP/MOTIF, >85% SILK OR SILK WASTE	6001.99.00
5804.30.0010	11.10	KG	HAND-MADE LACE IN PIECE/STRIP/MOTIF, >85% SILK OR SILK WASTE	6002.99.00
5805.00.1000	1.00	SM	HAND-WOVEN TAPESTRIES FOR WALLHANGINGS, VALUED AT >\$215/SM	6301.90.00
5805.00.2000	1.00	SM	HAND-WOVEN TAPESTRIES, NES, WOOL, CERTIFIED HAND-LOOMED	6302.29.00
5805.00.4090	1.00	SM	HAND-WOVEN TAPESTRIES, NES	6302.39.00
5806.10.3010	11.10	KG	NARROW WOVEN PILE & CHENILLE FABRIC, >85% SILK OR SILK WASTE	6302.99.10
5806.39.3010	11.10	KG	NARROW WOVEN FABRIC, NOT PILE, >85% SILK OR SILK WASTE	6303.99.00
5806.40.0000	13.60	KG	NARROW FABRIC, WARP WITHOUT WEFT WITH AN ADHESIVE (BOLDUCS)	6304.19.30
5807.10.1090	11.10	KG	WOVEN LABELS, TEXTILE MATERIALS, NOT EMBROIDERED, NOT COTTON OR MMF	6304.91.00
5807.10.2010	8.50	KG	WOVEN BADGES AND SIMILAR ARTICLES, COTTON, NOT EMBROIDERED	6304.99.100
5807.10.2020	14.40	KG	WOVEN BADGES/SIMILAR ARTICLES, MMF, NOT EMBROIDERED	6304.99.250
5807.10.2090	11.10	KG	WOVEN BADGES/SIMILAR ARTICLES, TEXTILE MATERIALS, NOT EMBROIDERED, NOT COTTON/MMF	6304.99.400
5807.90.1090	11.10	KG	NOT-WOVEN LABELS OF TEXTILE MATERIALS, NOT EMBROIDERED, NOT COTTON/MMF	6304.99.603
5807.90.2010	8.50	KG	NOT-WOVEN BADGES/SIMILAR ARTICLES, COTTON, NOT EMBROIDERED	6305.10.000
5807.90.2020	14.40	KG	NOT-WOVEN BADGES/SIMILAR ARTICLES, MMF, NOT EMBROIDERED	6306.21.000
5807.90.2090	11.10	KG	NOT-WOVEN BADGES/SIMILAR ARTICLES, TEX MATERIALS, NOT EMBROIDERED, NOT COTTON/MMF	6306.22.100
5808.10.2090	11.10	KG	BRAIDS IN PIECE FOR HEADWEAR, OTHER TEXTILE MATERIALS, NES, NOT KNIT OR EMBROIDERED	6306.22.901
5808.10.3090	11.10	KG	BRAID IN PIECE, NES, NES	6306.29.000
5808.90.0090	11.10	KG	ORNAMENTAL TRIMMING IN PIECE, TEXTILE MATERIALS, NOT KNIT OR EMBROIDERED, NOT COTTON/MMF	6306.31.000
5810.92.0040	14.40	KG	EMBROIDERED BADGES/EMBLEMS/MOTIFS WITH VISIBLE GROUND, MMF	6306.39.000
				6306.41.000
				6306.49.000
				6306.91.000
				6306.99.000
				6307.10.203
				6307.20.000
				6307.90.601
				6307.90.609
				6307.90.701

U.S. Harmonized System Statistical Provision	Conversion Factor	Primary Unit of Measure	Description
5810.99.0090	11.10	KG	EMBROIDERY PIECES/STRIPS/MOTIFS WITH VISIBLE GROUND, TEXTILE MATERIALS, NES
5811.00.4000	1.00	SM	QUILTED PIECES, 1 ≥ LAYER TEXTILE MATERIALS, TEXTILE MATERIALS, NES
6001.99.0010	1.00	SM	KNIT OR CROCHETED PILE FABRIC ≥85% SILK OR SILK WASTE
6002.99.0010	11.10	KG	KNIT OR CROCHETED FABRIC, NES ≥85% SILK OR SILK WASTE
6301.90.0020	11.10	NO	BLANKET/TRAVELING RUGS, >85% SILK OR SILK WASTE
6302.29.0010	11.10	NO	BED LINEN, PRINTED >85% SILK OR SILK WASTE
6302.39.0020	11.10	NO	BED LINEN, NES, >85% SILK OR SILK WASTE
6302.99.1000	11.10	NO	LINEN, NES, >85% SILK OR SILK WASTE
6303.99.0030	11.10	NO	CURTAINS, INTERIOR BLINDS, NOT KNIT OR CROCHETED, >85% SILK OR SILK WASTE
6304.19.3030	11.10	NO	BEDSPREADS, NOT KNIT OR CROCHETED, >85% SILK OR SILK WASTE
6304.91.0060	11.10	NO	FURNISHING ARTICLES, NES, KNIT OR CROCHETED >85% SILK OR SILK WASTE
6304.99.1000	1.00	SM	WALL HANGINGS, WOOL OR FINE ANIMAL HAIR, CERTIFIED HAND-LOOMED/FOLKLORE, NOT KNIT
6304.99.2500	11.10	KG	WALL HANGINGS, JUTE, NOT KNIT
6304.99.4000	3.70	KG	PILLOW COVERS, WOOL OR FINE ANIMAL HAIR, CERTIFIED HAND-LOOMED/FOLKLORE
6304.99.6030	11.10	KG	OTHER FURNISHING ARTICLES, NOT KNIT, NES >85% SILK OR SILK WASTE
6305.10.0000	11.10	KG	SACKS & BAGS, JUTE/BAST FIBERS
6306.21.0000	8.50	KG	TENTS OF COTTON
6306.22.1000	14.40	NO	BACKPACK TENTS, SYNTHETIC FIBERS
6306.22.9010	14.40	KG	SCREEN HOUSES, SYNTHETIC FIBERS
6306.29.0000	14.40	KG	TENTS, TEXTILE MATERIALS NES
6306.31.0000	14.40	KG	SAILS, SYNTHETIC FIBERS
6306.39.0000	8.50	KG	SAILS, TEXTILE MATERIALS NES
6306.41.0000	8.50	KG	PNEUMATIC MATTRESSES, COTTON
6306.49.0000	14.40	KG	PNEUMATIC MATTRESSES, TEXTILE MATERIALS NES
6306.91.0000	8.50	KG	CAMPING GOODS NES, COTTON
6306.99.0000	14.40	KG	CAMPING GOODS, TEXTILE MATERIALS NES
6307.10.2030	8.50	KG	CLEANING CLOTHS NES
6307.20.0000	11.40	KG	LIFEJACKETS AND LIFEBELTS
6307.90.6010	8.50	KG	PERINEAL TOWELS, FABRIC WITH PAPER BASE
6307.90.6090	8.50	KG	OTHER SURGICAL DRAPES, FABRIC WITH PAPER BASE
6307.90.7010	14.40	KG	SURGICAL DRAPES, DISPOSAL & NONWOVEN MMF

U.S. Harmonized System Statistical Provision	Conversion Factor	Primary Unit of Measure	Description
6307.90.7020	8.50	KG	SURGICAL DRAPES NES
6307.90.7500	8.50	NO	TOYS FOR PETS, TEXTILE MATERIALS
6307.90.8500	8.50	KG	WALL BANNERS, MANMADE FIBERS
6307.90.9425	14.50	NO	NATIONAL FLAGS OF THE UNITED STATES
6307.90.9435	14.50	NO	NATIONAL FLAGS OF NATIONS OTHER THAN THE UNITED STATES
6307.90.9490	14.50	KG	OTHER MADE-UP ARTICLES NES
6309.00.0010	8.50	KG	WORN CLOTHING & OTHER WORN ARTICLES
6309.00.0020	8.50	KG	WORN CLOTHING & OTHER WORN ARTICLES, NES
6310.10.1000	3.70	KG	RAGS/SCRAP/TWINE/CORDAGE/ROPE/CABLES, SORTED, WOOL OR FINE ANIMAL HAIR
6310.10.2010	8.50	KG	RAGS/SCRAP/TWINE/CORDAGE/ROPE/CABLES, SORTED, COTTON
6310.10.2020	14.40	KG	RAGS/SCRAP/TWINE/CORDAGE/ROPE/CABLES, SORTED, MMF
6310.10.2030	11.10	KG	RAGS/SCRAP/TWINE/CORDAGE/ROPE/CABLES, SORTED, NOT COTTON/MMF
6310.90.1000	3.70	KG	RAGS/SCRAP/TWINE/CORDAGE/ROPE/CABLES, NOT SORTED, WOOL OR FINE ANIMAL HAIR
6310.90.2000	8.50	KG	RAGS/SCRAP/TWINE/CORDAGE/ROPE/CABLES, NOT SORTED, NOT WOOL
6501.00.30	4.4	DZ	HAT FORMS/BODIES, NOT BLOCKED, NO BRIMS, FUR MEN'S AND BOYS'
6501.00.60	4.4	DZ	HAT FORMS/BODIES, NOT BLOCKED, NO BRIMS, FUR WOMEN'S AND GIRLS'
6502.00.20	18.7	DZ	HAT SHAPES, ASSEMBLED FROM STRIPS, VEGETABLE FIBER, SEWED
6502.00.40	18.7	DZ	HAT SHAPES, PLAITED OR ASSEMBLED FROM STRIPS VEGETABLE FIBER, NOT-SEWED, NOT BLEACHED/COLORED
6502.00.60	18.7	DZ	HAT SHAPES, PLAITED OR ASSEMBLED FROM STRIPS VEGETABLE FIBER, NOT-SEWED, BLEACHED/COLORED
6503.00.30	5.8	DZ	FELT HATS AND OTHER HEADGEAR, MEN'S AND BOYS'
6503.00.60	5.8	DZ	FELT HATS AND OTHER HEADGEAR, NES
6504.00.30	7.5	DZ	HATS AND OTHER HEADGEAR, ASSEMBLED FROM STRIPS, VEGETABLE FIBER, SEWED
6504.00.60	7.5	DZ	HATS AND OTHER HEADGEAR, ASSEMBLED FROM STRIPS
6601.10.00	17.9	DZ	GARDEN OR SIMILAR UMBRELLAS
6601.91.00	17.8	DZ	OTHER UMBRELLAS, TELESCOPIC SHAFT
6601.99.00	11.2	DZ	OTHER UMBRELLAS, NES
8708.21.00	2.72	KG	SAFETY SEAT BELTS

5. (a)

6301.10.000  
6301.40.001  
6301.40.002  
6301.90.001  
6302.10.002  
6302.22.103  
6302.22.104  
6302.22.105  
6302.22.106  
6302.22.202  
6302.22.203  
6302.32.103  
6302.32.104  
6302.32.105  
6302.32.106  
6302.32.203  
6302.32.204  
6302.32.205  
6302.32.206  
6304.11.200  
6304.19.150  
6304.19.200

(b)

6302.22.101  
6302.22.102  
6302.22.201  
6302.32.101  
6302.32.102  
6302.32.201  
6302.32.202

6. The  
6217.90 sh

Cotton app  
Wool appa  
Man-made  
Other non-

5. (a) The primary unit of measure for the following tariff items in U.S. category 666 shall be NO and shall be converted into SME by a factor of 5.5:

6301.10.0000	ELECTRIC BLANKETS
6301.40.0010	BLANKETS (NOT ELECTRIC) & TRAVEL RUGS OF SYNTHETIC FIBER, WOVEN
6301.40.0020	BLANKETS (NOT ELECTRIC) & TRAVEL RUGS OF SYNTHETIC FIBER, NES
6301.90.0010	BLANKETS AND TRAVELING RUGS OF ARTIFICIAL FIBER
6302.10.0020	BED LINEN, KNITTED OR CROCHETED FABRIC, EXCLUDING COTTON
6302.22.1030	SHEETS WITH TRIM, NAPPED, PRINTED, MANMADE FIBER
6302.22.1040	SHEETS WITH TRIM, NOT NAPPED, PRINTED, MANMADE FIBER
6302.22.1050	BOLSTER CASES WITH TRIM, PRINTED, MANMADE FIBER
6302.22.1060	BED LINEN WITH TRIM, PRINTED, MANMADE FIBER, NES
6302.22.2020	SHEETS, NOT TRIMMED, PRINTED, MANMADE FIBER
6302.22.2030	BED LINEN, NOT TRIMMED, PRINTED, MANMADE FIBER, NES
6302.32.1030	SHEETS WITH TRIM, NAPPED, MANMADE FIBER
6302.32.1040	SHEETS WITH TRIM, NOT NAPPED, MANMADE FIBER
6302.32.1050	BOLSTER CASES WITH TRIM, MANMADE FIBER
6302.32.1060	BED LINEN WITH TRIM, MANMADE FIBER, NES
6302.32.2030	SHEETS, NOT TRIMMED, NAPPED, MANMADE FIBER
6302.32.2040	SHEETS NOT TRIMMED, NOT NAPPED, MANMADE FIBER
6302.32.2050	BOLSTER CASES, NOT TRIMMED, MANMADE FIBER
6302.32.2060	BED LINEN NES, MANMADE FIBER
6304.11.2000	BEDSPREADS, KNIT/CROCHETED, MANMADE FIBER
6304.19.1500	BEDSPREADS WITH TRIM, MANMADE FIBER, NES
6304.19.2000	BEDSPREADS, MANMADE FIBER, NES

- (b) The primary unit of measure for the following tariff items in U.S. category 666 shall be NO and shall be converted into SME by a factor of 0.9:

6302.22.1010	PILLOWCASES WITH TRIM, PRINTED, NAPPED, MANMADE FIBER
6302.22.1020	PILLOWCASES WITH TRIM, PRINTED, NOT NAPPED, MANMADE FIBER
6302.22.2010	PILLOWCASES, NOT TRIMMED, PRINTED, MANMADE FIBER
6302.32.1010	PILLOWCASES WITH TRIM, NAPPED, MANMADE FIBER
6302.32.1020	PILLOWCASES WITH TRIM, NOT NAPPED, MANMADE FIBER
6302.32.2010	PILLOWCASES, NOT TRIMMED, NAPPED, MANMADE FIBER
6302.32.2020	PILLOWCASES NOT TRIMMED, NOT NAPPED, MANMADE FIBER

6. The primary unit of measure for garment parts of subheadings 6117.90 and 6217.90 shall be KG and shall be converted into SME by applying the following factors:

Cotton apparel	8.50
Wool apparel	3.70
Man-made fiber apparel	14.40
Other non-cotton vegetable fiber apparel	12.50



7. For the purposes of this Schedule:

- DPR means dozen pair;
- DZ means dozen;
- KG means kilogram;
- NO means number; and
- SM means square meter.

**Appendix 5.1**

**Bilateral Emergency Actions  
(Quantitative Restrictions)**

As between Canada and the United States, actions otherwise permitted under Section 5 shall be governed by Article 407 of the *Canada - United States Free Trade Agreement*, which is hereby incorporated into and made a part of this Agreement solely for that purpose.

**Appendix 6**

**Special Provisions**

**A. Rules Applicable to Certain Carpets and Sweaters**

For purposes of trade between Mexico and the United States, a good of either Party of HS Chapter 57, subheading 6110.30, 6103.23 or 6104.23 shall be treated as if it were an originating good only if any of the following changes in tariff classification is satisfied within the territory of one or more of the Parties:

- (a) a change to subheading 5703.20 or 5703.30 or heading 57.04 from any heading outside Chapter 57 other than headings 51.06 through 51.13, 52.04 through 52.12, 53.08, 53.11 or any headings of Chapter 54 or 55; or a change to any other heading or subheading of Chapter 57 from any heading outside that chapter other than headings 51.06 through 51.13.

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52.04 through 52.12, 53.08, 53.11, any heading of Chapter 54 or 55.08 through 55.16; and

- (b) a change to U.S. tariff item 6110.30.10.10, 6110.30.10.20, 6110.30.15.10, 6110.30.15.20, 6110.30.20.10, 6110.30.20.20, 6110.30.30.10, 6110.30.30.15, 6110.30.30.20, or 6110.30.30.25 or Mexican tariff item 6110.30.01, or a good of those tariff items that is classified as part of an ensemble in subheading 6103.23 or 6104.23, from any heading outside Chapter 61 other than headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, any heading of Chapter 54 or 55, 60.01 or 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties; or a change to any other tariff item of subheading 6110.30 from any heading outside Chapter 61 other than headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, any heading of Chapter 54, 55.08 through 55.16, 60.01 or 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

## B. Preferential Tariff Treatment for Non-Originating Goods of Another Party

### Apparel and Made-Up Goods

1. (a) Each Party shall apply the rate of duty applicable to originating goods set out in its Schedule to Annex 302.2, and in accordance with Appendix 2.1, up to the annual quantities specified in Schedule 6.B.1, in SME, to apparel goods provided for in Chapters 61 and 62 that are both cut (or knit to shape) and sewn or otherwise assembled in the territory of a Party from fabric or yarn produced or obtained outside the free trade area, and that meet other applicable conditions for preferred tariff treatment under this Agreement. The SME shall be determined in accordance with the conversion factors set out in Schedule 3.1.3.
- (b) The annual tariff preference levels (TPLs) of imports from Canada into the United States shall be adjusted annually for five consecutive years commencing on January 1, 1995, by the following growth factors:
- (i) for cotton or man-made fiber apparel, 2 percent,

- (ii) for cotton or man-made fiber apparel made from fabrics woven or knit in a non-Party, 1 percent, and
- (iii) for wool apparel, 1 percent.

2. The United States shall apply the rate of duty applicable to originating goods set out in its Schedule to Annex 302.2, and in accordance with Appendix 2.1, up to the annual quantity specified in Schedule 6.B.1, to textile or apparel goods provided for in Chapters 61, 62 and 63 that are sewn or otherwise assembled in Mexico as provided for in U.S. tariff item 9802.00.80.60 from fabric which is knit or woven outside the territory of the United States or Mexico, when exported to the United States. This paragraph shall not apply after quantitative restrictions established pursuant to the Multifiber Arrangement or any successor agreement are terminated.

### Exceptions

3. As between Mexico and the United States:

- (a) apparel goods provided for in Chapters 61 and 62 of the HS, in which fabric that determines the tariff classification of the good is classified in one of the following tariff provisions, are ineligible for preferential tariff treatment provided for under the levels established in Schedule 6.B.1
  - (i) blue denim: subheadings 5209.42 and 5211.42, U.S. tariff items 5212.24.60.20, and 5514.32.00.10 or Mexican tariff items 5212.24.01 and 5514.32.01; and
  - (ii) fabric woven as plain weave where two or more warp ends are woven as one (oxford cloth) of average yarn number less than 15 metric number: 5208.19, 5208.29, 5208.39, 5208.49, 5208.59, 5210.19, 5210.29, 5210.39, 5210.49, 5210.59, 5512.11, 5512.19, 5513.13, 5513.23, 5513.33, and 5513.43;
- (b) apparel goods provided for in U.S. tariff items 6107.11.00, 6107.12.00, 6109.10.00 and 6109.90.00 or Mexican tariff items 6107.11.01, 6107.12.01, 6109.10.01 and 6109.90.01 are ineligible for preferential tariff treatment provided for under the levels established in Schedule 6.B.1 if they are composed chiefly of circular knit fabric of yarn number equal to or less than 100 metric number. Apparel goods provided for in subheadings 6108.21 and 6108.22 are ineligible for preferential tariff

treatment provided for under the levels established in parts 2(a), 2(b), 3(a) and 3(b) in Schedule 6.B.1 if they are composed chiefly of circular knit fabric of yarn number equal to or less than 100 metric number; and

- (c) apparel goods provided for in U.S. tariff items 6110.30.10.10, 6110.30.10.20, 6110.30.15.10, 6110.30.15.20, 6110.30.20.10, 6110.30.20.20, 6110.30.30.10, 6110.30.30.15, 6110.30.30.20, 6110.30.30.25 and goods of those tariff items that are classified as parts of ensembles in U.S. tariff items 6103.23.00.30, 6103.23.00.70, 6104.23.00.22 and 6104.23.00.40 or Mexican tariff item 6110.30.01 or goods of that tariff item that are classified as parts of ensembles in subheading 6103.23 or 6104.23 are ineligible for preferential tariff treatment provided for under the levels established in Schedule 6.B.1.

#### Fabric and Made-Up Goods

4. (a) Each Party shall apply the rate of duty applicable to originating goods set out in its Schedule to Annex 302.2, and in accordance with Appendix 2.1, up to the annual quantities specified in Schedule 6.B.2, in SME, to cotton or man-made fiber fabric and cotton or man-made fiber made-up textile goods provided for in Chapters 52 through 55 (excluding goods containing 36% or more by weight of wool or fine animal hair), 58, 60, and 63 that are woven or knit in a Party from yarn produced or obtained outside the free trade area, or knit in a Party from yarn spun in a Party from fiber produced or obtained outside the free trade area, and to goods of subheading 9404.90 that are finished and cut and sewn or otherwise assembled from fabrics of subheadings 5208.11 through 5208.29, 5209.11 through 5209.29, 5210.11 through 5210.29, 5211.11 through 5211.29, 5212.11, 5212.12, 5212.21, 5212.22, 5407.41, 5407.51, 5407.71, 5407.81, 5407.91, 5408.21, 5408.31, 5512.11, 5512.21, 5512.91, 5513.11 through 5513.19, 5514.11 through 5514.19, 5516.11, 5516.21, 5516.31, 5516.41, 5516.91 produced or obtained outside the free trade area, and that meet other applicable conditions for preferred tariff treatment under this Agreement. The SME shall be determined in accordance with the conversion factors set out in Schedule 3.1.3.
- (b) The annual TPL and sub-levels on imports from Canada into the United States shall be adjusted by an annual growth factor of two percent for five consecutive years commencing on January 1, 1995.

5. For purposes of paragraph 4, the number of SME that will be counted against the TPLs applied as between Canada and the United States shall be:

- (a) for textile goods that are not originating because certain non-originating textile materials do not undergo the applicable change in tariff classification set out in Annex 401 for that good, but where such materials are 50 percent or less by weight of the materials of that good, only 50 percent of the SME for that good, determined in accordance with the conversion factors set out in Schedule 3.1.3; and
- (b) for textile goods that are not originating because certain non-originating textile materials do not undergo the applicable change in tariff classification set out in Annex 401 for that good, but where such materials are more than 50 percent by weight of the materials of that good, 100 percent of the SME for that good, determined in accordance with the conversion factors set out in Schedule 3.1.3.

### Spun Yarn

- 6. (a) Each Party shall apply the rate of duty applicable to originating goods set out in its Schedule to Annex 302.2, and in accordance with Appendix 1 up to the annual quantities specified in Schedule 6.B.3, in kilograms (kg) to cotton or man-made fiber yarns provided for in headings 52.05 through 52.07 or 55.09 through 55.11 that are spun in a Party from fiber of headings 52.01 through 52.03 or 55.01 through 55.07, produced or obtained outside the free trade area and that meet other applicable conditions for preferred tariff treatment under this Agreement.
  - (b) The annual TPL on imports from Canada into the United States shall be adjusted by an annual growth factor of two percent for five consecutive years commencing on January 1, 1995.
7. Textile or apparel goods that enter the territory of a Party under paragraph 1, 2, or 6 shall not be considered to be originating goods.

### Review and Consultations

- 8. (a) Trade in the goods referred to in paragraphs 1, 2, 4 and 6 shall be monitored by the Parties. On request of any Party wishing to adjust its annual TPL for imports into Canada from Mexico or the United States

imports into Mexico from Canada or the United States, or imports into the United States from Mexico, based on the ability to obtain supplies of particular fibers, yarns and fabrics, as appropriate, that can be used to produce originating goods, the Parties shall consult with a view to adjusting such level. Any adjustment in the TPL requires the mutual consent of the Parties concerned.

- (b) Canada and the United States shall decide, in the review referred to in Section 7(3), whether to continue to apply annual growth factors to the specified TPLs after the five consecutive years. If a growth factor for a TPL is not continued as a result of the review, subparagraph (a) shall also apply to imports from Canada into the United States of goods covered by the TPL.

## Schedule 6.B.1

**Preferential Tariff Treatment for Non-Originating  
Apparel and Made-Up Goods**

<b>1. Imports into Canada:</b>	<b>from Mexico</b>	<b>from United States</b>
(a) Cotton or Man-made fiber apparel	6,000,000 SME	9,000,000 SME
(b) Wool apparel	250,000 SME	919,740 SME
<b>2. Imports into Mexico:</b>	<b>from Canada</b>	<b>from United States</b>
(a) Cotton or Man-made fiber apparel	6,000,000 SME	12,000,000 SME
(b) Wool apparel	250,000 SME	1,000,000 SME
<b>3. Imports into United States:</b>	<b>from Canada</b>	<b>from Mexico</b>
(a) Cotton or Man-made fiber apparel	80,000,000 SME <sup>1</sup>	45,000,000 SME
(b) Wool apparel	5,066,948 SME <sup>2</sup>	1,500,000 SME
(c) Goods imported under U.S. tariff item 9802.00.80.60	n/a	25,000,000 SME

<sup>1</sup> Of the 80,000,000 SME annual quantity of cotton or man-made fiber apparel imports from Canada into the United States, no more than 60,000,000 SME shall be from fabrics which are knit or woven in a non-Party.

<sup>2</sup> Of the 5,066,948 SME annual quantity of wool apparel imports from Canada into the United States, no more than 5,016,780 SME shall be men's or boys' wool U.S. category 443.

## Schedule 6.B.2

**Preferential Tariff Treatment for Non-Originating  
Cotton or Man-made Fiber Fabrics and Made-Up Goods**

1. Imports into Canada	from Mexico	from United States
	7,000,000 SME	2,000,000 SME <sup>1</sup>
2. Imports into Mexico	from Canada	from United States
	7,000,000 SME	2,000,000 SME
3. Imports into United States	from Canada	from Mexico
	65,000,000 SME <sup>2</sup>	24,000,000 SME <sup>3</sup>

<sup>1</sup> The 2,000,000 SME annual quantity of imports from the United States into Canada shall be limited to goods of chapter 60 of the HS.

<sup>2</sup> Of the 65,000,000 SME annual quantity of imports from Canada into the United States, no more than 35,000,000 SME may be in goods of chapters 52 through 55, 58 and 63 (other than subheading 6302.10, 6302.40, 6303.11, 6303.12, 6303.19, 6304.11 or 6304.91) of the HS; and no more than 35,000,000 SME may be in goods of chapter 60 and subheading 6302.10, 6302.40, 6303.11, 6303.12, 6303.19, 6304.11 or 6304.91 of the HS.

<sup>3</sup> Of the 24,000,000 SME annual quantity of imports from Mexico into the United States, no more than 18,000,000 SME may be in goods of chapter 60 and subheading 6302.10, 6302.40, 6303.11, 6303.12, 6303.19, 6304.11 or 6304.91 of the HS; and no more than 6,000,000 SME may be in goods of chapters 52 through 55, 58 and 63 (other than subheading 6302.10, 6302.40, 6303.11, 6303.12, 6303.19, 6304.11 or 6304.91) of the HS.



## Schedule 6.B.3

**Preferential Tariff Treatment for Non-Originating  
Cotton or Man-made Fiber Spun Yarn**

1. Imports into Canada	from Mexico 1,000,000 kg	from United States 1,000,000 kg
2. Imports into Mexico	from Canada 1,000,000 kg	from United States 1,000,000 kg
3. Imports into United States	from Canada 10,700,000 kg	from Mexico 1,000,000 kg

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Appendix 10.1

Country-Specific Definitions

*Definitions Specific to Canada*

**general import statistics** means statistics issued by Statistics Canada or, where available, import permit data provided by the Export and Import Permits Bureau of the Department of External Affairs and International Trade, or their successors.

*Definitions Specific to Mexico*

**general import statistics** means the statistics of the "Sistema de Informacion Comercial" (Trade Information System) or its successor.

*Definitions Specific to the United States*

**category** means a grouping of textile or apparel goods defined in the *Correlation: Textile and Apparel Categories with the Harmonized Tariff Schedule of the United States, 1992* (or successor publication), published by the United States Department of Commerce, International Trade Administration, Office of Textiles and Apparel, Trade and Data Division, Washington, D.C.; and

**general import statistics** means statistics of the U.S. Bureau of the Census or its successor.

## Chapter Four

### Rules of Origin

#### Article 401: Originating Goods

Except as otherwise provided in this Chapter, a good shall originate in the territory of a Party where:

- (a) the good is wholly obtained or produced entirely in the territory of one or more of the Parties, as defined in Article 415;
- (b) each of the non-originating materials used in the production of the good undergoes an applicable change in tariff classification set out in Annex 401 as a result of production occurring entirely in the territory of one or more of the Parties, or the good otherwise satisfies the applicable requirements of that Annex where no change in tariff classification is required, and the good satisfies all other applicable requirements of this Chapter;
- (c) the good is produced entirely in the territory of one or more of the Parties exclusively from originating materials; or
- (d) except for a good provided for in Chapters 61 through 63 of the Harmonized System, the good is produced entirely in the territory of one or more of the Parties but one or more of the non-originating materials provided for as parts under the Harmonized System that are used in the production of the good does not undergo a change in tariff classification because
  - (i) the good was imported into the territory of a Party in an unassembled or a disassembled form but was classified as an assembled good pursuant to General Rule of Interpretation 2(a) of the Harmonized System, or
  - (ii) the heading for the good provides for and specifically describes both the good itself and its parts and is not further subdivided into subheadings, or the subheading for the good provides for and specifically describes both the good itself and its parts,

provided that the regional value content of the good, determined in accordance with Article 402, is not less than 60 percent where the transaction value method is used, or is not less than 50 percent where the

net cost method is used, and that the good satisfies all other applicable requirements of this Chapter.

**Article 402: Regional Value Content**

1. Except as provided in paragraph 5, each Party shall provide that the regional value content of a good shall be calculated, at the choice of the exporter or producer of the good, on the basis of either the transaction value method set out in paragraph 2 or the net cost method set out in paragraph 3.

2. Each Party shall provide that an exporter or producer may calculate the regional value content of a good on the basis of the following transaction value method:

$$RVC = \frac{TV - VNM}{TV} \times 100$$

where

RVC is the regional value content, expressed as a percentage;

TV is the transaction value of the good adjusted to a F.O.B. basis; and

VNM is the value of non-originating materials used by the producer in the production of the good.

3. Each Party shall provide that an exporter or producer may calculate the regional value content of a good on the basis of the following net cost method:

$$RVC = \frac{NC - VNM}{NC} \times 100$$

where

RVC is the regional value content, expressed as a percentage;

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NC is the net cost of the good; and

VNM is the value of non-originating materials used by the producer in the production of the good.

4. Except as provided in Article 403(1) and for a motor vehicle identified in Article 403(2) or a component identified in Annex 403.2, the value of non-originating materials used by the producer in the production of a good shall not, for purposes of calculating the regional value content of the good under paragraph 2 or 3, include the value of non-originating materials used to produce originating materials that are subsequently used in the production of the good.

5. Each Party shall provide that an exporter or producer shall calculate the regional value content of a good solely on the basis of the net cost method set out in paragraph 3 where:

- (a) there is no transaction value for the good;
- (b) the transaction value of the good is unacceptable under Article 1 of the Customs Valuation Code;
- (c) the good is sold by the producer to a related person and the volume, by units of quantity, of sales of identical or similar goods to related persons during the six-month period immediately preceding the month in which the good is sold exceeds 85 percent of the producer's total sales of such goods during that period;
- (d) the good is
  - (i) a motor vehicle provided for in heading 87.01 or 87.02, subheading 8703.21 through 8703.90, or heading 87.04, 87.05 or 87.06,
  - (ii) identified in Annex 403.1 or 403.2 and is for use in a motor vehicle provided for in heading 87.01 or 87.02, subheading 8703.21 through 8703.90, or heading 87.04, 87.05 or 87.06,
  - (iii) provided for in subheading 6401.10 through 6406.10, or
  - (iv) provided for in tariff item 8469.10.aa (word processing machines);
- (e) the exporter or producer chooses to accumulate the regional value content of the good in accordance with Article 404; or

- (f) the good is designated as an intermediate material under paragraph 10 and is subject to a regional value-content requirement.

6. If an exporter or producer of a good calculates the regional value content of the good on the basis of the transaction value method set out in paragraph 2 and a Party subsequently notifies the exporter or producer, during the course of a verification pursuant to Chapter Five (Customs Procedures), that the transaction value of the good, or the value of any material used in the production of the good, is required to be adjusted or is unacceptable under Article 1 of the Customs Valuation Code, the exporter or producer may then also calculate the regional value content of the good on the basis of the net cost method set out in paragraph 3.

7. Nothing in paragraph 6 shall be construed to prevent any review or appeal available under Article 510 (Review and Appeal) of an adjustment to or a rejection of:

- (a) the transaction value of a good; or
- (b) the value of any material used in the production of a good.

8. For purposes of calculating the net cost of a good under paragraph 3, the producer of the good may:

- (a) calculate the total cost incurred with respect to all goods produced by that producer, subtract any sales promotion, marketing and after-sales service costs, royalties, shipping and packing costs, and non-allowable interest costs that are included in the total cost of all such goods, and then reasonably allocate the resulting net cost of those goods to the good,
- (b) calculate the total cost incurred with respect to all goods produced by that producer, reasonably allocate the total cost to the good, and then subtract any sales promotion, marketing and after-sales service costs, royalties, shipping and packing costs and non-allowable interest costs that are included in the portion of the total cost allocated to the good, or
- (c) reasonably allocate each cost that forms part of the total cost incurred with respect to the good so that the aggregate of these costs does not include any sales promotion, marketing and after-sales service costs, royalties, shipping and packing costs, and non-allowable interest costs,

provided that the allocation of all such costs is consistent with the provisions regarding reasonable allocation of costs set out in the Uniform Regulations, established under Article 511 (Customs Procedures - Uniform Regulations).

9. Except as provided in paragraph 11, the value of a material used in the production of a good shall:

- (a) be the transaction value of the material determined in accordance with Article 1 of the Customs Valuation Code; or
- (b) in the event that there is no transaction value or the transaction value of the material is unacceptable under Article 1 of the Customs Valuation Code, be determined in accordance with Articles 2 through 7 of the Customs Valuation Code; and
- (c) where not included under subparagraph (a) or (b), include
  - (i) freight, insurance, packing and all other costs incurred in transporting the material to the location of the producer,
  - (ii) duties, taxes and customs brokerage fees on the material paid in the territory of one or more of the Parties, and
  - (iii) the cost of waste and spoilage resulting from the use of the material in the production of the good, less the value of renewable scrap or by-product.

10. Except as provided in Article 403(1), any self-produced material, other than a component identified in Annex 403.2, that is used in the production of a good may be designated by the producer of the good as an intermediate material for the purpose of calculating the regional value content of the good under paragraph 2 or 3, provided that where the intermediate material is subject to a regional value-content requirement, no other self-produced material subject to a regional value-content requirement used in the production of that intermediate material may itself be designated by the producer as an intermediate material.

11. The value of an intermediate material shall be:

- (a) the total cost incurred with respect to all goods produced by the producer of the good that can be reasonably allocated to that intermediate material; or
- (b) the aggregate of each cost that forms part of the total cost incurred with respect to that intermediate material that can be reasonably allocated to that intermediate material.

12. The value of an indirect material shall be based on the Generally Accepted Accounting Principles applicable in the territory of the Party in which the good is produced.

### Article 403: Automotive Goods

1. For purposes of calculating the regional value content under the net cost method set out in Article 402(3) for:

- (a) a good that is a motor vehicle provided for in tariff item 8702.10.bb or 8702.90.bb (vehicles for the transport of 15 or fewer persons), or subheading 8703.21 through 8703.90, 8704.21 or 8704.31, or
- (b) a good provided for in the tariff provisions listed in Annex 403.1 where the good is subject to a regional value-content requirement and is for use as original equipment in the production of a good provided for in tariff item 8702.10.bb or 8702.90.bb (vehicles for the transport of 15 or fewer persons), or subheading 8703.21 through 8703.90, 8704.21 or 8704.31,

the value of non-originating materials used by the producer in the production of the good shall be the sum of the values of non-originating materials, determined in accordance with Article 402(9) at the time the non-originating materials are received by the first person in the territory of a Party who takes title to them, that are imported from outside the territories of the Parties under the tariff provisions listed in Annex 403.1 and that are used in the production of the good or that are used in the production of any material used in the production of the good.

2. For purposes of calculating the regional value content under the net cost method set out in Article 402(3) for a good that is a motor vehicle provided for in heading 87.01, tariff item 8702.10.aa or 8702.90.aa (vehicles for the transport of 16 or more persons), subheading 8704.10, 8704.22, 8704.23, 8704.32 or 8704.90, or heading 87.05 or 87.06, or for a component identified in Annex 403.2 for use as original equipment in the production of the motor vehicle, the value of non-originating materials used by the producer in the production of the good shall be the sum of:

- (a) for each material used by the producer listed in Annex 403.2, whether or not produced by the producer, at the choice of the producer and determined in accordance with Article 402, either
  - (i) the value of such material that is non-originating, or

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- (ii) the value of non-originating materials used in the production of such material; and
- (b) the value of any other non-originating material used by the producer that is not listed in Annex 403.2, determined in accordance with Article 402.

3. For purposes of calculating the regional value content of a motor vehicle identified in paragraph 1 or 2, the producer may average its calculation over its fiscal year, using any one of the following categories, on the basis of either all motor vehicles in the category or only those motor vehicles in the category that are exported to the territory of one or more of the other Parties:

- (a) the same model line of motor vehicles in the same class of vehicles produced in the same plant in the territory of a Party;
- (b) the same class of motor vehicles produced in the same plant in the territory of a Party;
- (c) the same model line of motor vehicles produced in the territory of a Party;  
or
- (d) if applicable, the basis set out in Annex 403.3.

4. For purposes of calculating the regional value content for any or all goods provided for in a tariff provision listed in Annex 403.1, or a component or material identified in Annex 403.2, produced in the same plant, the producer of the good may:

- (a) average its calculation
  - (i) over the fiscal year of the motor vehicle producer to whom the good is sold,
  - (ii) over any quarter or month, or
  - (iii) over its fiscal year, if the good is sold as an aftermarket part;
- (b) calculate the average referred to in subparagraph (a) separately for any or all goods sold to one or more motor vehicle producers; or
- (c) with respect to any calculation under this paragraph, calculate separately for those goods that are exported to the territory of one or more of the Parties.

5. Notwithstanding Annex 401, and except as provided in paragraph 6, the regional value-content requirement shall be:

- (a) for a producer's fiscal year beginning on the day closest to January 1, 1998 and thereafter, 56 percent under the net cost method, and for a producer's fiscal year beginning on the day closest to January 1, 2002 and thereafter, 62.5 percent under the net cost method, for
  - (i) a good that is a motor vehicle provided for in tariff item 8702.10.aa or 8702.90.bb (vehicles for the transport of 15 or fewer persons), or subheading 8703.21 through 8703.90, 8704.21 or 8704.31, and
  - (ii) a good provided for in heading 84.07 or 84.08, or subheading 8708.40, that is for use in a motor vehicle identified in subparagraph (a)(i); and
- (b) for a producer's fiscal year beginning on the day closest to January 1, 1998 and thereafter, 55 percent under the net cost method, and for a producer's fiscal year beginning on the day closest to January 1, 2002 and thereafter, 60 percent under the net cost method, for
  - (i) a good that is a motor vehicle provided for in heading 87.01, tariff item 8702.10.aa or 8702.90.aa (vehicles for the transport of 16 or more persons), 8704.10, 8704.22, 8704.23, 8704.32 or 8704.90, or heading 87.05 or 87.06,
  - (ii) a good provided for in heading 84.07 or 84.08 or subheading 8708.40 that is for use in a motor vehicle identified in subparagraph (b)(i), and
  - (iii) except for a good identified in subparagraph (a)(ii) or provided for in subheading 8482.10 through 8482.80, 8483.20 or 8483.30, a good identified in Annex 403.1 that is subject to a regional value content requirement and that is for use in a motor vehicle identified in subparagraph (a)(i) or (b)(i).

6. The regional value-content requirement for a motor vehicle identified in Article 403(1) or (2) shall be:

- (a) 50 percent for five years after the date on which the first motor vehicle prototype is produced in a plant by a motor vehicle assembler, if

- (i) it is a motor vehicle of a class, or marque, or, except for a motor vehicle identified in Article 403(2), size category and underbody, not previously produced by the motor vehicle assembler in the territory of any of the Parties,
  - (ii) the plant consists of a new building in which the motor vehicle is assembled, and
  - (iii) the plant contains substantially all new machinery that is used in the assembly of the motor vehicle; or
- (b) 50 percent for two years after the date on which the first motor vehicle prototype is produced at a plant following a refit, if it is a different motor vehicle of a class, or marque, or, except for a motor vehicle identified in Article 403(2), size category and underbody, than was assembled by the motor vehicle assembler in the plant before the refit.

#### Article 404: Accumulation

1. For purposes of determining whether a good is an originating good, the production of the good in the territory of one or more of the Parties by one or more producers shall, at the choice of the exporter or producer of the good for which preferential tariff treatment is claimed, be considered to have been performed in the territory of any of the Parties by that exporter or producer, provided that:

- (a) all non-originating materials used in the production of the good undergo an applicable tariff classification change set out in Annex 401, and the good satisfies any applicable regional value-content requirement, entirely in the territory of one or more of the Parties; and
- (b) the good satisfies all other applicable requirements of this Chapter.

2. For purposes of Article 402(10), the production of a producer that chooses to accumulate its production with that of other producers under paragraph 1 shall be considered to be the production of a single producer.

#### Article 405: De Minimis

1. Except as provided in paragraphs 3 through 6, a good shall be considered to be an originating good if the value of all non-originating materials used in the production of the good that do not undergo an applicable change in tariff classification set out in Annex 401

is not more than seven percent of the transaction value of the good, adjusted to a F.O.B. basis, or, if the transaction value of the good is unacceptable under Article 1 of the Customs Valuation Code, the value of all such non-originating materials is not more than seven percent of the total cost of the good, provided that:

- (a) if the good is subject to a regional value-content requirement, the value of such non-originating materials shall be taken into account in calculating the regional value content of the good; and
- (b) the good satisfies all other applicable requirements of this Chapter.

2. A good that is otherwise subject to a regional value-content requirement shall not be required to satisfy such requirement if the value of all non-originating materials used in the production of the good is not more than seven percent of the transaction value of the good, adjusted to a F.O.B. basis, or, if the transaction value of the good is unacceptable under Article 1 of the Customs Valuation Code, the value of all non-originating materials is not more than seven percent of the total cost of the good, provided that the good satisfies all other applicable requirements of this Chapter.

3. Paragraph 1 does not apply to:

- (a) a non-originating material provided for in Chapter 4 of the Harmonized System or tariff item 1901.90.aa (dairy preparations containing over 10 percent by weight of milk solids) that is used in the production of a good provided for in Chapter 4 of the Harmonized System;
- (b) a non-originating material provided for in Chapter 4 of the Harmonized System or tariff item 1901.90.aa (dairy preparations containing over 10 percent by weight of milk solids) that is used in the production of a good provided for in tariff item 1901.10.aa (infant preparations containing over 10 percent by weight of milk solids), 1901.20.aa (mixes and doughs, containing over 25 percent by weight of butterfat, not put up for retail sale), 1901.90.aa (dairy preparations containing over 10 percent by weight of milk solids), heading 21.05, or tariff item 2106.90.dd (preparations containing over 10 percent by weight of milk solids), 2202.90.cc (beverages containing milk) or 2309.90.aa (animal feeds containing over 10 percent by weight of milk solids);
- (c) a non-originating material provided for in heading 08.05 or subheading 2009.11 through 2009.30 that is used in the production of a good provided for in subheading 2009.11 through 2009.30 or tariff item 2106.90.bb (concentrated fruit or vegetable juice of any single fruit or vegetable,

fortified with minerals or vitamins) or 2202.90.aa (fruit or vegetable juice of any single fruit or vegetable, fortified with minerals or vitamins);

- (d) a non-originating material provided for in Chapter 9 of the Harmonized System that is used in the production of a good provided for in tariff item 2101.10.aa (instant coffee, not flavored);
- (e) a non-originating material provided for in Chapter 15 of the Harmonized System that is used in the production of a good provided for in heading 15.01 through 15.08, 15.12, 15.14 or 15.15;
- (f) a non-originating material provided for in heading 17.01 that is used in the production of a good provided for in heading 17.01 through 17.03;
- (g) a non-originating material provided for in Chapter 17 of the Harmonized System or heading 18.05 that is used in the production of a good provided for in subheading 1806.10;
- (h) a non-originating material provided for in heading 22.03 through 22.08 that is used in the production of a good provided for in heading 22.07 through 22.08;
- (i) a non-originating material used in the production of a good provided for in tariff item 7321.11.aa (gas stove or range), subheading 8415.10, 8415.81 through 8415.83, 8418.10 through 8418.21, 8418.29 through 8418.40, 8421.12, 8422.11, 8450.11 through 8450.20 or 8451.21 through 8451.29, Mexican tariff item 8479.82.aa (trash compactors) or Canadian or U.S. tariff item 8479.89.aa (trash compactors), or tariff item 8516.60.aa (electric stove or range); and
- (j) a printed circuit assembly that is a non-originating material used in the production of a good where the applicable change in tariff classification for the good, as set out in Annex 401, places restrictions on the use of such non-originating material.

4. Paragraph 1 does not apply to a non-originating single juice ingredient provided for in heading 20.09 that is used in the production of a good provided for in subheading 2009.90, or tariff item 2106.90.cc (concentrated mixtures of fruit or vegetable juice, fortified with minerals or vitamins) or 2202.90.bb (mixtures of fruit or vegetable juices, fortified with minerals or vitamins).

5. Paragraph 1 does not apply to a non-originating material used in the production of a good provided for in Chapter 1 through 27 of the Harmonized System unless the non-originating material is provided for in a different subheading than the good for which origin is being determined under this Article.

6. A good provided for in Chapter 50 through 63 of the Harmonized System that does not originate because certain fibers or yarns used in the production of the component of the good that determines the tariff classification of the good do not undergo an applicable change in tariff classification set out in Annex 401, shall nonetheless be considered to originate if the total weight of all such fibers or yarns in that component is not more than seven percent of the total weight of that component.

#### Article 406: Fungible Goods and Materials

For purposes of determining whether a good is an originating good:

- (a) where originating and non-originating fungible materials are used in the production of a good, the determination of whether the materials are originating need not be made through the identification of any specific fungible material, but may be determined on the basis of any of the inventory management methods set out in the Uniform Regulations; and
- (b) where originating and non-originating fungible goods are commingled and exported in the same form, the determination may be made on the basis of any of the inventory management methods set out in the Uniform Regulations.

#### Article 407: Accessories, Spare Parts and Tools

Accessories, spare parts or tools delivered with the good that form part of the good's standard accessories, spare parts, or tools, shall be considered as originating if the good originates and shall be disregarded in determining whether all the non-originating materials used in the production of the good undergo the applicable change in tariff classification set out in Annex 401, provided that:

- (a) the accessories, spare parts or tools are not invoiced separately from the good;
- (b) the quantities and value of the accessories, spare parts or tools are customary for the good; and

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- (c) if the good is subject to a regional value-content requirement, the value of the accessories, spare parts or tools shall be taken into account as originating or non-originating materials, as the case may be, in calculating the regional value content of the good.

**Article 408: Indirect Materials**

An indirect material shall be considered to be an originating material without regard to where it is produced.

**Article 409: Packaging Materials and Containers for Retail Sale**

Packaging materials and containers in which a good is packaged for retail sale shall, if classified with the good, be disregarded in determining whether all the non-originating materials used in the production of the good undergo the applicable change in tariff classification set out in Annex 401, and, if the good is subject to a regional value-content requirement, the value of such packaging materials and containers shall be taken into account as originating or non-originating materials, as the case may be, in calculating the regional value content of the good.

**Article 410: Packing Materials and Containers for Shipment**

Packing materials and containers in which a good is packed for shipment shall be disregarded in determining whether:

- (a) the non-originating materials used in the production of the good undergo an applicable change in tariff classification set out in Annex 401; and
- (b) the good satisfies a regional value-content requirement.

**Article 411: Transshipment**

A good shall not be considered to be an originating good by reason of having undergone production that satisfies the requirements of Article 401 if, subsequent to that production, the good undergoes further production or any other operation outside the territories of the Parties, other than unloading, reloading or any other operation necessary to preserve it in good condition or to transport the good to the territory of a Party.

**Article 412: Non-Qualifying Operations**

A good shall not be considered to be an originating good merely by reason of:

- (a) mere dilution with water or another substance that does not materially alter the characteristics of the good; or
- (b) any production or pricing practice in respect of which it may be demonstrated, on the basis of a preponderance of evidence, that the object was to circumvent this Chapter.

**Article 413: Interpretation and Application**

For purposes of this Chapter:

- (a) the basis for tariff classification in this Chapter is the Harmonized System
- (b) where a good referred to by a tariff item number is described in parentheses following the tariff item number, the description is provided for purposes of reference only;
- (c) where applying Article 401(d), the determination of whether a heading or subheading under the Harmonized System provides for and specifically describes both a good and its parts shall be made on the basis of the nomenclature of the heading or subheading, or the General Rules of Interpretation, the Chapter Notes or the Section Notes of the Harmonized System;
- (d) in applying the Customs Valuation Code under this Chapter,
  - (i) the principles of the Customs Valuation Code shall apply to domestic transactions, with such modifications as may be required by the circumstances, as would apply to international transactions,
  - (ii) the provisions of this Chapter shall take precedence over the Customs Valuation Code to the extent of any difference, and
  - (iii) the definitions in Article 415 shall take precedence over the definitions in the Customs Valuation Code to the extent of any difference; and

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- (e) all costs referred to in this Chapter shall be recorded and maintained in accordance with the Generally Accepted Accounting Principles applicable in the territory of the Party in which the good is produced.

#### Article 414: Consultation and Modifications

1. The Parties shall consult regularly to ensure that this Chapter is administered effectively, uniformly and consistently with the spirit and objectives of this Agreement, and shall cooperate in the administration of this Chapter in accordance with Chapter Five.
2. Any Party that considers that this Chapter requires modification to take into account developments in production processes or other matters may submit a proposed modification along with supporting rationale and any studies to the other Parties for consideration and any appropriate action under Chapter Five.

#### Article 415: Definitions

For purposes of this Chapter:

**class of motor vehicles** means any one of the following categories of motor vehicles:

- (a) motor vehicles provided for in subheading 8701.20, tariff item 8702.10.aa or 8702.90.aa (vehicles for the transport of 16 or more persons), subheading 8704.10, 8704.22, 8704.23, 8704.32 or 8704.90, or heading 87.05 or 87.06;
- (b) motor vehicles provided for in subheading 8701.10 or 8701.30 through 8701.90;
- (c) motor vehicles provided for in tariff item 8702.10.bb or 8702.90.bb (vehicles for the transport of 15 or fewer persons), or subheading 8704.21 or 8704.31; or
- (d) motor vehicles provided for in subheading 8703.21 through 8703.90;

**F.O.B.** means free on board, regardless of the mode of transportation, at the point of direct shipment by the seller to the buyer;

**fungible goods or fungible materials** means goods or materials that are interchangeable for commercial purposes and whose properties are essentially identical;

goods wholly obtained or produced entirely in the territory of one or more of the Parties means:

- (a) mineral goods extracted in the territory of one or more of the Parties;
- (b) vegetable goods, as such goods are defined in the Harmonized System, harvested in the territory of one or more of the Parties;
- (c) live animals born and raised in the territory of one or more of the Parties;
- (d) goods obtained from hunting, trapping or fishing in the territory of one or more of the Parties;
- (e) goods (fish, shellfish and other marine life) taken from the sea by vessels registered or recorded with a Party and flying its flag;
- (f) goods produced on board factory ships from the goods referred to in subparagraph (e) provided such factory ships are registered or recorded with that Party and fly its flag;
- (g) goods taken by a Party or a person of a Party from the seabed or beneath the seabed outside territorial waters, provided that a Party has rights to exploit such seabed;
- (h) goods taken from outer space, provided they are obtained by a Party or a person of a Party and not processed in a non-Party;
- (i) waste and scrap derived from
  - (i) production in the territory of one or more of the Parties, or
  - (ii) used goods collected in the territory of one or more of the Parties provided such goods are fit only for the recovery of raw materials and
- (j) goods produced in the territory of one or more of the Parties exclusively from goods referred to in subparagraphs (a) through (i), or from their derivatives, at any stage of production;

identical or similar goods means "identical goods" and "similar goods", respectively defined in the Customs Valuation Code;

**indirect material** means a good used in the production, testing or inspection of a good but not physically incorporated into the good, or a good used in the maintenance of buildings or the operation of equipment associated with the production of a good, including:

- (a) fuel and energy;
- (b) tools, dies and molds;
- (c) spare parts and materials used in the maintenance of equipment and buildings;
- (d) lubricants, greases, compounding materials and other materials used in production or used to operate equipment and buildings;
- (e) gloves, glasses, footwear, clothing, safety equipment and supplies;
- (f) equipment, devices, and supplies used for testing or inspecting the goods;
- (g) catalysts and solvents; and
- (h) any other goods that are not incorporated into the good but whose use in the production of the good can reasonably be demonstrated to be a part of that production;

**intermediate material** means a material that is self-produced and used in the production of a good, and designated pursuant to Article 402(10);

**marque** means the trade name used by a separate marketing division of a motor vehicle assembler;

**material** means a good that is used in the production of another good, and includes a part or an ingredient;

**model line** means a group of motor vehicles having the same platform or model name;

**motor vehicle assembler** means a producer of motor vehicles and any related persons or joint ventures in which the producer participates;

**new building** means a new construction, including at least the pouring or construction of new foundation and floor, the erection of a new structure and roof, and installation of new plumbing, electrical and other utilities to house a complete vehicle assembly process;

**net cost** means total cost minus sales promotion, marketing and after-sales service costs, royalties, shipping and packing costs, and non-allowable interest costs that are included in the total cost;

**net cost of a good** means the net cost that can be reasonably allocated to a good using one of the methods set out in Article 402(8);

**non-allowable interest costs** means interest costs incurred by a producer that exceed 700 basis points above the applicable federal government interest rate identified in the Uniform Regulations for comparable maturities;

**non-originating good or non-originating material** means a good or material that does not qualify as originating under this Chapter;

**producer** means a person who grows, mines, harvests, fishes, traps, hunts, manufactures processes or assembles a good;

**production** means growing, mining, harvesting, fishing, trapping, hunting, manufacturing, processing or assembling a good;

**reasonably allocate** means to apportion in a manner appropriate to the circumstances;

**refit** means a plant closure, for purposes of plant conversion or retooling, that lasts at least three months;

**related person** means a person related to another person on the basis that:

- (a) they are officers or directors of one another's businesses;
- (b) they are legally recognized partners in business;
- (c) they are employer and employee;
- (d) any person directly or indirectly owns, controls or holds 25 percent or more of the outstanding voting stock or shares of each of them;
- (e) one of them directly or indirectly controls the other;
- (f) both of them are directly or indirectly controlled by a third person; or
- (g) they are members of the same family (members of the same family are natural or adoptive children, brothers, sisters, parents, grandparents, or spouses);

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**royalties** means payments of any kind, including payments under technical assistance or similar agreements, made as consideration for the use or right to use any copyright, literary, artistic, or scientific work, patent, trademark, design, model, plan, secret formula or process, excluding those payments under technical assistance or similar agreements that can be related to specific services such as:

- (a) personnel training, without regard to where performed; and
- (b) if performed in the territory of one or more of the Parties, engineering, tooling, die-setting, software design and similar computer services, or other services;

**sales promotion, marketing and after-sales service costs** means the following costs related to sales promotion, marketing and after-sales service:

- (a) sales and marketing promotion; media advertising; advertising and market research; promotional and demonstration materials; exhibits; sales conferences, trade shows and conventions; banners; marketing displays; free samples; sales, marketing and after-sales service literature (product brochures, catalogs, technical literature, price lists, service manuals, sales aid information); establishment and protection of logos and trademarks; sponsorships; wholesale and retail restocking charges; entertainment;
- (b) sales and marketing incentives; consumer, retailer or wholesaler rebates; merchandise incentives;
- (c) salaries and wages, sales commissions, bonuses, benefits (for example, medical, insurance, pension), travelling and living expenses, membership and professional fees, for sales promotion, marketing and after-sales service personnel;
- (d) recruiting and training of sales promotion, marketing and after-sales service personnel, and after-sales training of customers' employees, where such costs are identified separately for sales promotion, marketing and after-sales service of goods on the financial statements or cost accounts of the producer;
- (e) product liability insurance;
- (f) office supplies for sales promotion, marketing and after-sales service of goods, where such costs are identified separately for sales promotion, marketing and after-sales service of goods on the financial statements or cost accounts of the producer;

- (g) telephone, mail and other communications, where such costs are identified separately for sales promotion, marketing and after-sales service of goods on the financial statements or cost accounts of the producer;
- (h) rent and depreciation of sales promotion, marketing and after-sales service offices and distribution centers;
- (i) property insurance premiums, taxes, cost of utilities, and repair and maintenance of sales promotion, marketing and after-sales service offices and distribution centers, where such costs are identified separately for sales promotion, marketing and after-sales service of goods on the financial statements or cost accounts of the producer; and
- (j) payments by the producer to other persons for warranty repairs;

**self-produced material** means a material that is produced by the producer of a good and used in the production of that good;

**shipping and packing costs** means the costs incurred in packing a good for shipment and shipping the good from the point of direct shipment to the buyer, excluding costs of preparing and packaging the good for retail sale;

**size category** means for a motor vehicle identified in Article 403(1)(a):

- (a) 85 or less cubic feet of passenger and luggage interior volume,
- (b) between 85 and 100 cubic feet of passenger and luggage interior volume,
- (c) 100 to 110 cubic feet of passenger and luggage interior volume,
- (d) between 110 and 120 cubic feet of passenger and luggage interior volume,  
and
- (e) 120 and more cubic feet of passenger and luggage interior volume;

**total cost** means all product costs, period costs and other costs incurred in the territory of one or more of the Parties;

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transaction value means the price actually paid or payable for a good or material with respect to a transaction of, except for the application of Article 403(1) or 403(2)(a), the producer of the good, adjusted in accordance with the principles of paragraphs 1, 3 and 4 of Article 8 of the Customs Valuation Code, regardless of whether the good or material is sold for export;

used means used or consumed in the production of goods; and

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## Annex 403.1

## List of Tariff Provisions for Article 403(1)

Note: For purposes of reference only, descriptions are provided next to the corresponding tariff provision

40.09	tubes, pipes and hoses	8527.29
4010.10	rubber belts	8536.50
40.11	tires	8536.90
4016.93.aa	rubber, gaskets, washers and other seals for automotive goods	8537.10.a
4016.99.aa	vibration control goods	8539.10
7007.11 and 7007.21	laminated safety glass	8539.21
7009.10	rear-view mirrors	8544.30
8301.20	locks for the kind used on motor vehicles	87.06
8407.31	engines of a cylinder capacity not exceeding 50cc	87.07
8407.32	engines of a cylinder capacity exceeding 50cc but not exceeding 250cc	8708.10.aa
8407.33	engines of a cylinder capacity exceeding 250cc but not exceeding 1000cc	8708.21
8407.34.aa	engines of a cylinder capacity exceeding 1000cc but not exceeding 2000cc	8708.29.aa
8407.34.bb	engines of a cylinder capacity exceeding 2000cc	8708.29.bb
8408.20	diesel engines for vehicles of Chapter 87	8708.29.cc
84.09	parts of engines	8708.29.dd
8413.30	pumps	8708.39
8414.59.aa	turbochargers and superchargers for motor vehicles, where not provided for under subheading 8414.80	8708.40
8414.80.aa	turbochargers and superchargers for motor vehicles, where not provided for under subheading 8414.59	8708.50
8415.81 through 8415.83	air conditioners	8708.60
8421.39.aa	catalytic convertors	8708.70.aa
8481.20, 8481.30 and 8481.80	valves	8708.80
8482.10 through 8482.80	ball bearings	8708.91
8483.10 through 8483.40	transmission shafts and housed ball bearings	8708.92
8483.50	flywheels	8708.93.aa
8501.10	electric motors	8708.94
8501.20	electric motors	8708.99.aa
8501.31	electric motors	8708.99.bb
8501.32.aa	electric motors that provide primary source for electric powered vehicles of subheading 8703.90	8708.99.cc
8507.20.aa, 8507.30.aa,	batteries that provide primary source for electric cars	8708.99.dd
8507.40.aa and 8507.80.aa	distributors	8708.99.ee
8511.30	starter motors	8708.99.ff
8511.40	other generators	8708.99.gg
8511.50	other lighting or visual signalling equipment	8708.99.hh
8512.20	windscreen wipers, defrosters	9031.80
8512.40	cassette decks	9032.89
8519.91	radios combined with cassette players	9401.20
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- 8527.29 radios
- 8536.50 switches
- 8536.90 junction boxes
- 8537.10.aa motor control centers
- 8539.10 seal beamed headlamps
- 8539.21 tungsten halogen headlamps
- 8544.30 wire harnesses
- 87.06 chassis
- 87.07 bodies
- 8708.10.aa bumpers, but not parts thereof
- 8708.21 safety seat belts
- 8708.29.aa body stampings
- 8708.29.bb inflators and modules for airbags
- 8708.29.cc door assemblies
- 8708.29.dd airbags for use in motor vehicles, where not provided for under subheading 8708.99
- 8708.39 brakes and servo-brakes, and parts thereof
- 8708.40 gear boxes, transmissions
- 8708.50 drive axles with differential, whether or not provided with other transmission components
- 8708.60 non-driving axles, and parts thereof
- 8708.70.aa road wheels, but not parts or accessories thereof
- 8708.80 suspension shock-absorbers
- 8708.91 radiators
- 8708.92 silencers (mufflers) and exhaust pipes
- 8708.93.aa clutches, but not parts thereof
- 8708.94 steering wheels, steering columns and steering boxes
- 8708.99.aa vibration control goods containing rubber
- 8708.99.bb double flanged wheel hub units
- 8708.99.cc airbags for use in motor vehicles, where not provided for under subheading 8708.29
- 8708.99.dd half-shafts and drive shafts
- 8708.99.ee other parts for powertrains
- 8708.99.ff parts for suspension systems
- 8708.99.gg parts for steering systems
- 8708.99.hh other parts and accessories not provided for elsewhere in subheading 8708.99
- 9031.80 monitoring devices
- 9032.89 automatic regulating instruments
- 9401.20 seats

**Annex 403.2**

**List of Components and Materials**

**1. Component: Engines provided for in heading 84.07 or 84.08**

Materials: cast block, cast head, fuel nozzle, fuel injector pumps, glow plugs, turbochargers and superchargers, electronic engine controls, intake manifold, exhaust manifold, intake/exhaust valves, crankshaft/camshaft, alternator, starter, air cleaner assembly, pistons, connecting rods and assemblies made therefrom (or rotor assemblies for rotary engines), flywheel (for manual transmissions), flexplate (for automatic transmissions), oil pan, oil pump and pressure regulator, water pump, crankshaft and camshaft gears, and radiator assemblies or charge-air coolers.

**2. Component: Gear boxes (transmissions) provided for in subheading 8708.40**

Materials: (a) for manual transmissions - transmission case and clutch housing; clutch; internal shifting mechanism; gear sets, synchronizers and shafts; and (b) for torque convertor type transmissions - transmission case and convertor housing; torque convertor assembly; gear sets and clutches; and electronic transmission controls.

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## Annex 403.3

## Regional Value-Content Calculation for CAMI

1. For purposes of Article 403, in determining whether motor vehicles produced by CAMI Automotive, Inc. ("CAMI") in the territory of Canada and imported into the territory of the United States qualify as originating goods, CAMI may average its calculation of the regional value content of a class of motor vehicles or a model line of motor vehicles produced in a fiscal year in the territory of Canada by CAMI for sale in the territory of one or more of the Parties with the calculation of the regional value content of the corresponding class of motor vehicles or model line of motor vehicles produced in the territory of Canada by General Motors of Canada Limited in the fiscal year that corresponds most closely to CAMI's fiscal year, provided that:
  - (a) at the beginning of CAMI's fiscal year General Motors of Canada Limited owns 50 percent or more of the voting common stock of CAMI; and
  - (b) General Motors of Canada Limited, General Motors Corporation, General Motors de Mexico, S.A. de C.V., and any subsidiary directly or indirectly owned by any of them, or by any combination thereof, ("GM") acquires 75 percent or more by unit of quantity of the class of motor vehicles or model line of motor vehicles, as the case may be, that CAMI has produced in the territory of Canada in CAMI's fiscal year for sale in the territory of one or more of the Parties.
2. If GM acquires less than 75 percent by unit of quantity of the class of motor vehicles or model line of motor vehicles, as the case may be, that CAMI has produced in the territory of Canada in CAMI's fiscal year for sale in the territory of one or more of the Parties, CAMI may average in the manner set out in paragraph 1 only those motor vehicles that are acquired by GM for distribution under the GEO marque or other GM marque.
3. In calculating the regional value content of motor vehicles produced by CAMI in the territory of Canada, CAMI may choose to average the calculation in paragraph 1 or 2 over a period of two fiscal years in the event that any motor vehicle assembly plant operated by CAMI or any motor vehicle assembly plant operated by General Motors of Canada Limited with which CAMI is averaging its regional value content is closed for more than two consecutive months:

- (a) for the purpose of re-tooling for a model change, or
- (b) as the result of any event or circumstance (other than the imposition of antidumping and countervailing duties, or an interruption of operations resulting from a labor strike, lock-out, labor dispute, picketing or boycott or by employees of CAMI or GM), that CAMI or GM could not reasonably have been expected to avert by corrective action or by exercise of due care and diligence, including a shortage of materials, failure of utilities, or inability to obtain or delay in obtaining raw materials, parts, fuel or utilities.

The averaging may be for CAMI's fiscal year in which a CAMI or any General Motors Canada Limited plant with which CAMI is averaging is closed and either the previous or subsequent fiscal year. In the event that the period of closure spans two fiscal years, the averaging may be only for those two fiscal years.

4. For purposes of this Article, where as a result of an amalgamation, reorganization division or similar transaction:

- (a) a motor vehicle producer (the "successor producer") acquires all or substantially all of the assets used by GM, and
- (b) the successor producer, directly or indirectly controls, or is controlled by, GM, or both the successor producer and GM are controlled by the same person,

the successor producer shall be deemed to be GM.

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## Chapter Five

### Customs Procedures

#### Section A - Certification of Origin

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#### Article 501: Certificate of Origin

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1. The Parties shall establish by January 1, 1994 a Certificate of Origin for the purpose of certifying that a good being exported from the territory of a Party into the territory of another Party qualifies as an originating good, and may thereafter revise the Certificate by agreement.
  2. Each Party may require that a Certificate of Origin for a good imported into its territory be completed in a language required under its law.
  3. Each Party shall:
    - (a) require an exporter in its territory to complete and sign a Certificate of Origin for any exportation of a good for which an importer may claim preferential tariff treatment on importation of the good into the territory of another Party; and
    - (b) provide that where an exporter in its territory is not the producer of the good, the exporter may complete and sign a Certificate on the basis of
      - (i) its knowledge of whether the good qualifies as an originating good,
      - (ii) its reasonable reliance on the producer's written representation that the good qualifies as an originating good, or
      - (iii) a completed and signed Certificate for the good voluntarily provided to the exporter by the producer.
  4. Nothing in paragraph 3 shall be construed to require a producer to provide a Certificate of Origin to an exporter.
  5. Each Party shall provide that a Certificate of Origin that has been completed and signed by an exporter or a producer in the territory of another Party that is applicable to:
    - (a) a single importation of a good into the Party's territory, or

- (b) multiple importations of identical goods into the Party's territory that occur within a specified period, not exceeding 12 months, set out therein by the exporter or producer,

shall be accepted by its customs administration for four years after the date on which the Certificate was signed.

### Article 502: Obligations Regarding Importations

1. Except as otherwise provided in this Chapter, each Party shall require an importer in its territory that claims preferential tariff treatment for a good imported into its territory from the territory of another Party to:

- (a) make a written declaration, based on a valid Certificate of Origin, that the good qualifies as an originating good;
- (b) have the Certificate in its possession at the time the declaration is made;
- (c) provide, on the request of that Party's customs administration, a copy of the Certificate; and
- (d) promptly make a corrected declaration and pay any duties owing where the importer has reason to believe that a Certificate on which a declaration was based contains information that is not correct.

2. Each Party shall provide that, where an importer in its territory claims preferential tariff treatment for a good imported into its territory from the territory of another Party:

- (a) the Party may deny preferential tariff treatment to the good if the importer fails to comply with any requirement under this Chapter; and
- (b) the importer shall not be subject to penalties for the making of an incorrect declaration, if it voluntarily makes a corrected declaration pursuant to paragraph 1(d).

3. Each Party shall provide that, where a good would have qualified as an originating good when it was imported into the territory of that Party but no claim for preferential tariff treatment was made at that time, the importer of the good may, no later than one year after the date on which the good was imported, apply for a refund of any excess duties paid as the result of the good not having been accorded preferential tariff treatment on presentation of:

- (a) a written declaration that the good qualified as an originating good at the time of importation;
- (b) a copy of the Certificate of Origin; and
- (c) such other documentation relating to the importation of the good as that Party may require.

#### Article 503: Exceptions

Each Party shall provide that a Certificate of Origin shall not be required for:

- (a) a commercial importation of a good whose value does not exceed US\$1,000 or its equivalent amount in the Party's currency, or such higher amount as it may establish, except that it may require that the invoice accompanying the importation include a statement certifying that the good qualifies as an originating good,
- (b) a non-commercial importation of a good whose value does not exceed US\$1,000 or its equivalent amount in the Party's currency, or such higher amount as it may establish, or
- (c) an importation of a good for which the Party into whose territory the good is imported has waived the requirement for a Certificate of Origin,

provided that the importation does not form part of a series of importations that may reasonably be considered to have been undertaken or arranged for the purpose of avoiding the certification requirements of Articles 501 and 502.

#### Article 504: Obligations Regarding Exportations

1. Each Party shall provide that:
  - (a) an exporter in its territory, or a producer in its territory that has provided a copy of a Certificate of Origin to that exporter pursuant to Article 501(3)(b)(iii), shall provide a copy of the Certificate to its customs administration on request; and
  - (b) an exporter or a producer in its territory that has completed and signed a Certificate of Origin, and that has reason to believe that the Certificate contains information that is not correct, shall promptly notify in writing all

persons to whom the Certificate was given by the exporter or producer of any change that could affect the accuracy or validity of the Certificate.

2. Each Party:

- (a) shall provide that a false certification by an exporter or a producer in its territory that a good to be exported to the territory of another Party qualifies as an originating good shall have the same legal consequences, with appropriate modifications, as would apply to an importer in its territory for a contravention of its customs laws and regulations regarding the making of a false statement or representation; and
- (b) may apply such measures as the circumstances may warrant where an exporter or a producer in its territory fails to comply with any requirement of this Chapter.

3. No Party may impose penalties on an exporter or a producer in its territory that voluntarily provides written notification pursuant to paragraph (1)(b) with respect to the making of an incorrect certification.

### Section B - Administration and Enforcement

#### Article 505: Records

Each Party shall provide that:

- (a) an exporter or a producer in its territory that completes and signs a Certificate of Origin shall maintain in its territory, for five years after the date on which the Certificate was signed or for such longer period as the Party may specify, all records relating to the origin of a good for which preferential tariff treatment was claimed in the territory of another Party, including records associated with
  - (i) the purchase of, cost of, value of, and payment for, the good that is exported from its territory,
  - (ii) the purchase of, cost of, value of, and payment for, all materials, including indirect materials, used in the production of the good that is exported from its territory, and



- (iii) the production of the good in the form in which the good is exported from its territory; and
- (b) an importer claiming preferential tariff treatment for a good imported into the Party's territory shall maintain in that territory, for five years after the date of importation of the good or for such longer period as the Party may specify, such documentation, including a copy of the Certificate, as the Party may require relating to the importation of the good.

#### **Article 506: Origin Verifications**

1. For purposes of determining whether a good imported into its territory from the territory of another Party qualifies as an originating good, a Party may, through its customs administration, conduct a verification solely by means of:

- (a) written questionnaires to an exporter or a producer in the territory of another Party;
- (b) visits to the premises of an exporter or a producer in the territory of another Party to review the records referred to in Article 505(a) and observe the facilities used in the production of the good; or
- (c) such other procedure as the Parties may agree.

2. Prior to conducting a verification visit pursuant to paragraph (1)(b), a Party shall, through its customs administration:

- (a) deliver a written notification of its intention to conduct the visit to
  - (i) the exporter or producer whose premises are to be visited,
  - (ii) the customs administration of the Party in whose territory the visit is to occur, and
  - (iii) if requested by the Party in whose territory the visit is to occur, the embassy of that Party in the territory of the Party proposing to conduct the visit; and
- (b) obtain the written consent of the exporter or producer whose premises are to be visited.

3. The notification referred to in paragraph 2 shall include:

- (a) the identity of the customs administration issuing the notification;
- (b) the name of the exporter or producer whose premises are to be visited;
- (c) the date and place of the proposed verification visit;
- (d) the object and scope of the proposed verification visit, including specific reference to the good that is the subject of the verification;
- (e) the names and titles of the officials performing the verification visit; and
- (f) the legal authority for the verification visit.

4. Where an exporter or a producer has not given its written consent to a proposed verification visit within 30 days of receipt of notification pursuant to paragraph 2, the notifying Party may deny preferential tariff treatment to the good that would have been the subject of the visit.

5. Each Party shall provide that, where its customs administration receives notification pursuant to paragraph 2, the customs administration may, within 15 days of receipt of the notification, postpone the proposed verification visit for a period not exceeding 60 days from the date of such receipt, or for such longer period as the Parties may agree.

6. A Party shall not deny preferential tariff treatment to a good based solely on the postponement of a verification visit pursuant to paragraph 5.

7. Each Party shall permit an exporter or a producer whose good is the subject of a verification visit by another Party to designate two observers to be present during the visit, provided that:

- (a) the observers do not participate in a manner other than as observers; and
- (b) the failure of the exporter or producer to designate observers shall not result in the postponement of the visit.

8. Each Party shall, through its customs administration, conduct a verification of a regional value-content requirement in accordance with the Generally Accepted Accounting Principles applied in the territory of the Party from which the good was exported.

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9. The Party conducting a verification shall provide the exporter or producer whose good is the subject of the verification with a written determination of whether the good qualifies as an originating good, including findings of fact and the legal basis for the determination.

10. Where verifications by a Party indicate a pattern of conduct by an exporter or a producer of false or unsupported representations that a good imported into its territory qualifies as an originating good, the Party may withhold preferential tariff treatment to identical goods exported or produced by such person until that person establishes compliance with Chapter Four (Rules of Origin).

11. Each Party shall provide that where it determines that a certain good imported into its territory does not qualify as an originating good based on a tariff classification or a value applied by the Party to one or more materials used in the production of the good, which differs from the tariff classification or value applied to the materials by the Party from whose territory the good was exported, the Party's determination shall not become effective until it notifies in writing both the importer of the good and the person that completed and signed the Certificate of Origin for the good of its determination.

12. A Party shall not apply a determination made under paragraph 11 to an importation made before the effective date of the determination where:

- (a) the customs administration of the Party from whose territory the good was exported has issued an advance ruling under Article 509 or any other ruling on the tariff classification or on the value of such materials, or has given consistent treatment to the entry of the materials under the tariff classification or value at issue, on which a person is entitled to rely; and
- (b) the advance ruling, other ruling or consistent treatment was given prior to notification of the determination.

13. If a Party denies preferential tariff treatment to a good pursuant to a determination made under paragraph 11, it shall postpone the effective date of the denial for a period not exceeding 90 days where the importer of the good, or the person who completed and signed the Certificate of Origin for the good, demonstrates that it has relied in good faith to its detriment on the tariff classification or value applied to such materials by the customs administration of the Party from whose territory the good was exported.

#### **Article 507: Confidentiality**

1. Each Party shall maintain, in accordance with its law, the confidentiality of confidential business information collected pursuant to this Chapter and shall protect that

information from disclosure that could prejudice the competitive position of the persons providing the information. (d)

2. The confidential business information collected pursuant to this Chapter may only be disclosed to those authorities responsible for the administration and enforcement of determinations of origin, and of customs and revenue matters. (e)

#### Article 508: Penalties (f)

1. Each Party shall maintain measures imposing criminal, civil or administrative penalties for violations of its laws and regulations relating to this Chapter. (g)

2. Nothing in Article 502(2), 504(3) or 506(6) shall be construed to prevent a Party from applying such measures as the circumstances may warrant. (h)

### Section C - Advance Rulings

#### Article 509: Advance Rulings (i)

1. Each Party shall, through its customs administration, provide for the expeditious issuance of written advance rulings, prior to the importation of a good into its territory, to an importer in its territory or an exporter or a producer in the territory of another Party, on the basis of the facts and circumstances presented by such importer, exporter or producer of the good, concerning: (j)

- (a) whether materials imported from a non-Party used in the production of a good undergo an applicable change in tariff classification set out in Annex 401 as a result of production occurring entirely in the territory of one or more of the Parties; 2. Each including a application
- (b) whether a good satisfies a regional value-content requirement under either the transaction value method or the net cost method set out in Chapter Four (Rules of Origin); 3. Each
- (c) for the purpose of determining whether a good satisfies a regional value-content requirement under Chapter Four, the appropriate basis or method for value to be applied by an exporter or a producer in the territory of another Party, in accordance with the principles of the Customs Valuation Code, for calculating the transaction value of the good or of the materials used in the production of the good; (a)

- (d) for the purpose of determining whether a good satisfies a regional value-content requirement under Chapter Four, the appropriate basis or method for reasonably allocating costs, in accordance with the allocation methods set out in the Uniform Regulations, for calculating the net cost of the good or the value of an intermediate material;
- (e) whether a good qualifies as an originating good under Chapter Four;
- (f) whether a good that re-enters its territory after the good has been exported from its territory to the territory of another Party for repair or alteration qualifies for duty-free treatment in accordance with Article 307 (Goods Re-Entered after Repair or Alteration);
- (g) whether the proposed or actual marking of a good satisfies country of origin marking requirements under Article 311 (Country of Origin Marking);
- (h) whether an originating good qualifies as a good of a Party under Annex 300-B (Textile and Apparel Goods), Annex 302.2 (Tariff Elimination) or Chapter Seven (Agriculture and Sanitary and Phytosanitary Measures);
- (i) whether a good is a qualifying good under Chapter Seven; or
- (j) such other matters as the Parties may agree.

2. Each Party shall adopt or maintain procedures for the issuance of advance rulings, including a detailed description of the information reasonably required to process an application for a ruling.

3. Each Party shall provide that its customs administration:

- (a) may, at any time during the course of an evaluation of an application for an advance ruling, request supplemental information from the person requesting the ruling;
- (b) shall, after it has obtained all necessary information from the person requesting an advance ruling, issue the ruling within the periods specified in the Uniform Regulations; and
- (c) shall, where the advance ruling is unfavorable to the person requesting it, provide to that person a full explanation of the reasons for the ruling.

4. Subject to paragraph 6, each Party shall apply an advance ruling to importations into its territory of the good for which the ruling was requested, beginning on the date of its issuance or such later date as may be specified in the ruling.

5. Each Party shall provide to any person requesting an advance ruling the same treatment, including the same interpretation and application of provisions of Chapter Four regarding a determination of origin, as it provided to any other person to whom it issued an advance ruling, provided that the facts and circumstances are identical in all material respects.

6. The issuing Party may modify or revoke an advance ruling:

- (a) if the ruling is based on an error
  - (i) of fact,
  - (ii) in the tariff classification of a good or a material that is the subject of the ruling,
  - (iii) in the application of a regional value-content requirement under Chapter Four,
  - (iv) in the application of the rules for determining whether a good qualifies as a good of a Party under Annex 300-B, Annex 302.2 or Chapter Seven,
  - (v) in the application of the rules for determining whether a good is a qualifying good under Chapter Seven, or
  - (vi) in the application of the rules for determining whether a good that re-enters its territory after the good has been exported from its territory to the territory of another Party for repair or alteration qualifies for duty-free treatment under Article 307;
- (b) if the ruling is not in accordance with an interpretation agreed by the Parties regarding Chapter Three (National Treatment and Market Access: Goods) or Chapter Four;
- (c) if there is a change in the material facts or circumstances on which the ruling is based;
- (d) to conform with a modification of Chapter Three, Chapter Four, this Chapter, Chapter Seven, the Marking Rules or the Uniform Regulations;

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7. Each Party shall provide that any modification or revocation of an advance ruling shall be effective on the date on which the modification or revocation is issued, or on such later date as may be specified therein, and shall not be applied to importations of a good that have occurred prior to that date, unless the person to whom the advance ruling was issued has not acted in accordance with its terms and conditions.

8. Notwithstanding paragraph 7, the issuing Party shall postpone the effective date of such modification or revocation for a period not exceeding 90 days where the person to whom the advance ruling was issued demonstrates that it has relied in good faith to its detriment on that ruling.

9. Each Party shall provide that where its customs administration examines the regional value content of a good for which it has issued an advance ruling pursuant to subparagraph 1(c), (d) or (f), it shall evaluate whether:

- (a) the exporter or producer has complied with the terms and conditions of the advance ruling;
- (b) the exporter's or producer's operations are consistent with the material facts and circumstances on which the advance ruling is based; and
- (c) the supporting data and computations used in applying the basis or method for calculating value or allocating cost were correct in all material respects.

10. Each Party shall provide that where its customs administration determines that any requirement in paragraph 9 has not been satisfied, it may modify or revoke the advance ruling as the circumstances may warrant.

11. Each Party shall provide that, where the person to whom an advance ruling was issued demonstrates that it used reasonable care and acted in good faith in presenting the facts and circumstances on which the ruling was based, and where the customs administration of a Party determines that the ruling was based on incorrect information, the person to whom the ruling was issued shall not be subject to penalties.

12. Each Party shall provide that where it issues an advance ruling to a person that has misrepresented or omitted material facts or circumstances on which the ruling is based or has failed to act in accordance with the terms and conditions of the ruling, the Party may apply such measures as the circumstances may warrant.

**Section D - Review and Appeal of Origin Determinations and Advance Rulings**

**Article 510: Review and Appeal**

1. Each Party shall grant substantially the same rights of review and appeal of marking determinations of origin, country of origin determinations and advance rulings by its customs administration as it provides to importers in its territory to any person:

- (a) who completes and signs a Certificate of Origin for a good that has been the subject of a determination of origin;
- (b) whose good has been the subject of a country of origin marking determination pursuant to Article 311 (Country of Origin Marking); or
- (c) who has received an advance ruling pursuant to Article 509(1).

2. Further to Articles 1804 (Administrative Proceedings) and 1805 (Review and Appeal), each Party shall provide that the rights of review and appeal referred to in paragraph 1 shall include access to:

- (a) at least one level of administrative review independent of the official or office responsible for the determination under review; and
- (b) in accordance with its domestic law, judicial or quasi-judicial review of the determination or decision taken at the final level of administrative review.

**Section E - Uniform Regulations**

**Article 511: Uniform Regulations**

1. The Parties shall establish, and implement through their respective laws or regulations by January 1, 1994, Uniform Regulations regarding the interpretation, application and administration of Chapter Four, this Chapter and other matters as may be agreed by the Parties.

2. Each Party shall implement any modification of or addition to the Uniform Regulations no later than 180 days after the Parties agree on such modification or addition, or such other period as the Parties may agree.

**Article 511**

1. Each Party shall grant substantially the same rights of review and appeal of marking determinations of origin, country of origin determinations and advance rulings by its customs administration as it provides to importers in its territory to any person:

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## Section F - Cooperation

### Article 512: Cooperation

1. Each Party shall notify the other Parties of the following determinations, measures and rulings, including to the greatest extent practicable those that are prospective in application:

- (a) a determination of origin issued as the result of a verification conducted pursuant to Article 506(1);
- (b) a determination of origin that the Party is aware is contrary to
  - (i) a ruling issued by the customs administration of another Party with respect to the tariff classification or value of a good, or of materials used in the production of a good, or the reasonable allocation of costs where calculating the net cost of a good, that is the subject of a determination of origin, or
  - (ii) consistent treatment given by the customs administration of another Party with respect to the tariff classification or value of a good, or of materials used in the production of a good, or the reasonable allocation of costs where calculating the net cost of a good, that is the subject of a determination of origin;
- (c) a measure establishing or significantly modifying an administrative policy that is likely to affect future determinations of origin, country of origin marking requirements or determinations as to whether a good qualifies as a good of a Party under the Marking Rules; and
- (d) an advance ruling, or a ruling modifying or revoking an advance ruling, pursuant to Article 509.

2. The Parties shall cooperate:

- (a) in the enforcement of their respective customs-related laws or regulations implementing this Agreement, and under any customs mutual assistance agreement or other customs-related agreement to which they are party;
- (b) for purposes of the detection and prevention of unlawful transshipments of textile and apparel goods of a non-Party, in the enforcement of prohibitions or quantitative restrictions, including the verification by a Party, in

accordance with the procedures set out in this Chapter, of the capacity for production of goods by an exporter or a producer in the territory of another Party, provided that the customs administration of the Party proposing to conduct the verification, prior to conducting the verification

- (i) obtains the consent of the Party in whose territory the verification is to occur, and
- (ii) provides notification to the exporter or producer whose premises are to be visited,

except that procedures for notifying the exporter or producer whose premises are to be visited shall be in accordance with such other procedures as the Parties may agree;

- (c) to the extent practicable and for purposes of facilitating the flow of trade between them, in such customs-related matters as the collection and exchange of statistics regarding the importation and exportation of goods, the harmonization of documentation used in trade, the standardization of data elements, the acceptance of an international data syntax and the exchange of information; and
- (d) to the extent practicable, in the storage and transmission of customs-related documentation.

### Article 513: Working Group and Customs Subgroup

1. The Parties hereby establish a Working Group on Rules of Origin, comprising representatives of each Party, to ensure:

- (a) the effective implementation and administration of Articles 303 (Restrictions on Drawback and Duty Deferral Programs), 308 (Most-Favored-Nation Rates of Duty on Certain Goods) and 311, Chapter Four, this Chapter, the Marking Rules and the Uniform Regulations; and
- (b) the effective administration of the customs-related aspects of Chapter Three

2. The Working Group shall meet at least four times each year and on the request of any Party.

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3. The Working Group shall:
- (a) monitor the implementation and administration by the customs administrations of the Parties of Articles 303, 308 and 311, Chapter Four, this Chapter, the Marking Rules and the Uniform Regulations to ensure their uniform interpretation;
  - (b) endeavor to agree, on the request of any Party, on any proposed modification of or addition to Article 303, 308 or 311, Chapter Four, this Chapter, the Marking Rules or the Uniform Regulations;
  - (c) notify the Commission of any agreed modification of or addition to the Uniform Regulations;
  - (d) propose to the Commission any modification of or addition to Article 303, 308 or 311, Chapter Four, this Chapter, the Marking Rules, the Uniform Regulations or any other provision of this Agreement as may be required to conform with any change to the Harmonized System; and
  - (e) consider any other matter referred to it by a Party or by the Customs Subgroup established under paragraph 6.

4. Each Party shall, to the greatest extent practicable, take all necessary measures to implement any modification of or addition to this Agreement within 180 days of the date on which the Commission agrees on the modification or addition.

5. If the Working Group fails to resolve a matter referred to it pursuant to paragraph 3(e) within 30 days of such referral, any Party may request a meeting of the Commission under Article 2007 (Commission - Good Offices, Conciliation and Mediation).

6. The Working Group shall establish, and monitor the work of, a Customs Subgroup, comprising representatives of each Party. The Subgroup shall meet at least four times each year and on the request of any Party and shall:

- (a) endeavor to agree on
  - (i) the uniform interpretation, application and administration of Articles 303, 308 and 311, Chapter Four, this Chapter, the Marking Rules and the Uniform Regulations,
  - (ii) tariff classification and valuation matters relating to determinations of origin,

- (iii) equivalent procedures and criteria for the request, approval, modification, revocation and implementation of advance rulings,
  - (iv) revisions to the Certificate of Origin,
  - (v) any other matter referred to it by a Party, the Working Group or the Committee on Trade in Goods established under Article 316, and
  - (vi) any other customs-related matter arising under this Agreement;
- (b) consider
- (i) the harmonization of customs-related automation requirements and documentation, and
  - (ii) proposed customs-related administrative and operational changes that may affect the flow of trade between the Parties' territories;
- (c) report periodically to the Working Group and notify it of any agreement reached under this paragraph; and
- (d) refer to the Working Group any matter on which it has been unable to reach an agreement within 60 days of referral of the matter to it pursuant to subparagraph (a)(v).

7. Nothing in this Chapter shall be construed to prevent a Party from issuing a determination of origin or an advance ruling relating to a matter under consideration by the Working Group or the Customs Subgroup or from taking such other action as it considers necessary, pending a resolution of the matter under this Agreement.

#### Article 514: Definitions

For purposes of this Chapter:

**commercial importation** means the importation of a good into the territory of any Party for the purpose of sale, or any commercial, industrial or other like use;

**customs administration** means the competent authority that is responsible under the law of a Party for the administration of customs laws and regulations;

**determination of origin** means a determination as to whether a good qualifies as an originating good in accordance with Chapter Four;

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**exporter in the territory of a Party** means an exporter located in the territory of a Party and an exporter required under this Chapter to maintain records in the territory of that Party regarding exportations of a good;

**identical goods** means goods that are the same in all respects, including physical characteristics, quality and reputation, irrespective of minor differences in appearance that are not relevant to a determination of origin of those goods under Chapter Four;

**importer in the territory of a Party** means an importer located in the territory of a Party and an importer required under this Chapter to maintain records in the territory of that Party regarding importations of a good;

**intermediate material** means "intermediate material" as defined in Article 415;

**Marking Rules** means "Marking Rules" established under Annex 311;

**material** means "material" as defined in Article 415;

**net cost of a good** means "net cost of a good" as defined in Article 415;

**preferential tariff treatment** means the duty rate applicable to an originating good;

**producer** means "producer" as defined in Article 415;

**production** means "production" as defined in Article 415;

**transaction value** means "transaction value" as defined in Article 415;

**Uniform Regulations** means "Uniform Regulations" established under Article 511;

**used** means "used" as defined in Article 415; and

**value** means value of a good or material for purposes of calculating customs duties or for purposes of applying Chapter Four.

## Chapter Six

### Energy and Basic Petrochemicals

#### Article 601: Principles

1. The Parties confirm their full respect for their Constitutions.
2. The Parties recognize that it is desirable to strengthen the important role that trade in energy and basic petrochemical goods plays in the free trade area and to enhance this role through sustained and gradual liberalization.
3. The Parties recognize the importance of having viable and internationally competitive energy and petrochemical sectors to further their individual national interests.

#### Article 602: Scope and Coverage

1. This Chapter applies to measures relating to energy and basic petrochemical goods originating in the territories of the Parties and to measures relating to investment and to the cross-border trade in services associated with such goods, as set forth in this Chapter.
2. For purposes of this Chapter, energy and basic petrochemical goods refer to those goods classified under the Harmonized System as:
  - (a) subheading 2612.10;
  - (b) headings 27.01 through 27.06;
  - (c) subheading 2707.50;
  - (d) subheading 2707.99 (only with respect to solvent naphtha, rubber extender oils and carbon black feedstocks);
  - (e) headings 27.08 and 27.09;
  - (f) heading 27.10 (except for normal paraffin mixtures in the range of C<sub>9</sub> to C<sub>15</sub>);
  - (g) heading 27.11 (except for ethylene, propylene, butylene and butadiene in purities over 50 percent);

- (h) headings 27.12 through 27.16;
- (i) subheadings 2844.10 through 2844.50 (only with respect to uranium compounds classified under those subheadings);
- (j) subheading 2845.10; and
- (k) subheading 2901.10 (only with respect to ethane, butanes, pentanes, hexanes, and heptanes).

3. Except as specified in Annex 602.3, energy and petrochemical goods and activities shall be governed by the provisions of this Agreement.

### Article 603: Import and Export Restrictions

1. Subject to the further rights and obligations of this Agreement, the Parties incorporate the provisions of the *General Agreement on Tariffs and Trade* (GATT), with respect to prohibitions or restrictions on trade in energy and basic petrochemical goods. The Parties agree that this language does not incorporate their respective protocols of provisional application to the GATT.

2. The Parties understand that the provisions of the GATT incorporated in paragraph 1 prohibit, in any circumstances in which any other form of quantitative restriction is prohibited, minimum or maximum export-price requirements and, except as permitted in enforcement of countervailing and antidumping orders and undertakings, minimum or maximum import-price requirements.

3. In circumstances where a Party adopts or maintains a restriction on importation from or exportation to a non-Party of an energy or basic petrochemical good, nothing in this Agreement shall be construed to prevent the Party from:

- (a) limiting or prohibiting the importation from the territory of any Party of such energy or basic petrochemical good of the non-Party; or
- (b) requiring as a condition of export of such energy or basic petrochemical good of the Party to the territory of any other Party that the good be consumed within the territory of the other Party.

4. In the event that a Party adopts or maintains a restriction on imports of an energy or basic petrochemical good from non-Party countries, the Parties, on request of any Party, shall consult with a view to avoiding undue interference with or distortion of pricing, marketing and distribution arrangements in another Party.

5. Each Party may administer a system of import and export licensing for energy or basic petrochemical goods provided that such system is operated in a manner consistent with the provisions of this Agreement, including paragraph 1 and Article 1502 (Monopolies and State Enterprises).

6. This Article is subject to the reservations set out in Annex 603.6.

#### Article 604: Export Taxes

No Party may adopt or maintain any duty, tax or other charge on the export of any energy or basic petrochemical good to the territory of another Party, unless such duty, tax or charge is adopted or maintained on:

- (a) exports of any such good to the territory of all other Parties; and
- (b) any such good when destined for domestic consumption.

#### Article 605: Other Export Measures

Subject to Annex 605, a Party may adopt or maintain a restriction otherwise justified under Article XI:2(a) or XX(g), (i) or (j) of the GATT with respect to the export of an energy or basic petrochemical good to the territory of another Party, only if:

- (a) the restriction does not reduce the proportion of the total export shipments of the specific energy or basic petrochemical good made available to that other Party relative to the total supply of that good of the Party maintaining the restriction as compared to the proportion prevailing in the most recent 36-month period for which data are available prior to the imposition of the measure, or in such other representative period on which the Parties may agree;
- (b) the Party does not impose a higher price for exports of an energy or basic petrochemical good to that other Party than the price charged for such good when consumed domestically, by means of any measure such as licenses, fees, taxation and minimum price requirements. The foregoing provision does not apply to a higher price that may result from a measure taken pursuant to subparagraph (a) that only restricts the volume of exports; and
- (c) the restriction does not require the disruption of normal channels of supply to that other Party or normal proportions among specific energy or basic petrochemical goods supplied to that other Party, such as, for example,



between crude oil and refined products and among different categories of crude oil and of refined products.

### Article 606: Energy Regulatory Measures

1. The Parties recognize that energy regulatory measures are subject to the disciplines of:

- (a) national treatment, as provided in Article 301;
- (b) import and export restrictions, as provided in Article 603; and
- (c) export taxes, as provided in Article 604.

2. Each Party shall seek to ensure that in the application of any energy regulatory measure, energy regulatory bodies within its territory avoid disruption of contractual relationships to the maximum extent practicable, and provide for orderly and equitable implementation appropriate to such measures.

### Article 607: National Security Measures

Subject to Annex 607, no Party may adopt or maintain a measure restricting imports of an energy or basic petrochemical good from, or exports of an energy or basic petrochemical good to, another Party under Article XXI of the GATT or under Article 2102 (National Security), except to the extent necessary to:

- (a) supply a military establishment of a Party or enable fulfillment of a critical defense contract of a Party;
- (b) respond to a situation of armed conflict involving the Party taking the measure;
- (c) implement national policies or international agreements relating to the non-proliferation of nuclear weapons or other nuclear explosive devices;
- (d) respond to direct threats of disruption in the supply of nuclear materials for defense purposes.

**Article 608: Miscellaneous Provisions**

1. The Parties agree to allow existing or future incentives for oil and gas exploration, development and related activities in order to maintain the reserve base for these energy resources.
2. Annex 608.2 applies only to the Parties specified in that Annex with respect to other agreements relating to trade in energy goods.

**Article 609: Definitions**

For purposes of this Chapter:

**consumed** means transformed so as to qualify under the rules of origin set out in Chapter Four (Rules of Origin), or actually consumed;

**cross-border trade in services** means "cross-border trade in services" as defined in Article 1213 (Cross-Border Trade in Services - Definitions);

**energy regulatory measure** means any measure by federal or sub-federal entities that directly affects the transportation, transmission or distribution, purchase or sale, of an energy or basic petrochemical good;

**enterprise** means "enterprise" as defined in Article 1139 (Investment - Definitions);

**enterprise of a Party** means "enterprise of a Party" as defined in Article 1139;

**facility for independent power production** means a facility that is used for the generation of electric energy exclusively for sale to an electric utility for further resale;

**first hand sale** refers to the first commercial transaction affecting the good in question;

**investment** means investment as defined in Article 1139;

**restriction** means any limitation, whether made effective through quotas, licenses, permits, minimum or maximum price requirements or any other means;

**total export shipments** means the total shipments from total supply to users located in the territory of the other Party; and

**total supply** means shipments to domestic users and foreign users from:

- (a) domestic production;
- (b) domestic inventory; and
- (c) other imports, as appropriate.

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**Annex 602.3**

**Reservations and Special Provisions**

*Reservations*

1. The Mexican State reserves to itself the following strategic activities, including investment in such activities and the provision of services in such activities:
  - (a) exploration and exploitation of crude oil and natural gas; refining or processing of crude oil and natural gas; and production of artificial gas, basic petrochemicals and their feedstocks and pipelines;
  - (b) foreign trade; transportation, storage and distribution, up to and including the first hand sales of the following goods:
    - (i) crude oil,
    - (ii) natural and artificial gas,
    - (iii) goods covered by this Chapter obtained from the refining or processing of crude oil and natural gas, and
    - (iv) basic petrochemicals;
  - (c) the supply of electricity as a public service in Mexico, including, except as provided in paragraph 5, the generation, transmission, transformation, distribution and sale of electricity; and
  - (d) exploration, exploitation and processing of radioactive minerals, the nuclear fuel cycle, the generation of nuclear energy, the transportation and storage of nuclear waste, the use and reprocessing of nuclear fuel and the regulation of their applications for other purposes and the production of heavy water.

In the event of an inconsistency between this paragraph and another provision of this Agreement, this paragraph shall prevail to the extent of that inconsistency.

2. Pursuant to Article 1101(2) (Investment - Scope and Coverage), private investment is not permitted in the activities listed in paragraph 1. Chapter Twelve (Cross-Border

Trade in Services) shall only apply to activities involving the provision of services covered in paragraph 1 when Mexico permits a contract to be granted in respect of such activities and only to the extent of that contract.

*Trade in Natural Gas and Basic Petrochemicals*

3. Where end-users and suppliers of natural gas or basic petrochemical goods consider that cross-border trade in such goods may be in their interests, each Party shall permit such end-users and suppliers, and any state enterprise of that Party as may be required under its domestic law, to negotiate supply contracts.

Each Party shall leave the modalities of the implementation of any such contract to the end-users, suppliers, and any state enterprise of the Party as may be required under its domestic law, which may take the form of individual contracts between the state enterprise and each of the other entities. Such contracts may be subject to regulatory approval.

*Performance Clauses*

4. Each Party shall allow its state enterprises to negotiate performance clauses in their service contracts.

*Activities and Investment in Electricity Generation Facilities*

5. (a) Production for Own Use

An enterprise of another Party may acquire, establish, and/or operate an electrical generating facility in Mexico to meet the enterprise's own supply needs. Electricity generated in excess of such needs must be sold to the Federal Electricity Commission (Comisión Federal de Electricidad) (CFE) and CFE shall purchase such electricity under terms and conditions agreed to by CFE and the enterprise.

(b) Co-generation

An enterprise of another Party may acquire, establish, and/or operate a co-generation facility in Mexico that generates electricity using heat, steam, or other energy sources associated with an industrial process. Owners of the industrial facility need not be the owners of the co-generating facility. Electricity generated in excess of the industrial facility's supply

requirements must be sold to CFE and CFE shall purchase such electricity under terms and conditions agreed to by CFE and the enterprise.

(c) Independent Power Production

An enterprise of another Party may acquire, establish, and/or operate an electricity generating facility for independent power production (IPP) in Mexico. Electricity generated by such a facility for sale in Mexico shall be sold to CFE and CFE shall purchase such electricity under terms and conditions agreed to by CFE and the enterprise. Where an IPP located in Mexico and an electric utility of another Party consider that cross-border trade in electricity may be in their interests, each relevant Party shall permit these entities and CFE to negotiate terms and conditions of power purchase and power sale contracts. The modalities of implementing such supply contracts are left to the end users, suppliers and CFE and may take the form of individual contracts between CFE and each of the other entities. Each relevant Party shall determine whether such contracts are subject to regulatory approval.

## Annex 603.6

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## Exception to Article 603

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For only those goods listed below, Mexico may restrict the granting of import and export licenses for the sole purpose of reserving foreign trade in these goods to itself.

- 2707.50 Other aromatic hydrocarbon mixtures of which 65 percent or more by volume (including losses) distills at 250° C by the ASTM D 86 method.
- 2707.99 Rubber extender oils, solvent naphtha and carbon black feedstocks only.
- 27.09 Petroleum oils and oils obtained from bituminous minerals, crude.
- 27.10 Aviation gasoline; gasoline and motor fuel blending stocks (except aviation gasoline) and reformates when used as motor fuel blending stocks; kerosene; gas oil and diesel oil; petroleum ether; fuel oil; paraffinic oils other than for lubricating purposes; pentanes; carbon black feedstocks; hexanes; heptanes and naphthas.
- 27.11 Petroleum gases and other gaseous hydrocarbons other than: ethylene, propylene, butylene and butadiene, in purities over 50 percent.
- 2712.90 Only paraffin wax containing by weight more than 0.75 percent of oil, in bulk (Mexico classifies these goods under HS 2712.90.02) and only when imported to be used for further refining.
- 2713.11 Petroleum coke not calcined.
- 2713.20 Petroleum bitumen (except when used for road surfacing purposes under 2713.20.01).
- 2713.90 Other residues of petroleum oils or of oils obtained from bituminous minerals.

27.14 Bitumen and asphalt, natural; bituminous or oil shale and tar sands, asphaltites and asphaltic rocks (except when used for road surfacing purposes under HS 2714.90.01).

2901.10 Ethane, butanes, pentanes, hexanes, and heptanes only.



**Annex 605**

**Exception to Article 605**

Notwithstanding any other provision of this Chapter, the provisions of Article 605 shall not apply as between the other Parties and Mexico.

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**Annex 607**

**National Security**

1. Article 607 shall impose no obligations and confer no rights on Mexico.
2. Article 2102 (National Security) shall apply as between Mexico and the other Parties.

**Annex 608.2**

**Other Agreements**

1. Canada and the United States shall act in accordance with the terms of Annexes 902.5 and 905.2 of the *Canada - United States Free Trade Agreement*, which are hereby incorporated into and made a part of this Agreement for such purpose. This paragraph shall impose no obligations and confer no rights on Mexico.

2. Canada and the United States intend no inconsistency between this Chapter and the *Agreement on an International Energy Program* (IEP). In the event of any inconsistency between the IEP and this Chapter, the IEP shall prevail as between Canada and the United States to the extent of that inconsistency.

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## Chapter Seven

### Agriculture and Sanitary and Phytosanitary Measures

#### Section A - Agriculture

##### Article 701: Scope and Coverage

1. This Section applies to measures adopted or maintained by a Party relating to agricultural trade.
2. In the event of any inconsistency between this Section and another provision of this Agreement, this Section shall prevail to the extent of the inconsistency.

##### Article 702: International Obligations

1. Annex 702.1 applies to the Parties specified in that Annex with respect to agricultural trade under certain agreements between them.
2. Prior to adopting pursuant to an intergovernmental commodity agreement, a measure that may affect trade in an agricultural good between the Parties, the Party proposing to adopt the measure shall consult with the other Parties with a view to avoiding nullification or impairment of a concession granted by that Party in its Schedule to Annex 302.2.
3. Annex 702.3 applies to the Parties specified in that Annex with respect to measures adopted or maintained pursuant to an intergovernmental coffee agreement.

##### Article 703: Market Access

1. The Parties shall work together to improve access to their respective markets through the reduction or elimination of import barriers to trade between them in agricultural goods.

*Customs Duties, Quantitative Restrictions, and Agricultural Grading and Marketing Standards*

2. Annex 703.2 applies to the Parties specified in that Annex with respect to customs duties and quantitative restrictions, trade in sugar and syrup goods, and agricultural grading and marketing standards.

*Special Safeguard Provisions*

3. Each Party may, in accordance with its Schedule to Annex 302.2, adopt or maintain a special safeguard in the form of a tariff rate quota on an agricultural good listed in its Section of Annex 703.3. Notwithstanding Article 302(2), a Party may not apply an over-quota tariff rate under a special safeguard that exceeds the lesser of:

- (a) the most-favored-nation (MFN) rate as of July 1, 1991; and
- (b) the prevailing MFN rate.

4. No Party may, with respect to the same good and the same country, at the same time:

- (a) apply an over-quota tariff rate under paragraph 3; and
- (b) take an emergency action covered by Chapter Eight (Emergency Action).

**Article 704: Domestic Support**

The Parties recognize that domestic support measures can be of crucial importance to their agricultural sectors but may also have trade distorting and production effects and that domestic support reduction commitments may result from agricultural multilateral trade negotiations under the *General Agreement on Tariffs and Trade (GATT)*. Accordingly, where a Party supports its agricultural producers, that Party should endeavor to work toward domestic support measures that:

- (a) have minimal or no trade distorting or production effects; or
- (b) are exempt from any applicable domestic support reduction commitments that may be negotiated under the GATT.

The Parties further recognize that a Party may change its domestic support measures, including those that may be subject to reduction commitments, at the Party's discretion subject to its rights and obligations under the GATT.

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## Article 705: Export Subsidies

1. The Parties share the objective of the multilateral elimination of export subsidies for agricultural goods and shall cooperate in an effort to achieve an agreement under the GATT to eliminate those subsidies.
2. The Parties recognize that export subsidies for agricultural goods may prejudice the interests of importing and exporting Parties and, in particular, may disrupt the markets of importing Parties. Accordingly, in addition to the rights and obligations of the Parties specified in Annex 702.1, the Parties affirm that it is inappropriate for a Party to provide an export subsidy for an agricultural good exported to the territory of another Party where there are no other subsidized imports of that good into the territory of that other Party.
3. Except as provided in Annex 702.1, where an exporting Party considers that a non-Party is exporting an agricultural good to the territory of another Party with the benefit of export subsidies, the importing Party shall, on written request of the exporting Party, consult with the exporting Party with a view to agreeing on specific measures that the importing Party may adopt to counter the effect of any such subsidized imports. If the importing Party adopts the agreed-upon measures, the exporting Party shall refrain from applying, or immediately cease to apply, any export subsidy to exports of such good to the territory of the importing Party.
4. Except as provided in Annex 702.1, an exporting Party shall deliver written notice to the importing Party at least three days, excluding weekends, prior to adopting an export subsidy measure on an agricultural good exported to the territory of another Party. The exporting Party shall consult with the importing Party within 72 hours of receipt of the importing Party's written request, with a view to eliminating the subsidy or minimizing any adverse impact on the market of the importing Party for that good. The importing Party shall, when requesting consultations with the exporting Party, at the same time, deliver written notice to a third Party of the request. A third Party may request to participate in such consultations.
5. Each Party shall take into account the interests of the other Parties in the use of any export subsidy on an agricultural good, recognizing that such subsidies may have prejudicial effects on the interests of the other Parties.
6. The Parties hereby establish a Working Group on Agricultural Subsidies, comprising representatives of each Party, which shall meet at least semi-annually or as the Parties may otherwise agree, to work toward elimination of all export subsidies affecting agricultural trade between the Parties. The functions of the Working Group shall include:

- (a) monitoring the volume and price of imports into the territory of any Party of agricultural goods that have benefitted from export subsidies;
- (b) providing a forum for the Parties to develop mutually acceptable criteria and procedures for reaching agreement on the limitation or elimination of export subsidies for imports of agricultural goods into the territories of the Parties; and
- (c) reporting annually to the Committee on Agricultural Trade, established under Article 706, on the implementation of this Article.

7. Notwithstanding any other provision of this Article:

- (a) if the importing and exporting Parties agree to an export subsidy for an agricultural good exported to the territory of the importing Party, the exporting Party or Parties may adopt or maintain such subsidy; and
- (b) each Party retains its rights to apply countervailing duties to subsidized imports of agricultural goods from the territory of a Party or non-Party.

**Article 706: Committee on Agricultural Trade**

1. The Parties hereby establish a Committee on Agricultural Trade, comprising representatives of each Party.

2. The Committee's functions shall include:

- (a) monitoring and promoting cooperation on the implementation and administration of this Section;
- (b) providing a forum for the Parties to consult on issues related to this Section at least semi-annually and as the Parties may otherwise agree; and
- (c) reporting annually to the Commission on the implementation of this Section.

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**Article 707: Advisory Committee on Private Commercial Disputes regarding Agricultural Goods**

The Committee shall establish an Advisory Committee on Private Commercial Disputes regarding Agricultural Goods, comprising persons with expertise or experience in the resolution of private commercial disputes in agricultural trade. The Advisory Committee shall report and provide recommendations to the Committee for the development of systems in the territory of each Party to achieve the prompt and effective resolution of such disputes, taking into account any special circumstance, including the perishability of certain agricultural goods.

**Article 708: Definitions**

For purposes of this Section:

**agricultural good** means a good provided for in any of the following:

*Note:* For purposes of reference only, descriptions are provided next to the corresponding tariff provision.

- (a) Harmonized System (HS) Chapters 1 through 24 (other than a fish or fish product); or
- (b)
 

HS subheading	2905.43	manitol
HS subheading	2905.44	sorbitol
HS heading	33.01	essential oils
HS headings	35.01 to 35.05	albuminoidal substances, modified
		starches, glues
HS subheading	3809.10	finishing agents
HS subheading	3823.60	sorbitol n.e.p.
HS headings	41.01 to 41.03	hides and skins
HS heading	43.01	raw furskins
HS headings	50.01 to 50.03	raw silk and silk waste
HS headings	51.01 to 51.03	wool and animal hair
HS headings	52.01 to 52.03	raw cotton, cotton waste and cotton
		carded or combed
HS heading	53.01	raw flax
HS heading	53.02	raw hemp

**customs duty** means "customs duty" as defined in Article 318 (National Treatment and Market Access for Goods - Definitions);

**duty-free** means "duty-free" as defined in Article 318;

**fish or fish product** means a fish or crustacean, mollusc or other aquatic invertebrate, marine mammal, or a product thereof provided for in any of the following:



Note: For purposes of reference only, descriptions are provided next to the corresponding tariff provision

HS Chapter	03	fish and crustaceans, molluscs and other aquatic invertebrates
HS heading	05.07	tortoise-shell, whalebone and whalebone hair and those fish or crustaceans, molluscs or other aquatic invertebrates, marine mammals, and their products within this heading
HS heading	05.08	coral and similar materials
HS heading	05.09	natural sponges of animal origin
HS heading	05.11	products of fish or crustaceans, molluscs or other aquatic invertebrates
HS heading	15.04	dead animals of Chapter 3 or marine mammals
HS heading	16.03	fats and oils and their fractions, of fish
HS heading	16.04	"non-meat" extracts and juices prepared or preserved fish
HS heading	16.05	prepared preserved crustaceans, molluscs and other aquatic invertebrates;
HS subheading	2301.20	flours, meals, pellets of fish

**material** means "material" as defined in Article 415 (Rules of Origin - Definitions);

**over-quota tariff rate** means the rate of customs duty to be applied to quantities in excess of the quantity specified under a tariff rate quota;

**sugar or syrup good** means "sugar or syrup good" as defined in Annex 703.2;

**tariff item** means a "tariff item" as defined in Annex 401; and

**tariff rate quota** means a mechanism that provides for the application of a customs duty at a certain rate to imports of a particular good up to a specified quantity (in-quota quantity), and at a different rate to imports of that good that exceed that quantity.

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**Annex 702.1**

**Incorporation of Trade Provisions**

1. Articles 701, 702, 704, 705, 706, 707, 710 and 711 of the *Canada - United States Free Trade Agreement*, which Articles are hereby incorporated into and made a part of this Agreement, apply as between Canada and the United States.
2. The definitions of the terms specified in Article 711 of the *Canada - United States Free Trade Agreement* shall apply to the Articles incorporated by paragraph 1.
3. For purposes of this incorporation, any reference to Chapter Eighteen of the *Canada - United States Free Trade Agreement* shall be deemed to be a reference to Chapter Twenty (Institutional Arrangements and Dispute Settlement Procedures) of this Agreement.
4. The Parties understand that Article 710 of the *Canada - United States Free Trade Agreement* incorporates the GATT rights and obligations of Canada and the United States with respect to agricultural, food, beverage and certain related goods, including exemptions by virtue of paragraph (1)(b) of the Protocol of Provisional Application of the GATT and waivers granted under Article XXV of the GATT.

**Annex 702.3**

**Intergovernmental Coffee Agreement**

Notwithstanding Article 2101 (General Exceptions), neither Canada nor Mexico may adopt or maintain a measure, pursuant to an intergovernmental coffee agreement, that restricts trade in coffee between them.

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**Annex 703.2**

**Market Access**

**Section A - Mexico and the United States**

1. This Section applies only as between Mexico and the United States.

*Customs Duties and Quantitative Restrictions*

2. With respect to agricultural goods, Article 309(1) and (2) (Import and Export Restrictions) applies only to qualifying goods.

3. Each Party waives its rights under Article XI:2(c) of the GATT, and those rights as incorporated by Article 309, regarding any measure adopted or maintained with respect to the importation of qualifying goods.

4. Except with respect to a good set out in Section B or C of Annex 703.3 or Appendix 703.2.A.4, where a Party applies an over-quota tariff rate to a qualifying good pursuant to a tariff rate quota set out in its Schedule to Annex 302.2, or increases a customs duty for a sugar or syrup good to a rate, in accordance with paragraph 18, that exceeds the rate of customs duty for that good set out in its GATT Schedule of Tariff Concessions as of July 1, 1991, the other Party waives its rights under the GATT with respect to the application of that rate of customs duty.

5. Notwithstanding Article 302(2) (Tariff Elimination), where an agreement resulting from agricultural multilateral trade negotiations under the GATT enters into force with respect to a Party pursuant to which it has agreed to convert a prohibition or restriction on its importation of an agricultural good into a tariff rate quota or a customs duty, that Party may not apply to such good that is a qualifying good an over-quota tariff rate that is higher than the lower of the over-quota tariff rate set out in:

- (a) its Schedule to Annex 302.2, and
- (b) that agreement,

and paragraph 4 shall no longer apply to the other Party with respect to that good.

6. Each Party may count the in-quota quantity under a tariff rate quota applied to a qualifying good in accordance with its Schedule to Annex 302.2 toward the satisfaction of

commitments regarding an in-quota quantity of a tariff rate quota or level of access under a restriction on the importation of that good:

- (a) that have been agreed under the GATT, including as set out in its GATT Schedule of Tariff Concessions; or
- (b) undertaken by the Party as a result of any agreement resulting from agricultural multilateral trade negotiations under the GATT.

7. Neither Party may count toward the satisfaction of a commitment regarding an in-quota quantity of a tariff rate quota in its Schedule to Annex 302.2 an agricultural good admitted or entered into a maquiladora or foreign-trade zone and re-exported, including subsequent to processing.

8. The United States shall not adopt or maintain, with respect to the importation of an agricultural qualifying good, any fee applied pursuant to section 22 of the *U.S. Agricultural Adjustment Act*.

9. Neither Party may seek a voluntary restraint agreement from the other Party with respect to the exportation of meat that is a qualifying good.

10. Notwithstanding Chapter Four (Rules of Origin), for purposes of applying a rate of customs duty to a good, the United States may consider as if it were non-originating a good provided for in:

- (a) heading 12.02 that is exported from the territory of Mexico, if the good is not wholly obtained in the territory of Mexico;
- (b) subheading 2008.11 that is exported from the territory of Mexico, if any material provided for in heading 12.02 used in the production of that good is not wholly obtained in the territory of Mexico; or
- (c) U.S. tariff item 1806.10.42 or 2106.90.12 that is exported from the territory of Mexico, if any material provided for in HS subheading 1701.11 used in the production of that good is not a qualifying good.

11. Notwithstanding Chapter Four, for purposes of applying a rate of customs duty to a good, Mexico may consider as if it were non-originating a good provided for in:

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- (a) HS heading 12.02 that is exported from the territory of the United States, if that good is not wholly obtained in the territory of the United States;
- (b) HS subheading 2008.11 that is exported from the territory of the United States, if any material provided for in heading 12.02 used in the production of that good is not wholly obtained in the territory of the United States; or
- (c) Mexican tariff item 1806.10.01 (except those with a sugar content less than 90 percent) or 2106.90.05 (except those that contain added flavoring matter) that is exported from the territory of the United States, if any material provided for in HS subheading 1701.99 used in the production of that good is not a qualifying good.

*Restriction on Same-Condition Substitution Duty Drawback*

12. Beginning on the date of entry into force of this Agreement, neither Mexico nor the United States may refund the amount of customs duties paid, or waive or reduce the amount of customs duties owed, on any agricultural good imported into its territory that is substituted by an identical or similar good that is subsequently exported to the territory of the other Party.

*Trade in Sugar and Syrup Goods*

13. The Parties shall consult by July 1 of each of the first 14 years beginning with 1994 to determine jointly, in accordance with Appendix 703.2.A.13, whether, and if so, by what quantity either Party:

- (a) is projected to be a net surplus producer of sugar in the next marketing year; and
- (b) has been a net surplus producer in any marketing year beginning after the date of entry into force of this Agreement, including the current marketing year.

14. For each of the first 14 marketing years beginning after the date of entry into force of this Agreement, each Party shall accord duty-free treatment to a quantity of sugar and syrup goods that are qualifying goods not less than the greatest of:

- (a) 7,258 metric tons raw value;

(b) the quota allocated by the United States for a non-Party within the category designated "other specified countries and areas" under paragraph (b)(i) of additional U.S. note 3 to chapter 17 of the Harmonized Tariff Schedule of the United States; and

(c) subject to paragraph 15, the other Party's projected net production surplus for that marketing year, as determined under paragraph 13 and adjusted in accordance with Appendix 703.2.A.13.

15. Subject to paragraph 16, the duty-free quantity of sugar and syrup goods under paragraph 14(c) shall not exceed the following ceilings:

- (a) for each of the first six marketing years, 25,000 metric tons raw value;
- (b) for the seventh marketing year, 150,000 metric tons raw value; and
- (c) for each of the eighth through 14th marketing years, 110 percent of the previous marketing year's ceiling.

16. Beginning with the seventh marketing year, paragraph 15 shall not apply where, pursuant to paragraph 13, the Parties have determined the exporting Party to be a net surplus producer:

- (a) for any two consecutive marketing years beginning after the date of entry into force of this Agreement;
- (b) for the previous and current marketing years; or
- (c) in the current marketing year and projected it to be a net surplus producer in the next marketing year, unless subsequently the Parties determine that, contrary to the projection, the exporting Party was not a net surplus producer for that year.

17. Mexico shall, beginning no later than six years after the date of entry into force of this Agreement, apply on a most-favored-nation (MFN) basis a tariff rate quota for sugar and syrup goods consisting of rates of customs duties no less than the lesser of the corresponding:

- (a) MFN rates of the United States in effect on the date that Mexico commences to apply the tariff rate quota; and

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18. When Mexico applies a tariff rate quota under paragraph 17, it shall not apply on a sugar or syrup good that is a qualifying good a rate of customs duty higher than the rate of customs duty applied by the United States on such good.

19. Each Party shall determine the quantity of a sugar or syrup good that is a qualifying good based on the actual weight of such good, converted as appropriate to raw value, without regard to the good's packaging or presentation.

20. If the United States eliminates its tariff rate quota for sugar and syrup goods imported from non-Parties, at such time the United States shall accord to such goods that are qualifying goods the better of the treatment, as determined by Mexico, of:

- (a) the treatment provided for in paragraphs 14 through 16; or
- (b) the MFN treatment granted by the United States to non-Parties.

21. Except as provided in paragraph 22, Mexico shall not be required to apply the applicable rate of customs duty provided in this Annex or in its Schedule to Annex 302.2 to a sugar or syrup good, or sugar-containing product, that is a qualifying good where the United States has granted or will grant benefits under any re-export program or any like program in connection with the export of the good. The United States shall notify Mexico in writing within two days, excluding weekends, of any export to Mexico of such a good for which the benefits of any re-export program or any other like program have been or will be claimed by the exporter.

22. Notwithstanding any other provision of this Section:

- (a) the United States shall accord duty-free treatment to imports of
  - (i) raw sugar that is a qualifying good that will be refined in the territory of the United States and re-exported to the territory of Mexico, and
  - (ii) refined sugar that is a qualifying good that has been refined from raw sugar produced in, and exported from, the territory of the United States;
- (b) Mexico shall accord duty-free treatment to imports of



- (i) raw sugar that is a qualifying good that will be refined in the territory of Mexico and re-exported to the territory of the United States, and
- (ii) refined sugar that is a qualifying good that has been refined from raw sugar produced in, and exported from, the territory of Mexico; and
- (c) imports qualifying for duty-free treatment pursuant to subparagraphs (a) and (b) shall not be subject to, or counted under, any tariff rate quota.

*Agricultural Grading and Marketing Standards*

23. Where a Party adopts or maintains a measure respecting the classification, grading or marketing of a domestic agricultural good, it shall accord treatment to a like qualifying good destined for processing no less favorable than it accords under the measure to the domestic good destined for processing. The importing Party may adopt or maintain measures to ensure that such imported good is processed.

24. Paragraph 23 shall be without prejudice to the rights of either Party under the GATT or under Chapter Three (National Treatment and Market Access for Goods) regarding measures respecting the classification, grading or marketing of an agricultural good, whether or not destined for processing.

25. The Parties hereby establish a Working Group, comprising representatives of Mexico and the United States, which shall meet annually or as otherwise agreed. The Working Group shall review, in coordination with the Committee on Standards-Related Measures established under Article 913 (Committee on Standards-Related Measures), the operation of agricultural grade and quality standards as they affect trade between the Parties, and shall resolve issues that may arise regarding the operation of the standards. This Working Group shall report to the Committee on Agricultural Trade established under Article 706.

*Definitions*

26. For purposes of this Section:

marketing year means a 12-month period beginning October 1;

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**net production surplus** means the quantity by which a Party's domestic production of sugar exceeds its total consumption of sugar during a marketing year, determined in accordance with this Section;

**net surplus producer** means a Party that has a net production surplus;

**plantation white sugar** means crystalline sugar that has not been refined and is intended for human consumption without further processing or refining;

**qualifying good** means an originating good that is an agricultural good, except that in determining whether such good is an originating good, operations performed in or materials obtained from Canada shall be considered as if they were performed in or obtained from a non-Party;

**raw value** means the equivalent of a quantity of sugar in terms of raw sugar testing 96 degrees by the polariscope, determined as follows:

- (a) the raw value of plantation white sugar equals the number of kilograms thereof multiplied by 1.03;
- (b) the raw value of liquid sugar and invert sugar equals the number of kilograms of the total sugars thereof multiplied by 1.07; and
- (c) the raw value of other imported sugar and syrup goods equals the number of kilograms thereof multiplied by the greater of 0.93, or 1.07 less 0.0175 for each degree of polarization under 100 degrees (and fractions of a degree in proportion);

**sugar** means raw or refined sugar derived directly or indirectly from sugar cane or sugar beets, including liquid refined sugar; and

**sugar-containing product** means a good containing sugar; and

**wholly obtained in the territory of** means harvested in the territory of.

Section B - Canada and Mexico

1. This Section applies only as between Canada and Mexico.

Customs Duties and Quantitative Restrictions

2. With respect to agricultural goods, Article 309(1) and (2) (Import and Export Restrictions) applies only to qualifying goods.

3. Except with respect to a good set out in Sections A or B of Annex 703.3., where Party applies an over-quota tariff rate to a qualifying good pursuant to a tariff rate quota set out in its Schedule to Annex 302.2 or increases a customs duty for a sugar or syrup good to a rate that exceeds the rate of customs duty for that good set out in its GATT Schedule of Tariff Concessions as of July 1, 1991, the other Party waives its rights under the GATT with respect to the application of that rate of customs duty.

4. Notwithstanding Article 302(2) (Tariff Elimination), where an agreement resulting from agricultural multilateral trade negotiations under the GATT enters into force with respect to a Party pursuant to which it has agreed to convert a prohibition or restriction on its importation of an agricultural good into a tariff rate quota or a customs duty, that Party may not apply to such good that is a qualifying good an over-quota tariff rate that is higher than the lower of the over-quota tariff rate in:

- (a) its Schedule to Annex 302.2, and
- (b) that agreement,

and paragraph 3 shall no longer apply to the other Party with respect to that good.

5. Each Party may count the in-quota quantity under a tariff rate quota applied to a qualifying good in accordance with its Schedule to Annex 302.2 toward the satisfaction of its commitments regarding an in-quota quantity of a tariff rate quota or level of access under a restriction on the importation of that good:

- (a) that have been agreed under the GATT, including as set out in its GATT Schedule of Tariff Concessions; or
- (b) undertaken by the Party as a result of any agreement resulting from agricultural multilateral trade negotiations under the GATT.

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6. Subject to this Section and for purposes of this Section, Canada and Mexico incorporate their respective rights and obligations with respect to agricultural goods under the GATT and agreements negotiated under the GATT, including their rights and obligations under Article XI of the GATT.

7. Notwithstanding paragraph 6 and Article 309:

- (a) the rights and obligations of the Parties under Article XI:2(c)(i) of the GATT and those rights as incorporated by Article 309 shall apply with respect to trade in agricultural goods only to the dairy, poultry and egg goods set out in Appendix 703.2.B.7; and
- (b) with respect to such dairy, poultry and egg goods that are qualifying goods, either Party may adopt or maintain a prohibition or restriction or a customs duty on the importation of such good consistent with its rights and obligations under the GATT.

8. Without prejudice to Chapter Eight (Emergency Action), neither Party may seek a voluntary restraint agreement from the other Party with respect to the exportation of a qualifying good.

9. Notwithstanding Chapter Four (Rules of Origin), Mexico may treat a good provided for in Mexican tariff item 1806.10.01 (except those with a sugar content less than 90 percent) or 2106.90.05 (except those that contain added flavoring matter) that is exported from the territory of Canada as non-originating for purposes of applying a rate of customs duty to that good, if any material provided for in HS subheading 1701.99 used in the production of such good is not a qualifying good.

10. Notwithstanding Chapter Four, Canada may treat a good provided for in Canadian tariff item 1806.10.10 or 2106.90.21 that is exported from the territory of Mexico as non-originating for purposes of applying a rate of customs duty to that good, if any material provided for in HS subheading 1701.99 used in the production of such good is not a qualifying good.

*Trade in Sugar*

11. Mexico shall apply a rate of customs duty equal to its most-favored-nation over-quota tariff rate to a sugar or syrup that is a qualifying good.

12. Canada may apply a rate of customs duty on a sugar or syrup good that is a qualifying good equal to the rate of customs duty applied by Mexico pursuant to paragraph 11.

*Agricultural Grading and Marketing Standards*

13. The Parties hereby establish a Working Group, comprising representatives of Canada and Mexico, which shall meet annually or as otherwise agreed. The Working Group shall review, in coordination with the Committee on Standards-Related Measures established under Article 913 (Committee on Standards-Related Measures), the operation of agricultural grade and quality standards as they affect trade between the Parties, and shall resolve issues that may arise regarding the operation of the standards. This Working Group shall report to the Committee on Agricultural Trade established under Article 706.

*Definitions*

14. For purposes of this Section:

**qualifying good** means an originating good that is an agricultural good except that, in determining whether such good is an originating good, operations performed in or material obtained from the United States shall be considered as if they were performed or obtained from a non-Party.

**Section C - Definitions**

For purposes of this Annex:

**sugar or syrup good** means:

- (a) for imports into Canada, a good provided for in any of the current tariff items 1701.11.10, 1701.11.20, 1701.11.30, 1701.11.40, 1701.11.50, 1701.12.00, 1701.91.00, 1701.99.00, 1702.90.31, 1702.90.32, 1702.90.33, 1702.90.34, 1702.90.35, 1702.90.36, 1702.90.37, 1702.90.38, 1702.90.39, 1806.10.10 and 2106.90.21 of the Canadian Tariff Schedule;
- (b) for imports into Mexico, a good provided for in any of the current tariff items 1701.11.01, 1701.11.99, 1701.12.01, 1701.12.99, 1701.91 (except those that contain added flavoring matter), 1701.99.01, 1701.99.99, 1702.90.01, 1806.10.01 (except those with a sugar content less than 90

(c)

Note: For p

Mexican Tari

2009.11.01  
2009.19.01

U.S. Tariff It

2009.11.00  
2009.19.20

1. For p  
surplus for a

percent) and 2106.90.05 (except those that contain flavoring matter) of the *General Import Duty Act* ("Ley del Impuesto General de Importación"); and

- (c) for imports into the United States, a good provided for in any of the current tariff items 1701.11.03, 1701.12.02, 1701.91.22, 1701.99.02, 1702.90.32, 1806.10.42, and 2106.90.12 of the U.S. Harmonized Tariff Schedule, without regard to the quantity imported.

**Appendix 703.2.A.4**

**Goods not Subject to Annex 703.2.A.4**

Note: For purposes of reference only, descriptions are provided next to the corresponding tariff provision.

**Schedule of Mexico**

Mexican Tariff Item	Description
2009.11.01	Orange juice, frozen
2009.19.01	Orange juice, with a grade of concentration not greater than 1.5 (single-strength orange juice)

**Schedule of the United States**

U.S. Tariff Item	Description
2009.11.00	Orange juice, frozen
2009.19.20	Orange juice, not frozen, not concentrated (single-strength orange juice)

**Appendix 703.2.A.13**

**Determination and Adjustment of Net Production Surplus**

- For purposes of Section A(14)(c), where the Parties project a net production surplus for a Party for the next marketing year, the projected surplus shall be:

- (a) increased by the amount, if any, by which the actual net production surplus exceeds the projected net production surplus in the most recent marketing year for which the Parties projected a net production surplus for that Party or
- (b) decreased by the amount, if any, by which the projected net production surplus exceeds the actual net production surplus in the most recent marketing year for which the Parties projected a net production surplus for that Party,

as further demonstrated by the following formulas:

$$\text{ANPS} = (\text{PPy} - \text{CPy}) + \text{CF}$$

where: ANPS = adjusted net production surplus  
 PP = projected domestic production of sugar  
 CP = projected total consumption of sugar  
 CF = correction factor  
 y = next marketing year,

and

$$\text{CF} = (\text{PAys} - \text{CAys}) - (\text{PPys} - \text{CPys})$$

where: PA = actual domestic production of sugar  
 CA = actual total consumption of sugar  
 ys = most recent previous marketing year for which the Parties projected a net production surplus for that Party.

2. For purposes only of paragraph 1, neither the projected net production surplus (PPys - CPys) nor the actual net production surplus (PAys - CAys) in the most recent marketing year for which the Parties projected a net production surplus for that Party be considered to:

- (a) exceed the quantity, if any, in Section A(15) applicable to that year; or
- (b) be lower than the greater of
- (i) 7,258 metric tons raw value, or

- (ii) the quantity in paragraph 14(b) of Section A applicable to that year.

3. In appropriate circumstances, a Party shall consider adjustments to projections of its net production surplus when:

where  $F_c$  greater than  $(B + 10 \%)$

- F is the percentage change in stocks from the beginning to the end of a marketing year z, expressed as a positive percentage
- c is current marketing year
- F is calculated in accordance with the following formula:

$$F = \left| \frac{S_b - S_e}{S_b} \right| \times 100$$

- S<sub>b</sub> beginning stocks in marketing year z
- S<sub>e</sub> ending stocks in marketing year z
- B the average annual percentage change in stocks over the previous 5 marketing years, calculated in accordance with the following formula:

$$B = \frac{\left( \sum_{N=1}^5 F_N \right)}{5}$$

- N previous marketing years, ranging from 1 (first preceding year) to 5 (fifth preceding year).



4. For purposes of determining net production surplus or projected net production surplus:

- (a) domestic production means all sugar and syrup goods derived from sugar cane or sugar beets grown in a Party's territory; and
- (b) total consumption means all sugar and syrup goods consumed directly, or indirectly in the form of a good containing such goods, in the territory of a Party.

5. Each Party shall permit representatives from the other Party to observe and comment on its statistics on production, consumption, trade and stocks and on the methodology it uses to prepare such statistics.

6. Statistics on production, consumption, trade and stocks shall be provided by:

- (a) the Secretaría de Agricultura y Recursos Hidráulicos, the Secretaría de Comercio y Fomento Industrial, and the Secretaría de Hacienda y Crédito Público; and
- (b) the U.S. Department of Agriculture (USDA).

Appendix 703.2.B.7

Dairy, Poultry and Egg Goods

Note: For purposes of reference only, descriptions are provided next to the corresponding tariff provision.

Schedule of Canada

For Canada, a dairy, poultry or egg good is a good provided for in one of the following Canadian tariff items:

Canadian Tariff Items	Description
0105.11.20	Broilers of the species <i>Gallus domesticus</i> for domestic production, weighing not more than 185 g
0105.91.00	Live fowls of the species <i>Gallus domesticus</i> , weighing 185g. or more
0105.99.00	Live ducks, geese, turkeys and guinea fowls, weighing 185g. or more
0207.10.00	Meat of poultry of heading No. 01.05, not cut in pieces, fresh or chilled

0207.21.00  
0207.22.00  
0207.39.00  
0207.41.00  
0207.42.00  
0207.50.00  
0209.00.20  
0210.90.10  
0401.10.00  
0401.20.00  
0401.30.00  
0402.10.00  
0402.21.10  
0402.21.20  
0402.29.10  
0402.29.20  
0402.91.00  
0402.99.00  
0403.10.00  
0403.90.10  
0403.90.90  
0404.10.10  
0404.10.90

0207.21.00	Meat of fowls of the species <i>Gallus domesticus</i> , not cut in pieces, frozen
0207.22.00	Meat of turkeys, not cut in pieces, frozen
0207.39.00	Cut meat and edible offal (including livers other than fatty livers of geese or ducks), of the poultry of heading No. 01.05, fresh or chilled
0207.41.00	Cut meat and edible offal, other than livers, of fowls of the species <i>Gallus domesticus</i> , frozen
0207.42.00	Cut meat and edible offal, other than livers, of turkeys, frozen
0207.50.00	Livers of poultry of heading No. 01.05, frozen
0209.00.20	Poultry fat (not rendered), fresh, chilled, frozen, salted, in brine, dried or smoked
0210.90.10	Meat of poultry, salted, in brine, dried or smoked
0401.10.00	Milk and cream, not concentrated nor containing added sugar or other sweetening matter of a fat content, by weight, not exceeding 1 percent
0401.20.00	Milk and cream, not concentrated nor containing added sugar or other sweetening matter of a fat content, by weight, exceeding 1 percent but not exceeding 6 percent
0401.30.00	Milk and cream, not concentrated nor containing added sugar or other sweetening matter, of a fat content, by weight, exceeding 6 percent
0402.10.00	Milk and cream, concentrated or containing added sugar or other sweetening matter, in powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5 percent
0402.21.10	Milk, concentrated, not containing added sugar or other sweetening matter, in powder, granules or other solid forms, of a fat content, by weight, exceeding 1.5 percent
0402.21.20	Cream, concentrated, not containing added sugar or other sweetening matter, in powder, granules or other solid forms, of a fat content, by weight, exceeding 1.5 percent
0402.29.10	Milk, whether or not concentrated, containing added sugar or other sweetening matter, in powder, granules or other solid forms, of a fat content, by weight, exceeding 1.5 percent
0402.29.20	Cream, whether or not concentrated, containing added sugar or other sweetening matter, in powder, granules or other solid forms, of a fat content, by weight, exceeding 1.5 percent
0402.91.00	Milk and cream, concentrated, not containing added sugar or other sweetening matter, not in powder, granules or other solid forms
0402.99.00	Milk and cream, whether or not concentrated, containing added sugar or other sweetening matter, not in powder, granules or other solid forms
0403.10.00	Yogurt
0403.90.10	Powdered buttermilk
0403.90.90	Liquid buttermilk, curdled milk and cream, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavored or containing added fruit, nuts or cocoa
0404.10.10	Whey powder and modified whey powder, whether or not concentrated or containing added sugar or other sweetening matter
0404.10.90	Whey and modified whey, not in powder, whether or not concentrated or containing added sugar or other sweetening matter

0404.90.00	Products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included	1602.39.99
0405.00.10	Butter	
0405.00.90	Fats and oils derived from milk, other than butter	1901.90.31
0406.10.00	Fresh (unripened or uncured) cheese, including whey cheese, and curd	
0406.20.10	Cheddar cheese and cheddar types of cheese, grated or powdered	
0406.20.90	Grated or powdered cheese of all kinds, other than cheddar and cheddar types	2105.00.00
0406.30.00	Processed cheese, not grated or powdered	2106.90.70
0406.40.00	Blue-veined cheese	2309.90.31
0406.90.10	Cheddar cheese and cheddar types of cheese, not grated, powdered or processed	3501.10.00
0406.90.90	Other cheese not elsewhere specified or included	3501.90.00
0407.00.00	Birds' eggs, in shell, fresh, preserved or cooked	3502.10.10
0408.11.00	Dried egg yolks, whether or not containing added sugar or other sweetening matter	3502.10.90
0408.19.00	Egg yolks, fresh, cooked by steaming or by boiling in water, moulded, frozen or otherwise preserved, whether or not containing added sugar or other sweetening matter	
0408.91.00	Birds' eggs, not in shell, dried, whether or not containing added sugar or other sweetening matter	For Mexico, a
0408.99.00	Birds' eggs, not in shell, fresh, cooked by steaming or by boiling in water, moulded, frozen or otherwise preserved, whether or not containing added sugar or other sweetening matter	Mexican Tari
1601.00.11	Sausages and similar products of meat, meat offal or blood of poultry of heading No. 01.05 or food preparations based on these products, in airtight containers	0105.11.01
1601.00.92	Sausages and similar products of meat, meat offal or blood of poultry of heading No. 01.05 or food preparations based on these products, not in airtight containers	0105.91.01
1602.10.10	Homogenized preparations of chicken or turkey	0105.91.99
1602.20.20	Poultry liver paste	0105.99.99
1602.31.10	Prepared meals of prepared or preserved turkey meat, meat offal or blood, other than sausages and similar products	0207.10.01
1602.31.91	Prepared or preserved turkey meat, meat offal or blood, other than sausages and similar products, and other than prepared meals, in airtight containers	0207.10.99
1602.31.99	Prepared or preserved turkey meat, meat offal or blood, other than sausages and similar products, other than prepared meals, not in airtight containers	0207.21.01
1602.39.10	Prepared meals of prepared or preserved meat, meat offal or blood of poultry of heading No. 01.05 other than turkey (i.e., Gallus domesticus, ducks, geese or guinea fowls), other than sausages and similar products	0207.22.01
1602.39.91	Prepared or preserved meat, meat offal or blood of poultry of heading No. 01.05 other than turkey (i.e., Gallus domesticus, ducks, geese or guinea fowls), other than sausages and similar products, and other than prepared meals, in air-tight containers	0207.39.01
		0207.39.02
		0207.39.99
		0207.41.01
		0207.41.99
		0207.42.01
		0207.42.99
		0207.50.01
		0209.00.01
		0210.90.99
		0401.10.01

1602.39.99

Prepared or preserved meat, meat offal or blood, of poultry of heading No. 01.05 other than turkey (i.e., Gallus domesticus, ducks, geese or guinea fowls), other than sausages and similar products, other than prepared meals, not in air-tight containers

1901.90.31

Food preparations of goods of headings Nos. 04.01 to 04.04, not containing cocoa powder or containing cocoa powder in a proportion by weight of less than 10 percent, not elsewhere specified or included, containing more than 10 percent on a dry weight basis of milk solids

2105.00.00

Ice cream and other edible ice, whether or not containing cocoa

2106.90.70

Egg preparations not elsewhere specified or included

2309.90.31

Complete feeds and feed supplements, including concentrates, containing over 50 percent by weight in the dry state of milk solids

3501.10.00

Casein

3501.90.00

Caseinates and other casein derivatives; casein glues

3502.10.10

Egg albumin, dried, evaporated, desiccated or powdered

3502.10.90

Other egg albumin

### Schedule of Mexico

For Mexico, a dairy, poultry or egg good is a good provided for in one of the following tariff items:

#### Mexican Tariff Items

#### Description

0105.11.01

Day old chickens without being fed during its transportation

0105.91.01

Game cocks

0105.91.99

Other

0105.99.99

Other poultry

0207.10.01

Turkey

0207.10.99

Other

0207.21.01

Chickens

0207.22.01

Turkey

0207.39.01

Mechanically deboned of chicken or turkey (not provided for in heading 16.01 or 16.02)

0207.39.02

Turkey

0207.39.99

Other

0207.41.01

Mechanically deboned of chicken or turkey (not provided for in heading 16.01 or 16.02)

0207.41.99

Other

0207.42.01

Mechanically deboned of chicken or turkey (not provided for in heading 16.01 or 16.02)

0207.42.99

Other

0207.50.01

Poultry livers, frozen

0209.00.01

Chicken or turkey fat

0210.90.99

Other

0401.10.01

In hermetic containers milk not concentrated

0401.10.99	Other	0408.19.99
0401.20.01	In hermetic containers	0408.91.01
0401.20.99	Other	0408.91.99
0401.30.01	In hermetic containers	0408.99.01
0401.30.99	Other	0408.99.99
0402.10.01	Milk powder	1601.00.01
0402.10.99	Other	1602.10.01
0402.21.01	Milk powder	1602.20.01
0402.21.99	Other	1602.31.01
0402.29.99	Other	1602.39.99
0402.91.01	Evaporated milk	1901.90.03
0402.91.99	Other	2105.00.01
0402.99.01	Condensed milk	2106.90.09
0402.99.99	Other	2309.90.11
0403.10.01	Yogurt	3501.10.01
0403.90.01	Powdered milk whey with a protein content less than or equal to 12 percent	3501.90.01
0403.90.99	Other butter whey	3501.90.02
0404.10.01	Whey, concentrated, sweetened	3501.90.99
0404.90.99	Other	3502.10.01
0405.00.01	Butter, including the immediate container, with a weight less than or equal to 1 kg	
0405.00.02	Butter, including the immediate container, with a weight over 1 kg	
0405.00.03	Butiric fat, dehydrated	
0405.00.99	Other	
0406.10.01	Fresh cheese, including whey cheese	
0406.20.01	Cheese, grated or powdered	
0406.30.01	Melted cheese, not grated or powdered	
0406.30.99	Other, melted cheese	
0406.40.01	Blue veined cheese	
0406.90.01	Hard paste cheese called sardo	
0406.90.02	Hard paste <i>reggi</i> cheese	
0406.90.03	Soft paste cologne cheese	
0406.90.04	Hard or semi-hard cheeses with a fat content by weight less than or equal to 40 percent, and with a water content by weight in non-fat matter less than or equal to 47 percent (called "grana", "parmigiana" or "reggiana" or with a non-fat matter content by weight over 47 percent without exceeding 72 percent (called "danloot, edam, fontan, fontina, fynbo, gouda, havarti, maribo, samsoe, esron, italico, kernhem, Saint-Nectaire, Saint-Paulin, or talegiöl")	
0406.90.05	<i>Petit suisse</i> cheese	
0406.90.06	Egmont cheese	
0406.90.99	Other hard and semihard cheese	
0407.00.01	Fresh birds' eggs, fertile	
0407.00.02	Frozen eggs	
0407.00.99	Other poultry eggs	
0408.11.01	Dried yolks	

0408.19.99	Other
0408.91.01	Frozen or powdered
0408.91.99	Other
0408.99.01	Frozen or powdered
0408.99.99	Other
1601.00.01	Sausages or similar products of poultry or turkey
1602.10.01	Homogenized preparations of poultry or turkey
1602.20.01	Prepared or preserved liver of poultry or turkey
1602.31.01	Prepared or preserved turkey meat
1602.39.99	Other
1901.90.03	Food preparations containing over 10 percent, by weight, of milk solids
2105.00.01	Ice cream and similar products
2106.90.09	Egg preparations
2309.90.11	Preparations containing over 50 percent by weight of milk solids
3501.10.01	Casein
3501.90.01	Casein glues
3501.90.02	Caseinates
3501.90.99	Other
3502.10.01	Egg albumin

**Annex 703.3**  
**Special Safeguard Goods**

**Note:** For purposes of reference only, descriptions are provided next to the corresponding tariff provision.

**Section A - Canada**

**Canadian Tariff Items**

**Description**

0603.10.90	Fresh cut flowers and flower buds, other than orchids, of a kind suitable for bouquets or for ornamental purposes
0702.00.91	Tomatoes, fresh or chilled, not for processing, (dutyable period)
0703.10.31	Onions or shallots, green, fresh or chilled (dutyable period)
0707.00.91	Cucumbers or gherkins, fresh or chilled, not for processing (dutyable period)
0710.80.20	Broccoli and cauliflowers, uncooked or cooked by steaming or boiling in water, frozen
0811.10.10	Strawberries, uncooked or cooked by steaming or boiling in water, frozen whether or not containing added sugar or other sweetening matter, for processing
0811.10.90	Strawberries, uncooked or cooked by steaming or boiling in water, frozen whether or not containing added sugar or other sweetening matter, other than for processing
2002.90.00	Tomatoes prepared or preserved otherwise than by vinegar or acetic acid other than whole or in pieces

**Section B - Mexico**

**Mexican Tariff Items**

**Description**

0103.91.99	Live swine, weighing less than 50 kilograms each, except purebred breeding animals and those with pedigree or selected breed certificate
0103.92.99	Live swine, weighing 50 kilograms or more each, except purebred breeding animals and those with pedigree or selected breed certificate
0203.11.01	Meat of swine, carcasses and half-carcasses, fresh or chilled
0203.12.01	Hams, shoulders or cuts thereof, with bone in, fresh or chilled
0203.19.99	Other swine meat, fresh or chilled
0203.21.01	Meat of swine, carcasses and half-carcasses, frozen
0203.22.01	Hams, shoulders and cuts thereof, with bone in, frozen
0203.29.99	Other swine meat, frozen
0210.11.01	Hams, shoulders and cuts thereof with bone in, salted, in brine, dried or smoked

0210.12.01  
0210.19.99  
0710.10.01  
0712.10.01

0808.10.01  
2004.10.01

2005.20.01

2101.10.01

U.S. Tariff Item

0702.00.60

0702.00.20

0703.10.40

0709.30.20

0709.60.00

0709.90.20

0807.10.40

0210,12.01  
 0210,19.99  
 0710,10.01  
 0712,10.01  
 0808,10.01  
 2004,10.01  
 2005,20.01  
 2101,10.01

Bellies (streaky) and cuts thereof, salted, in brine, dried or smoked  
 Other swine meat, in brine, dried or smoked  
 Potatoes, uncooked or cooked by steaming or boiling in water, frozen  
 Dried potatoes, whole cut, sliced, broken or in powder, but not further prepared  
 Apples, fresh  
 Potatoes prepared or preserved otherwise than by vinegar or acetic acid, frozen  
 Potatoes prepared or preserved otherwise than by vinegar or acetic acid, not frozen  
 Extracts, essences or concentrates, of coffee, and preparations with a basis of these extracts, essences or concentrates or with a basis of coffee

**Section C - United States**

**U.S. Tariff Items**

**Description**

0702.00.60  
 0702.00.20  
 0703.10.40  
 0709.30.20  
 0709.60.00  
 0709.90.20  
 0807.10.40

Tomatoes (except cherry tomatoes), fresh or chilled; if entered during the period from November 15 through the last day of February  
 Tomatoes (except cherry tomatoes), fresh or chilled; if entered during the period from March 1 through July 14  
 Onions and shallots, fresh or chilled (not including onion sets and not including pearl onions not over 16 mm in diameter) if entered January 1 through April 30  
 Eggplants (aubergines), fresh or chilled, if entered during the period from April 1 through June 30  
 "Chili" peppers; if entered during the period from October 1 through July 31, (current 0709.60.00.20)  
 Squash, fresh or chilled; if entered during the period from October 1 through June 30  
 Watermelons, fresh; if entered during the period from May 1 through September 30



## Section B - Sanitary and Phytosanitary Measures

### Article 709: Scope and Coverage

In order to establish a framework of rules and disciplines to guide the development, adoption and enforcement of sanitary and phytosanitary measures, this Section applies to any such measure of a Party that may, directly or indirectly, affect trade between the Parties.

### Article 710: Relation to Other Chapters

Articles 301 (National Treatment) and 309 (Import and Export Restrictions), and the provisions of Article XX(b) of the GATT as incorporated into Article 2101(1) (General Exceptions), do not apply to any sanitary or phytosanitary measure.

### Article 711: Reliance on Non-Governmental Entities

Each Party shall ensure that any non-governmental entity on which it relies in applying a sanitary or phytosanitary measure acts in a manner consistent with this Section.

### Article 712: Basic Rights and Obligations

#### *Right to Take Sanitary and Phytosanitary Measures*

1. Each Party may, in accordance with this Section, adopt, maintain or apply any sanitary or phytosanitary measure necessary for the protection of human, animal or plant life or health in its territory, including a measure more stringent than an international standard, guideline or recommendation.

#### *Right to Establish Level of Protection*

2. Notwithstanding any other provision of this Section, each Party may, in protecting human, animal or plant life or health, establish its appropriate levels of protection in accordance with Article 715.

#### *Scientific Principles*

3. Each Party shall ensure that any sanitary or phytosanitary measure that it adopts maintains or applies is:

(a)  
(b)  
(c)

*Non-Discriminatory*

4. Each Party maintains or applies like goods of a country, where

*Unnecessary*

5. Each Party maintains or applies protection, taking

*Disguised Restri-*

6. No Party view to, or with

Article 713: I

1. Without Party shall use, standards, guidelines, sanitary and phytosanitary and phytosanitary the other Parties

2. A Party's standard, guideline, A measure that which would be or recommendation Section.

3. Nothing maintaining or applying

- (a) based on scientific principles, taking into account relevant factors including, where appropriate, different geographic conditions;
- (b) not maintained where there is no longer a scientific basis for it; and
- (c) based on a risk assessment, as appropriate to the circumstances.

#### *Non-Discriminatory Treatment*

4. Each Party shall ensure that a sanitary or phytosanitary measure that it adopts, maintains or applies does not arbitrarily or unjustifiably discriminate between its goods and like goods of another Party, or between goods of another Party and like goods of any other country, where identical or similar conditions prevail.

#### *Unnecessary Obstacles*

5. Each Party shall ensure that any sanitary or phytosanitary measure that it adopts, maintains or applies is applied only to the extent necessary to achieve its appropriate level of protection, taking into account technical and economic feasibility.

#### *Disguised Restrictions*

6. No Party may adopt, maintain or apply any sanitary or phytosanitary measure with a view to, or with the effect of, creating a disguised restriction on trade between the Parties.

### **Article 713: International Standards and Standardizing Organizations**

1. Without reducing the level of protection of human, animal or plant life or health, each Party shall use, as a basis for its sanitary and phytosanitary measures, relevant international standards, guidelines or recommendations with the objective, among others, of making its sanitary and phytosanitary measures equivalent or, where appropriate, identical to those of the other Parties.

2. A Party's sanitary or phytosanitary measure that conforms to a relevant international standard, guideline or recommendation shall be presumed to be consistent with Article 712. A measure that results in a level of sanitary or phytosanitary protection different from that which would be achieved by a measure based on a relevant international standard, guideline or recommendation shall not for that reason alone be presumed to be inconsistent with this Section.

3. Nothing in Paragraph 1 shall be construed to prevent a Party from adopting, maintaining or applying, in accordance with the other provisions of this Section, a sanitary or

phytosanitary measure that is more stringent than the relevant international standard, guideline or recommendation.

4. Where a Party has reason to believe that a sanitary or phytosanitary measure of another Party is adversely affecting or may adversely affect its exports and the measure is not based on a relevant international standard, guideline or recommendation, it may request the other Party shall provide in writing, the reasons for the measure.

5. Each Party shall, to the greatest extent practicable, participate in relevant international and North American standardizing organizations, including the *Codex Alimentarius Commission*, the *International Office of Epizootics*, the *International Plant Protection Convention*, and the *North American Plant Protection Organization*, with a view to promoting the development and periodic review of international standards, guidelines and recommendations.

#### Article 714: Equivalence

1. Without reducing the level of protection of human, animal or plant life or health, Parties shall, to the greatest extent practicable and in accordance with this Section, pursue equivalence of their respective sanitary and phytosanitary measures.

2. Each importing Party:

(a) shall treat a sanitary or phytosanitary measure adopted or maintained by an exporting Party as equivalent to its own where the exporting Party, in cooperation with the importing Party, provides to the importing Party such evidence or other information, in accordance with risk assessment methodologies agreed on by those Parties, to demonstrate objectively, set to subparagraph (b), that the exporting Party's measure achieves the importing Party's appropriate level of protection;

(b) may, where it has a scientific basis, determine that the exporting Party's measure does not achieve the importing Party's appropriate level of protection and

(c) shall provide to the exporting Party, on request, its reasons in writing for its determination under subparagraph (b).

3. For purposes of establishing equivalence, each exporting Party shall, on the request of an importing Party, take such reasonable measures as may be available to it to facilitate access in its territory for inspection, testing and other relevant procedures.

4. Each Party shall consider relevant

Article 715:

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2. Further protection regarding animal or plant economic factors

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4. Each Party should, in the development of a sanitary or phytosanitary measure, consider relevant actual or proposed sanitary or phytosanitary measures of the other Parties.

**Article 715: Risk Assessment and Appropriate Level of Protection**

1. In conducting a risk assessment, each Party shall take into account:
- (a) relevant risk assessment techniques and methodologies developed by international or North American standardizing organizations;
  - (b) relevant scientific evidence;
  - (c) relevant processes and production methods;
  - (d) relevant inspection, sampling and testing methods;
  - (e) the prevalence of relevant diseases or pests, including the existence of pest-free or disease-free areas or areas of low pest or disease prevalence;
  - (f) relevant ecological and other environmental conditions; and
  - (g) relevant treatments, such as quarantines.
2. Further to paragraph 1, each Party shall, in establishing its appropriate level of protection regarding the risk associated with the introduction, establishment or spread of an animal or plant pest or disease, and in assessing the risk, also take into account the following economic factors, where relevant:
- (a) loss of production or sales that may result from the pest or disease;
  - (b) costs of control or eradication of the pest or disease in its territory; and
  - (c) the relative cost-effectiveness of alternative approaches to limiting risks.
3. Each Party, in establishing its appropriate level of protection:
- (a) should take into account the objective of minimizing negative trade effects; and
  - (b) shall, with the objective of achieving consistency in such levels, avoid arbitrary or unjustifiable distinctions in such levels in different circumstances, where such distinctions result in arbitrary or unjustifiable discrimination

against a good of another Party or constitute a disguised restriction on trade between the Parties.

4. Notwithstanding paragraphs (1) through (3) and Article 712(3)(c), where a Party conducting a risk assessment determines that available relevant scientific evidence or other information is insufficient to complete the assessment, it may adopt a provisional sanitary or phytosanitary measure on the basis of available relevant information, including from international or North American standardizing organizations and from sanitary or phytosanitary measures of other Parties. The Party shall, within a reasonable period after information sufficient to complete the assessment is presented to it, complete its assessment and, where appropriate, revise the provisional measure in the light of the assessment.

5. Where a Party is able to achieve its appropriate level of protection through the application of a sanitary or phytosanitary measure, it may, on the request of another Party and in accordance with this Section, allow for such a phased application, or grant specific exceptions for limited periods from the measure, taking into account the requesting Party's export interests.

#### Article 716: Adaptation to Regional Conditions

1. Each Party shall adapt any of its sanitary or phytosanitary measures relating to the introduction, establishment or spread of an animal or plant pest or disease, to the sanitary or phytosanitary characteristics of the area where a good subject to such a measure is produced and the area in its territory to which the good is destined, taking into account any relevant conditions, including those relating to transportation and handling, between those areas. In assessing such characteristics of an area, including whether an area is, and is likely to remain, a pest-free or disease-free area or an area of low pest or disease prevalence, each Party shall take into account, among other factors:

- (a) the prevalence of relevant pests or diseases in that area;
- (b) the existence of eradication or control programs in that area; and
- (c) any relevant international standard, guideline or recommendation.

2. Further to paragraph 1, each Party shall, in determining whether an area is a pest-free or disease-free area or an area of low pest or disease prevalence, base its determination on factors such as geography, ecosystems, epidemiological surveillance and the effectiveness of sanitary or phytosanitary controls in that area.

3. Each importing Party shall recognize that an area in the territory of the exporting Party is, and is likely to remain, a pest-free or disease-free area or an area of low pest or disease prevalence.

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Article 717:  
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disease prevalence, where the exporting Party provides to the importing Party scientific evidence or other information sufficient to so demonstrate to the satisfaction of the importing Party. For this purpose, each exporting Party shall provide reasonable access in its territory to the importing Party for inspection, testing and other relevant procedures.

4. Each Party may, in accordance with this Section:

- (a) adopt, maintain or apply a different risk assessment procedure for a pest-free or disease-free area than for an area of low pest or disease prevalence, or
- (b) make a different final determination for the disposition of a good produced in a pest-free or disease-free area than for a good produced in an area of low pest or disease prevalence,

taking into account any relevant conditions, including those relating to transportation and handling.

5. Each Party shall, in adopting, maintaining or applying a sanitary or phytosanitary measure relating to the introduction, establishment or spread of an animal or plant pest or disease, accord a good produced in a pest-free or disease-free area in the territory of another Party no less favorable treatment than it accords a good produced in a pest-free or disease-free area, in another country, that poses the same level of risk. The Party shall use equivalent risk assessment techniques to evaluate relevant conditions and controls in the pest-free or disease-free area and in the area surrounding that area and take into account any relevant conditions, including those relating to transportation and handling.

6. Each importing Party shall pursue an agreement with an exporting Party, on request, on specific requirements the fulfillment of which allows a good produced in an area of low pest or disease prevalence in the territory of an exporting Party to be imported into the territory of the importing Party and achieves the importing Party's appropriate level of protection.

#### Article 717: Control, Inspection and Approval Procedures

1. Each Party, with respect to any control or inspection procedure that it conducts:

- (a) shall initiate and complete the procedure as expeditiously as possible and in no less favorable manner for a good of another Party than for a like good of the Party or of any other country;
- (b) shall publish the normal processing period for the procedure or communicate the anticipated processing period to the applicant on request;

- (c) shall ensure that the competent body
  - (i) on receipt of an application, promptly examines the completeness of the documentation and informs the applicant in a precise and complete manner of any deficiency,
  - (ii) transmits to the applicant as soon as possible the results of the procedure in a form that is precise and complete so that the applicant may take any necessary corrective action,
  - (iii) where the application is deficient, proceeds as far as practicable in the procedure if the applicant so requests, and
  - (iv) informs the applicant, on request, of the status of the application and the reasons for any delay;
- (d) shall limit the information the applicant is required to supply to that necessary for conducting the procedure;
- (e) shall accord confidential or proprietary information arising from, or supplied in connection with, the procedure conducted for a good of another Party
  - (i) treatment no less favorable than for a good of the Party, and
  - (ii) in any event, treatment that protects the applicant's legitimate commercial interests, to the extent provided under the Party's law
- (f) shall limit any requirement regarding individual specimens or samples of a good to that which is reasonable and necessary;
- (g) should not impose a fee for conducting the procedure that is higher for a good of another Party than is equitable in relation to any such fee it imposes for like goods or for like goods of any other country, taking into account communication, transportation and other related costs;
- (h) should use criteria for selecting the location of facilities at which the procedure is conducted that do not cause unnecessary inconvenience to an applicant or agent;
- (i) shall provide a mechanism to review complaints concerning the operation of the procedure and to take corrective action when a complaint is justified;

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Article 718:

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- (j) should use criteria for selecting samples of goods that do not cause unnecessary inconvenience to an applicant or its agent; and
- (k) shall limit the procedure, for a good modified subsequent to a determination that the good fulfills the requirements of the applicable sanitary or phytosanitary measure, to that necessary to determine that the good continues to fulfill the requirements of that measure.

2. Each Party shall apply, with such modifications as may be necessary, paragraphs 1(a) through (i) to its approval procedures.

3. Where an importing Party's sanitary or phytosanitary measure requires the conduct of a control or inspection procedure at the level of production, an exporting Party shall, on the request of the importing Party, take such reasonable measures as may be available to it to facilitate access in its territory and to provide assistance necessary to facilitate the conduct of the importing Party's control or inspection procedure.

4. A Party maintaining an approval procedure may require its approval for the use of an additive, or its establishment of a tolerance for a contaminant, in a food, beverage or feedstuff, under that procedure prior to granting access to its domestic market for a food, beverage or feedstuff containing that additive or contaminant. Where such Party so requires, it shall consider using a relevant international standard, guideline or recommendation as the basis for granting access until it completes the procedure.

#### **Article 718: Notification, Publication and Provision of Information**

1. Further to Articles 1802 (Publication) and 1803 (Notification and Provision of Information), each Party proposing to adopt or modify a sanitary or phytosanitary measure of general application at the federal level shall:

- (a) at least 60 days prior to the adoption or modification of the measure, other than a law, publish a notice and notify in writing the other Parties of the proposed measure and provide to the other Parties and publish the full text of the proposed measure, in such a manner as to enable interested persons to become acquainted with the proposed measure;
- (b) identify in the notice and notification the good to which the measure would apply, and provide a brief description of the objective and reasons for the measure;
- (c) provide a copy of the proposed measure to any Party or interested person that so requests and, wherever possible, identify any provision that deviates in



substance from relevant international standards, guidelines or recommendations; and

- (d) without discrimination, allow other Parties and interested persons to make comments in writing and shall, on request, discuss the comments and take comments and the results of the discussions into account.

2. Each Party shall seek, through appropriate measures, to ensure, with respect to a sanitary or phytosanitary measure of a state or provincial government:

- (a) that, at an early appropriate stage, a notice and notification of the type referred to in paragraph 1(a) and (b) are made prior to their adoption; and
- (b) observance of paragraph 1(c) and (d).

3. Where a Party considers it necessary to address an urgent problem relating to sanitary or phytosanitary protection, it may omit any step set out in paragraph 1 or 2, provided that on adoption of a sanitary or phytosanitary measure, it shall:

- (a) immediately provide to the other Parties a notification of the type referred to in paragraph 1(b), including a brief description of the urgent problem;
- (b) provide a copy of the measure to any Party or interested person that so requests; and
- (c) without discrimination, allow other Parties and interested persons to make comments in writing and shall, on request, discuss the comments and take comments and the results of the discussions into account.

4. Each Party shall, except where necessary to address an urgent problem referred to in paragraph 3, allow a reasonable period between the publication of a sanitary or phytosanitary measure of general application and the date that it becomes effective to allow time for interested persons to adapt to the measure.

5. Each Party shall designate a government authority responsible for the implementation at the federal level of the notification provisions of this Article, and shall notify the other Parties thereof. Where a Party designates two or more government authorities for this purpose, it shall provide to the other Parties complete and unambiguous information on the scope of responsibility of each such authority.

6. Where an importing Party denies entry into its territory of a good of another Party because it does not comply with a sanitary or phytosanitary measure, the importing Party

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Article 719

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shall provide a written explanation to the exporting Party, on request, that identifies the applicable measure and the reasons that the good is not in compliance.

#### **Article 719: Inquiry Points**

1. Each Party shall ensure that there is one inquiry point that is able to answer all reasonable inquiries from other Parties and interested persons, and to provide relevant documents, regarding:
  - (a) any sanitary or phytosanitary measure of general application, including any control or inspection procedure or approval procedure, proposed, adopted or maintained in its territory at the federal, state or provincial government level;
  - (b) the Party's risk assessment procedures and factors it considers in conducting the assessment and in establishing its appropriate levels of protection;
  - (c) the membership and participation of the Party, or its relevant federal, state or provincial government authorities in international and regional sanitary and phytosanitary organizations and systems, and in bilateral and multilateral arrangements within the scope of this Section, and the provisions of those systems and arrangements; and
  - (d) the location of notices published pursuant to this Section or where such information can be obtained.
2. Each Party shall ensure that where copies of documents are requested by another Party or by interested persons in accordance with this Section, they are supplied at the same price, apart from the actual cost of delivery, as the price for domestic purchase.

#### **Article 720: Technical Cooperation**

1. Each Party shall, on the request of another Party, facilitate the provision of technical advice, information and assistance, on mutually agreed terms and conditions, to enhance that Party's sanitary and phytosanitary measures and related activities, including research, processing technologies, infrastructure and the establishment of national regulatory bodies. Such assistance may include credits, donations and grants for the acquisition of technical expertise, training and equipment that will facilitate the Party's adjustment to and compliance with a Party's sanitary or phytosanitary measure.

2. Each Party shall, on the request of another Party:
  - (a) provide to that Party information on its technical cooperation programs regarding sanitary or phytosanitary measures relating to specific areas of interest; and
  - (b) consult with the other Party during the development of, or prior to the adoption or change in the application of, any sanitary or phytosanitary measure.

**Article 721: Limitations on the Provision of Information**

Nothing in this Section shall be construed to require a Party to:

- (a) communicate, publish texts or provide particulars or copies of documents other than in an official language of the Party; or
- (b) furnish any information the disclosure of which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises.

**Article 722: Committee on Sanitary and Phytosanitary Measures**

1. The Parties hereby establish a Committee on Sanitary and Phytosanitary Measures comprising representatives of each Party who have responsibility for sanitary and phytosanitary matters.
2. The Committee should facilitate:
  - (a) the enhancement of food safety and improvement of sanitary and phytosanitary conditions in the territories of the Parties;
  - (b) activities of the Parties pursuant to Articles 713 and 714;
  - (c) technical cooperation between the Parties, including cooperation in the development, application and enforcement of sanitary or phytosanitary measures; and
  - (d) consultations on specific matters relating to sanitary or phytosanitary measures.

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**Article 723:**  
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3. The Committee:

- (a) shall, to the extent possible, in carrying out its functions, seek the assistance of relevant international and North American standardizing organizations to obtain available scientific and technical advice and minimize duplication of effort;
- (b) may draw on such experts and expert bodies as it considers appropriate;
- (c) shall report annually to the Commission on the implementation of this Section;
- (d) shall meet on the request of any Party and, unless the Parties otherwise agree, at least once each year; and
- (e) may, as it considers appropriate, establish and determine the scope and mandate of working groups.

**Article 723: Technical Consultations**

1. A Party may request consultations with another Party on any matter covered by this Section.
2. Each Party should use the good offices of relevant international and North American standardizing organizations, including those referred to in Article 713(5), for advice and assistance on sanitary and phytosanitary matters within their respective mandates.
3. Where a Party requests consultations regarding the application of this Section to a Party's sanitary or phytosanitary measure, and so notifies the Committee, the Committee may facilitate the consultations, if it does not consider the matter itself, by referring the matter for non-binding technical advice or recommendations to a working group, including an ad hoc working group, or to another forum.
4. The Committee should consider any matter referred to it under paragraph 3 as expeditiously as possible, particularly regarding perishable goods, and promptly forward to the Parties any technical advice or recommendations that it develops or receives concerning the matter. Each Party involved shall provide a written response to the Committee concerning the technical advice or recommendations within such time as the Committee may request.
5. Where the involved Parties have had recourse to consultations facilitated by the Committee under paragraph 3, the consultations shall, on the agreement of the Parties involved, constitute consultations under Article 2006 (Consultations).

6. The Parties confirm that a Party asserting that a sanitary or phytosanitary measure of another Party is inconsistent with this Section shall have the burden of establishing the inconsistency.

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**Article 724: Definitions**

For purposes of this Section:

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**animal** includes fish and wild fauna;

**appropriate level of protection** means the level of protection of human, animal or plant life or health in the territory of a Party that the Party considers appropriate;

(c)

**approval procedure** means any registration, notification or other mandatory administrative procedure for:

(d)

- (a) approving the use of an additive for a stated purpose or under stated conditions, or
- (b) establishing a tolerance for a stated purpose or under stated conditions for a contaminant,

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in a food, beverage or feedstuff prior to permitting the use of the additive or the marketing of a food, beverage or feedstuff containing the additive or contaminant;

**area** means a country, part of a country or all or parts of several countries;

(a)

**area of low pest or disease prevalence** means an area in which a specific pest or disease occurs at low levels;

(b)

**contaminant** includes pesticide and veterinary drug residues and extraneous matter;

**control or inspection procedure** means any procedure used, directly or indirectly, to determine that a sanitary or phytosanitary measure is fulfilled, including sampling, testing, inspection, evaluation, verification, monitoring, auditing, assurance of conformity, accreditation, registration, certification or other procedure involving the physical examination of a good, of the packaging of a good, or of the equipment or facilities directly related to production, marketing or use of a good, but does not mean an approval procedure;

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**international standard, guideline or recommendation** means a standard, guideline or recommendation:

- (a) regarding food safety, adopted by the *Codex Alimentarius Commission*, including one regarding decomposition elaborated by the *Codex Committee on Fish and Fishery Products*, food additives, contaminants, hygienic practice, and methods of analysis and sampling;
- (b) regarding animal health and zoonoses, developed under the auspices of the *International Office of Epizootics*;
- (c) regarding plant health, developed under the auspices of the *Secretariat of the International Plant Protection Convention* in cooperation with the *North American Plant Protection Organization*; or
- (d) established by or developed under any other international organization agreed on by the Parties;

**pest** includes a weed;

**pest-free or disease-free area** means an area in which a specific pest or disease does not occur;

**plant** includes wild flora;

**risk assessment** means an evaluation of:

- (a) the potential for the introduction, establishment or spread of a pest or disease and associated biological and economic consequences; or
- (b) the potential for adverse effects on human or animal life or health arising from the presence of an additive, contaminant, toxin or disease-causing organism in a food, beverage or feedstuff;

**sanitary or phytosanitary measure** means a measure that a Party adopts, maintains or applies to:

- (a) protect animal or plant life or health in its territory from risks arising from the introduction, establishment or spread of a pest or disease,
- (b) protect human or animal life or health in its territory from risks arising from the presence of an additive, contaminant, toxin or disease-causing organism in a food, beverage or feedstuff,

- (c) protect human life or health in its territory from risks arising from a disease-causing organism or pest carried by an animal or plant, or a product thereof, or
- (d) prevent or limit other damage in its territory arising from the introduction, establishment or spread of a pest,

including end product criteria; a product-related processing or production method; a testing inspection, certification or approval procedure; a relevant statistical method; a sampling procedure; a method of risk assessment; a packaging and labelling requirement directly related to food safety; and a quarantine treatment, such as a relevant requirement associated with the transportation of animals or plants or with material necessary for their survival during transportation; and

scientific basis means a reason based on data or information derived using scientific methods.

Article 801:

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## Chapter Eight

### Emergency Action

#### Article 801: Bilateral Actions

1. Subject to paragraphs 2 through 4 and Annex 801.1, and during the transition period only, if a good originating in the territory of a Party, as a result of the reduction or elimination of a duty provided for in this Agreement, is being imported into the territory of another Party in such increased quantities, in absolute terms, and under such conditions that the imports of the good from that Party alone constitute a substantial cause of serious injury, or threat thereof, to a domestic industry producing a like or directly competitive good, the Party into whose territory the good is being imported may, to the minimum extent necessary to remedy or prevent the injury:

- (a) suspend the further reduction of any rate of duty provided for under this Agreement on the good;
- (b) increase the rate of duty on the good to a level not to exceed the lesser of
  - (i) the most-favored-nation (MFN) applied rate of duty in effect at the time the action is taken, and
  - (ii) the MFN applied rate of duty in effect on the day immediately preceding the date of entry into force of this Agreement; or
- (c) in the case of a duty applied to a good on a seasonal basis, increase the rate of duty to a level not to exceed the MFN applied rate of duty that was in effect on the good for the corresponding season immediately preceding the date of entry into force of this Agreement.

2. The following conditions and limitations shall apply to a proceeding that may result in emergency action under paragraph 1:

- (a) a Party shall, without delay, deliver to any Party that may be affected written notice of, and a request for consultations regarding, the institution of a proceeding that could result in emergency action against a good originating in the territory of a Party;
- (b) any such action shall be initiated no later than one year after the date of institution of the proceeding;



- (c) no action may be maintained
    - (i) for a period exceeding three years, except where the good against which the action is taken is provided for in the items in staging category C+ of the Schedule to Annex 302.2 of the Party taking the action and that Party determines that the affected industry has undertaken adjustment and requires an extension of the period of relief, in which case the period of relief may be extended for one year provided that the duty applied during the initial period of relief is substantially reduced at the beginning of the extension period, or
    - (ii) beyond the expiration of the transition period, except with the consent of the Party against whose good the action is taken;
  - (d) no action may be taken by a Party against any particular good originating in the territory of another Party more than once during the transition period, and
  - (e) on the termination of the action, the rate of duty shall be the rate that, according to the Party's Schedule to Annex 302.2 for the staged elimination of the tariff, would have been in effect one year after the initiation of the action, and beginning January 1 of the year following the termination of the action, at the option of the Party that has taken the action
    - (i) the rate of duty shall conform to the applicable rate set out in its Schedule to Annex 302.2, or
    - (ii) the tariff shall be eliminated in equal annual stages ending on the date set out in its Schedule to Annex 302.2 for the elimination of the tariff.
3. A Party may take a bilateral emergency action after the expiration of the transition period to deal with cases of serious injury, or threat thereof, to a domestic industry arising from the operation of this Agreement only with the consent of the Party against whose good the action would be taken.
4. The Party taking an action under this Article shall provide to the Party against whose good the action is taken mutually agreed trade liberalizing compensation in the form of concessions having substantially equivalent trade effects or equivalent to the value of the additional duties expected to result from the action. If the Parties concerned are unable to agree on compensation, the Party against whose good the action is taken may take tariff action having trade effects substantially equivalent to the action taken under

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Article. The Party taking the tariff action shall apply the action only for the minimum period necessary to achieve the substantially equivalent effects.

5. This Article does not apply to emergency actions respecting goods covered by Annex 300-B (Textile and Apparel Goods).

#### Article 802: Global Actions

1. Each Party retains its rights and obligations under Article XIX of the GATT or any safeguard agreement pursuant thereto except those regarding compensation or retaliation and exclusion from an action to the extent that such rights or obligations are inconsistent with this Article. Any Party taking an emergency action under Article XIX or any such agreement shall exclude imports of a good from each other Party from the action unless:

- (a) imports from a Party, considered individually, account for a substantial share of total imports; and
- (b) imports from a Party, considered individually, or in exceptional circumstances imports from Parties considered collectively, contribute importantly to the serious injury, or threat thereof, caused by imports.

2. In determining whether:

- (a) imports from a Party, considered individually, account for a substantial share of total imports, those imports normally shall not be considered to account for a substantial share of total imports if that Party is not among the top five suppliers of the good subject to the proceeding, measured in terms of import share during the most recent three-year period; and
- (b) imports from a Party or Parties contribute importantly to the serious injury, or threat thereof, the competent investigating authority shall consider such factors as the change in the import share of each Party, and the level and change in the level of imports of each Party. In this regard, imports from a Party normally shall not be deemed to contribute importantly to serious injury, or the threat thereof, if the growth rate of imports from a Party during the period in which the injurious surge in imports occurred is appreciably lower than the growth rate of total imports from all sources over the same period.

3. A Party taking such action, from which a good from another Party or Parties is initially excluded pursuant to paragraph 1, shall have the right subsequently to include that good from the other Party or Parties in the action in the event that the competent

investigating authority determines that a surge in imports of such good from the other Party or Parties undermines the effectiveness of the action.

4. A Party shall, without delay, deliver written notice to the other Parties of the institution of a proceeding that may result in emergency action under paragraph 1 or 3.

5. No Party may impose restrictions on a good in an action under paragraph 1 or 3:

(a) without delivery of prior written notice to the Commission, and without adequate opportunity for consultation with the Party or Parties against whose good the action is proposed to be taken, as far in advance of taking the action as practicable; and

(b) that would have the effect of reducing imports of such good from a Party below the trend of imports of the good from that Party over a recent representative base period with allowance for reasonable growth.

6. The Party taking an action pursuant to this Article shall provide to the Party or Parties against whose good the action is taken mutually agreed trade liberalizing compensation in the form of concessions having substantially equivalent trade effects or equivalent to the value of the additional duties expected to result from the action. If the Parties concerned are unable to agree on compensation, the Party against whose good the action is taken may take action having trade effects substantially equivalent to the action taken under paragraph 1 or 3.

### Article 803: Administration of Emergency Action Proceedings

1. Each Party shall ensure the consistent, impartial and reasonable administration of its laws, regulations, decisions and rulings governing all emergency action proceedings.

2. Each Party shall entrust determinations of serious injury, or threat thereof, in emergency action proceedings to a competent investigating authority, subject to review by judicial or administrative tribunals, to the extent provided by domestic law. Negative injury determinations shall not be subject to modification, except by such review. The competent investigating authority empowered under domestic law to conduct such proceedings should be provided with the necessary resources to enable it to fulfill its duties.

3. Each Party shall adopt or maintain equitable, timely, transparent and effective procedures for emergency action proceedings, in accordance with the requirements set out in Annex 803.3.

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4. This Article does not apply to emergency actions taken under Annex 300-B (Textile and Apparel Goods).

#### Article 804: Dispute Settlement in Emergency Action Matters

No Party may request the establishment of an arbitral panel under Article 2008 (Request for an Arbitral Panel) regarding any proposed emergency action.

#### Article 805: Definitions

For purposes of this Chapter:

**competent investigating authority** means the "competent investigating authority" of a Party as defined in Annex 805;

**contribute importantly** means an important cause, but not necessarily the most important cause;

**critical circumstances** means circumstances where delay would cause damage that would be difficult to repair;

**domestic industry** means the producers as a whole of the like or directly competitive good operating in the territory of a Party;

**emergency action** does not include any emergency action pursuant to a proceeding instituted prior to January 1, 1994;

**good originating in the territory of a Party** means an originating good, except that in determining the Party in whose territory that good originates, the relevant rules of Annex 302.2 shall apply;

**serious injury** means a significant overall impairment of a domestic industry;

**surge** means a significant increase in imports over the trend for a recent representative base period;

**threat of serious injury** means serious injury that, on the basis of facts and not merely on allegation, conjecture or remote possibility, is clearly imminent; and

**transition period** means the 10-year period beginning on January 1, 1994, except where the good against which the action is taken is provided for in the items in staging category C+ of the Schedule to Annex 302.2 of the Party taking the action, in which case the transition period shall be the period of staged tariff elimination for that good.

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**Annex 801.1**

**Bilateral Actions**

1. Notwithstanding Article 801, bilateral emergency actions between Canada and the United States on goods originating in the territory of either Party, other than goods covered by Annex 300-B (Textile and Apparel Goods), shall be governed in accordance with the terms of Article 1101 of the *Canada - United States Free Trade Agreement*, which is hereby incorporated into and made a part of this Agreement for such purpose.
2. For such purposes, "good originating in the territory of one Party" means "good originating in the territory of a Party" as defined in Article 805.

**Annex 803.3**

**Administration of Emergency Action Proceedings**

*Institution of a Proceeding*

1. An emergency action proceeding may be instituted by a petition or complaint by entities specified in domestic law. The entity filing the petition or complaint shall demonstrate that it is representative of the domestic industry producing a good like or directly competitive with the imported good.
2. A Party may institute a proceeding on its own motion or request the competent investigating authority to conduct a proceeding.

*Contents of a Petition or Complaint*

3. Where the basis for an investigation is a petition or complaint filed by an entity representative of a domestic industry, the petitioning entity shall, in its petition or complaint, provide the following information to the extent that such information is publicly available from governmental or other sources, or best estimates and the basis therefor if such information is not available:

- (a) product description - the name and description of the imported good concerned, the tariff subheading under which that good is classified, its current tariff treatment and the name and description of the like or directly competitive domestic good concerned;
- (b) representativeness -
  - (i) the names and addresses of the entities filing the petition or complaint, and the locations of the establishments in which they produce the domestic good,
  - (ii) the percentage of domestic production of the like or directly competitive good that such entities account for and the basis for claiming that they are representative of an industry, and
  - (iii) the names and locations of all other domestic establishments in which the like or directly competitive good is produced;

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- (c) import data - import data for each of the five most recent full years that form the basis of the claim that the good concerned is being imported in increased quantities, either in absolute terms or relative to domestic production as appropriate;
- (d) domestic production data - data on total domestic production of the like or directly competitive good for each of the five most recent full years;
- (e) data showing injury - quantitative and objective data indicating the nature and extent of injury to the concerned industry, such as data showing changes in the level of sales, prices, production, productivity, capacity utilization, market share, profits and losses, and employment;
- (f) cause of injury - an enumeration and description of the alleged causes of the injury, or threat thereof, and a summary of the basis for the assertion that increased imports, either actual or relative to domestic production, of the imported good are causing or threatening to cause serious injury, supported by pertinent data; and
- (g) criteria for inclusion - quantitative and objective data indicating the share of imports accounted for by imports from the territory of each other Party and the petitioner's views on the extent to which such imports are contributing importantly to the serious injury, or threat thereof, caused by imports of that good.

4. Petitions or complaints, except to the extent that they contain confidential business information, shall promptly be made available for public inspection on being filed.

*Notice Requirement*

5. On instituting an emergency action proceeding, the competent investigating authority shall publish notice of the institution of the proceeding in the official journal of the Party. The notice shall identify the petitioner or other requester, the imported good that is the subject of the proceeding and its tariff subheading, the nature and timing of the determination to be made, the time and place of the public hearing, dates of deadlines for filing briefs, statements and other documents, the place at which the petition and any other documents filed in the course of the proceeding may be inspected, and the name, address and telephone number of the office to be contacted for more information.



6. With respect to an emergency action proceeding instituted on the basis of a petition or complaint filed by an entity asserting that it is representative of the domestic industry, the competent investigating authority shall not publish the notice required by paragraph 5 without first assessing carefully that the petition or complaint meets the requirements of paragraph 3, including representativeness.

*Public Hearing*

7. In the course of each proceeding, the competent investigating authority shall:

- (a) hold a public hearing, after providing reasonable notice, to allow all interested parties, and any association whose purpose is to represent the interests of consumers in the territory of the Party instituting the proceeding, to appear in person or by counsel, to present evidence and to be heard on the questions of serious injury, or threat thereof, and the appropriate remedy; and
- (b) provide an opportunity to all interested parties and any such association appearing at the hearing to cross-question interested parties making presentations at that hearing.

*Confidential Information*

8. The competent investigating authority shall adopt or maintain procedures for the treatment of confidential information, protected under domestic law, that is provided in the course of a proceeding, including a requirement that interested parties and consumer associations providing such information furnish non-confidential written summaries thereof, or where they indicate that the information cannot be summarized, the reasons why a summary cannot be provided.

*Evidence of Injury and Causation*

9. In conducting its proceeding the competent investigating authority shall gather, to the best of its ability, all relevant information appropriate to the determination it must make. It shall evaluate all relevant factors of an objective and quantifiable nature having a bearing on the situation of that industry, including the rate and amount of the increase in imports of the good concerned, in absolute and relative terms as appropriate, the share of the domestic market taken by increased imports, and changes in the level of sales, production, productivity, capacity utilization, profits and losses, and employment. In making its determination, the competent investigating authority may also consider other

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economic factors, such as changes in prices and inventories, and the ability of firms in the industry to generate capital.

10. The competent investigating authority shall not make an affirmative injury determination unless its investigation demonstrates, on the basis of objective evidence, the existence of a clear causal link between increased imports of the good concerned and serious injury, or threat thereof. Where factors other than increased imports are causing injury to the domestic industry at the same time, such injury shall not be attributed to increased imports.

#### *Deliberation and Report*

11. Except in critical circumstances and in global actions involving perishable agricultural goods, the competent investigating authority, before making an affirmative determination in an emergency action proceeding, shall allow sufficient time to gather and consider the relevant information, hold a public hearing and provide an opportunity for all interested parties and consumer associations to prepare and submit their views.

12. The competent investigating authority shall promptly publish a report, including a summary thereof in the official journal of the Party, setting out its findings and reasoned conclusions on all pertinent issues of law and fact. The report shall describe the imported good and its tariff item number, the standard applied and the finding made. The statement of reasons shall set out the basis for the determination, including a description of:

- (a) the domestic industry seriously injured or threatened with serious injury;
- (b) information supporting a finding that imports are increasing, the domestic industry is seriously injured or threatened with serious injury, and increasing imports are causing or threatening serious injury; and
- (c) if provided for by domestic law, any finding or recommendation regarding the appropriate remedy and the basis therefor.

13. In its report, the competent investigating authority shall not disclose any confidential information provided pursuant to any undertaking concerning confidential information that may have been made in the course of the proceedings.

**Annex 805**  
**Country-Specific Definitions**

For purposes of this Chapter:

competent investigating authority means:

- (a) in the case of Canada, the Canadian International Trade Tribunal, or its successor;
- (b) in the case of Mexico, the designated authority within the Ministry of Trade and Industrial Development ("Secretaría de Comercio y Fomento Industrial"), or its successor; and
- (c) in the case of the United States, the U.S. International Trade Commission, or its successor.

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**PART THREE**  
**TECHNICAL BARRIERS TO TRADE**

**Chapter Nine**

**Standards-Related Measures**

**Article 901: Scope and Coverage**

1. This Chapter applies to standards-related measures of a Party, other than those covered by Section B of Chapter Seven (Sanitary and Phytosanitary Measures), that may, directly or indirectly, affect trade in goods or services between the Parties, and to measures of the Parties relating to such measures.
2. Technical specifications prepared by governmental bodies for production or consumption requirements of such bodies shall be governed exclusively by Chapter Ten (Government Procurement).

**Article 902: Extent of Obligations**

1. Article 105 (Extent of Obligations) does not apply to this Chapter.
2. Each Party shall seek, through appropriate measures, to ensure observance of Articles 904 through 908 by state or provincial governments and by non-governmental standardizing bodies in its territory.

**Article 903: Affirmation of Agreement on Technical Barriers to Trade and Other Agreements**

Further to Article 103 (Relation to Other Agreements), the Parties affirm with respect to each other their existing rights and obligations relating to standards-related measures under the *GATT Agreement on Technical Barriers to Trade* and all other international agreements, including environmental and conservation agreements, to which those Parties are party.

## Article 904: Basic Rights and Obligations

### *Right to Take Standards-Related Measures*

1. Each Party may, in accordance with this Agreement, adopt, maintain or apply any standards-related measure, including any such measure relating to safety, the protection of human, animal or plant life or health, the environment or consumers, and any measure to ensure its enforcement or implementation. Such measures include those to prohibit the importation of a good of another Party or the provision of a service by a service provider of another Party that fails to comply with the applicable requirements of those measures to complete the Party's approval procedures.

### *Right to Establish Level of Protection*

2. Notwithstanding any other provision of this Chapter, each Party may, in pursuing its legitimate objectives of safety or the protection of human, animal or plant life or health, the environment or consumers, establish the levels of protection that it considers appropriate in accordance with Article 907(2).

### *Non-Discriminatory Treatment*

3. Each Party shall, in respect of its standards-related measures, accord to goods and service providers of another Party:

- (a) national treatment in accordance with Article 301 (Market Access) or Article 1202 (Cross-Border Trade in Services); and
- (b) treatment no less favorable than that it accords to like goods, or in like circumstances to service providers, of any other country.

### *Unnecessary Obstacles*

4. No Party may prepare, adopt, maintain or apply any standards-related measure with a view to or with the effect of creating an unnecessary obstacle to trade between Parties. An unnecessary obstacle to trade shall not be deemed to be created where:

- (a) the demonstrable purpose of the measure is to achieve a legitimate objective; and
- (b) the measure does not operate to exclude goods of another Party that meet that legitimate objective.

## Article 905

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### Article 905: Use of International Standards

1. Each Party shall use, as a basis for its standards-related measures, relevant international standards or international standards whose completion is imminent, except where such standards would be an ineffective or inappropriate means to fulfill its legitimate objectives, for example because of fundamental climatic, geographical, technological or infrastructural factors, scientific justification or the level of protection that the Party considers appropriate.
2. A Party's standards-related measure that conforms to an international standard shall be presumed to be consistent with Article 904(3) and (4).
3. Nothing in paragraph 1 shall be construed to prevent a Party, in pursuing its legitimate objectives, from adopting, maintaining or applying any standards-related measure that results in a higher level of protection than would be achieved if the measure were based on the relevant international standard.

### Article 906: Compatibility and Equivalence

1. Recognizing the crucial role of standards-related measures in achieving legitimate objectives, the Parties shall, in accordance with this Chapter, work jointly to enhance the level of safety and of protection of human, animal and plant life and health, the environment and consumers.
2. Without reducing the level of safety or of protection of human, animal or plant life or health, the environment or consumers, without prejudice to the rights of any Party under this Chapter, and taking into account international standardization activities, the Parties shall, to the greatest extent practicable, make compatible their respective standards-related measures, so as to facilitate trade in a good or service between the Parties.
3. Further to Articles 902 and 905, a Party shall, on request of another Party, seek, through appropriate measures, to promote the compatibility of a specific standard or conformity assessment procedure that is maintained in its territory with the standards or conformity assessment procedures maintained in the territory of the other Party.
4. Each importing Party shall treat a technical regulation adopted or maintained by an exporting Party as equivalent to its own where the exporting Party, in cooperation with the importing Party, demonstrates to the satisfaction of the importing Party that its technical regulation adequately fulfills the importing Party's legitimate objectives.
5. The importing Party shall provide to the exporting Party, on request, its reasons in writing for not treating a technical regulation as equivalent under paragraph 4.

6. Each Party shall, wherever possible, accept the results of a conformity assessment procedure conducted in the territory of another Party, provided that it is satisfied that the procedure offers an assurance, equivalent to that provided by a procedure it conducts or a procedure conducted in its territory the results of which it accepts, that the relevant good or service complies with the applicable technical regulation or standard adopted or maintained in the Party's territory.

7. Prior to accepting the results of a conformity assessment procedure pursuant to paragraph 6, and to enhance confidence in the continued reliability of each other's conformity assessment results, the Parties may consult on such matters as the technical competence of the conformity assessment bodies involved, including verified compliance with relevant international standards through such means as accreditation.

#### Article 907: Assessment of Risk

1. A Party may, in pursuing its legitimate objectives, conduct an assessment of risk. In conducting an assessment, a Party may take into account, among other factors relating to a good or service:

- (a) available scientific evidence or technical information;
- (b) intended end uses;
- (c) processes or production, operating, inspection, sampling or testing methods or
- (d) environmental conditions.

2. Where pursuant to Article 904(2) a Party establishes a level of protection that it considers appropriate and conducts an assessment of risk, it should avoid arbitrary or unjustifiable distinctions between similar goods or services in the level of protection it considers appropriate, where the distinctions:

- (a) result in arbitrary or unjustifiable discrimination against goods or service providers of another Party;
- (b) constitute a disguised restriction on trade between the Parties; or
- (c) discriminate between similar goods or services for the same use under the same conditions that pose the same level of risk and provide similar benefits.

3. Where a Party conducting an assessment of risk determines that available scientific evidence or other information is insufficient to complete the assessment, it may adopt a provisional technical regulation on the basis of available relevant information. The Party shall, within a reasonable period after information sufficient to complete the assessment of risk is presented to it, complete its assessment, review and, where appropriate, revise the provisional technical regulation in the light of that assessment.

#### Article 908: Conformity Assessment

1. The Parties shall, further to Article 906 and recognizing the existence of substantial differences in the structure, organization and operation of conformity assessment procedures in their respective territories, make compatible those procedures to the greatest extent practicable.

2. Recognizing that it should be to the mutual advantage of the Parties concerned and except as set out in Annex 908.2, each Party shall accredit, approve, license or otherwise recognize conformity assessment bodies in the territory of another Party on terms no less favorable than those accorded to conformity assessment bodies in its territory.

3. Each Party shall, with respect to its conformity assessment procedures:

- (a) not adopt or maintain any such procedure that is stricter, nor apply the procedure more strictly, than necessary to give it confidence that a good or a service conforms with an applicable technical regulation or standard, taking into account the risks that non-conformity would create;
- (b) initiate and complete the procedure as expeditiously as possible;
- (c) in accordance with Article 904(3), undertake processing of applications in non-discriminatory order;
- (d) publish the normal processing period for each such procedure or communicate the anticipated processing period to an applicant on request;
- (e) ensure that the competent body
  - (i) on receipt of an application, promptly examines the completeness of the documentation and informs the applicant in a precise and complete manner of any deficiency,



- (ii) transmits to the applicant as soon as possible the results of the conformity assessment procedure in a form that is precise and complete so that the applicant may take any necessary corrective action,
- (iii) where the application is deficient, proceeds as far as practicable with the procedure where the applicant so requests, and
- (iv) informs the applicant, on request, of the status of the application and the reasons for any delay;
- (f) limit the information the applicant is required to supply to that necessary to conduct the procedure and to determine appropriate fees;
- (g) accord confidential or proprietary information arising from, or supplied in connection with, the conduct of the procedure for a good of another Party or for a service provided by a person of another Party
  - (i) the same treatment as that for a good of the Party or a service provided by a person of the Party, and
  - (ii) in any event, treatment that protects an applicant's legitimate commercial interests to the extent provided under the Party's law.
- (h) ensure that any fee it imposes for conducting the procedure is no higher for a good of another Party or a service provider of another Party than is equitable in relation to any such fee imposed for its like goods or service providers or for like goods or service providers of any other country, taking into account communication, transportation and other related costs;
- (i) ensure that the location of facilities at which a conformity assessment procedure is conducted does not cause unnecessary inconvenience to an applicant or its agent;
- (j) limit the procedure, for a good or service modified subsequent to a determination that the good or service conforms to the applicable technical regulation or standard, to that necessary to determine that the good or service continues to conform to the technical regulation or standard; and
- (k) limit any requirement regarding samples of a good to that which is reasonable, and ensure that the selection of samples does not cause unnecessary inconvenience to an applicant or its agent.

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4. Each Party shall apply, with such modifications as may be necessary, the relevant provisions of paragraph 3 to its approval procedures.

5. Each Party shall, on request of another Party, take such reasonable measures as may be available to it to facilitate access in its territory for conformity assessment activities.

6. Each Party shall give sympathetic consideration to a request by another Party to negotiate agreements for the mutual recognition of the results of that other Party's conformity assessment procedures.

#### Article 909: Notification, Publication, and Provision of Information

1. Further to Articles 1802 (Publication) and 1803 (Notification and Provision of Information), each Party proposing to adopt or modify a technical regulation shall:

- (a) at least 60 days prior to the adoption or modification of the measure, other than a law, publish a notice and notify in writing the other Parties of the proposed measure in such a manner as to enable interested persons to become acquainted with the proposed measure, except that in the case of any such measure relating to perishable goods, each Party shall, to the greatest extent practicable, publish the notice and provide the notification at least 30 days prior to the adoption or modification of the measure, but no later than when notification is provided to domestic producers;
- (b) identify in the notice and notification the good or service to which the measure would apply, and shall provide a brief description of the objective of, and reasons for the measure;
- (c) provide a copy of the proposed measure to any Party or interested person that so requests, and shall, wherever possible, identify any provision that deviates in substance from relevant international standards; and
- (d) without discrimination, allow other Parties and interested persons to make comments in writing and shall, on request, discuss the comments and take the comments and the results of the discussions into account.

2. Each Party proposing to adopt or modify a standard or any conformity assessment procedure not otherwise considered to be a technical regulation shall, where an international standard relevant to the proposed measure does not exist or such measure is not substantially the same as an international standard, and where the measure may have a significant effect on the trade of the other Parties:

- (a) at an early appropriate stage, publish a notice and provide a notification of the type required in paragraph 1(a) and (b); and
- (b) observe paragraph 1(c) and (d).

3. Each Party shall seek, through appropriate measures, to ensure, with respect to a technical regulation of a state or provincial government other than a local government:

- (a) that, at an early appropriate stage, a notice and notification of the type required under paragraph 1(a) and (b) are made prior to their adoption; and
- (b) observance of paragraph 1(c) and (d).

4. Where a Party considers it necessary to address an urgent problem relating to safety or to protection of human, animal or plant life or health, the environment or consumers, it may omit any step set out in paragraph 1 or 3, provided that on adoption of a standards-related measure it shall:

- (a) immediately provide to the other Parties a notification of the type required under paragraph 1(b), including a brief description of the urgent problem;
- (b) provide a copy of the measure to any Party or interested person that so requests; and
- (c) without discrimination, allow other Parties and interested persons to make comments in writing, and shall, on request, discuss the comments and take the comments and the results of the discussions into account.

5. Each Party shall, except where necessary to address an urgent problem referred in paragraph 4, allow a reasonable period between the publication of a standards-related measure and the date that it becomes effective to allow time for interested persons to comment on the measure.

6. Where a Party allows non-governmental persons in its territory to be present during the process of development of standards-related measures, it shall also allow governmental persons from the territories of the other Parties to be present.

7. Each Party shall notify the other Parties of the development of, amendment to, or change in the application of its standards-related measures no later than the time at which it notifies non-governmental persons in general or the relevant sector in its territory.

8. Each Party shall seek, through appropriate measures, to ensure the observance of paragraphs 6 and 7 by a state or provincial government, and by non-governmental standardizing bodies in its territory.

9. Each Party shall ensure that its laws, regulations, administrative provisions, and other measures shall not be applied in a manner which would constitute a disguised restriction on international trade.

Article 910

1. Each Party shall ensure that its laws, regulations, administrative provisions, and other measures shall not be applied in a manner which would constitute a disguised restriction on international trade.

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2. Where a Party allows non-governmental persons in its territory to be present during the process of development of standards-related measures, it shall also allow governmental persons from the territories of the other Parties to be present.

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3. Each Party shall ensure that its laws, regulations, administrative provisions, and other measures shall not be applied in a manner which would constitute a disguised restriction on international trade.

9. Each Party shall designate by January 1, 1994 a government authority responsible for the implementation at the federal level of the notification provisions of this Article, and shall notify the other Parties thereof. Where a Party designates two or more government authorities for that purpose, it shall provide to the other Parties complete and unambiguous information on the scope of responsibility of each such authority.

#### Article 910: Inquiry Points

1. Each Party shall ensure that there is an inquiry point that is able to answer all reasonable inquiries from other Parties and interested persons, and to provide relevant documents regarding:

- (a) any standards-related measure proposed, adopted or maintained in its territory at the federal, state or provincial government level;
- (b) the membership and participation of the Party, or its relevant federal, state or provincial government authorities, in international and regional standardizing bodies and conformity assessment systems, and in bilateral and multilateral arrangements regarding standards-related measures, and the provisions of those systems and arrangements;
- (c) the location of notices published pursuant to Article 909, or where the information can be obtained;
- (d) the location of the inquiry points referred to in paragraph 3; and
- (e) the Party's procedures for assessment of risk, and factors it considers in conducting the assessment and in establishing, pursuant to Article 904(2), the levels of protection that it considers appropriate.

2. Where a Party designates more than one inquiry point, it shall:

- (a) provide to the other Parties complete and unambiguous information on the scope of responsibility of each inquiry point; and
- (b) ensure that any inquiry addressed to an incorrect inquiry point is promptly conveyed to the correct inquiry point.

3. Each Party shall take such reasonable measures as may be available to it to ensure that there is at least one inquiry point that is able to answer all reasonable inquiries from other Parties and interested persons and to provide relevant documents or information as to where they can be obtained regarding:

- (a) any standard or conformity assessment procedure proposed, adopted or maintained by non-governmental standardizing bodies in its territory; and
- (b) the membership and participation of relevant non-governmental bodies in its territory in international and regional standardizing bodies and conformity assessment systems.

4. Each Party shall ensure that where copies of documents are requested by another Party or by interested persons in accordance with this Chapter, they are supplied at the same price, apart from the actual cost of delivery, as the price for domestic purchase.

**Article 911: Technical Cooperation**

1. Each Party shall, on request of another Party:

- (a) provide to that Party technical advice, information and assistance on mutually agreed terms and conditions to enhance that Party's standards-related measures, and related activities, processes and systems;
- (b) provide to that Party information on its technical cooperation programs regarding standards-related measures relating to specific areas of interest; and
- (c) consult with that Party during the development of, or prior to the adoption or change in the application of, any standards-related measure.

2. Each Party shall encourage standardizing bodies in its territory to cooperate with the standardizing bodies in the territories of the other Parties in their participation, as appropriate, in standardizing activities, such as through membership in international standardizing bodies.

**Article 912: Limitations on the Provision of Information**

Nothing in this Chapter shall be construed to require a Party to:

- (a) communicate, publish texts, or provide particulars or copies of documents other than in an official language of the Party; or
- (b) furnish any information the disclosure of which would impede law enforcement or otherwise be contrary to the public interest, or would prejudice the legitimate commercial interests of particular enterprises.

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**Article 913: Committee on Standards-Related Measures**

1. The Parties hereby establish a Committee on Standards-Related Measures, comprising representatives of each Party.
2. The Committee's functions shall include:
  - (a) monitoring the implementation and administration of this Chapter, including the progress of the subcommittees and working groups established under paragraph 4, and the operation of the inquiry points established under Article 910;
  - (b) facilitating the process by which the Parties make compatible their standards-related measures;
  - (c) providing a forum for the Parties to consult on issues relating to standards-related measures, including the provision of technical advice and recommendations under Article 914;
  - (d) enhancing cooperation on the development, application and enforcement of standards-related measures; and
  - (e) considering non-governmental, regional and multilateral developments regarding standards-related measures, including under the GATT.
3. The Committee shall:
  - (a) meet on request of any Party and, unless the Parties otherwise agree, at least once each year; and
  - (b) report annually to the Commission on the implementation of this Chapter.
4. The Committee may, as it considers appropriate, establish and determine the scope and mandate of subcommittees or working groups, comprising representatives of each Party. Each subcommittee or working group may:
  - (a) as it considers necessary or desirable, include or consult with
    - (i) representatives of non-governmental bodies, including standardizing bodies,
    - (ii) scientists, and
    - (iii) technical experts; and

- (b) determine its work program, taking into account relevant international activities.

5. Further to paragraph 4, the Committee shall establish:

(a) the following subcommittees

- (i) Land Transportation Standards Subcommittee, in accordance with Annex 913.5.a-1,
- (ii) Telecommunications Standards Subcommittee, in accordance with Annex 913.5.a-2,
- (iii) Automotive Standards Council, in accordance with Annex 913.5.a and
- (iv) Subcommittee on Labelling of Textile and Apparel Goods, in accordance with Annex 913.5.a-4; and

(b) such other subcommittees or working groups as it considers appropriate to address any topic, including

- (i) identification and nomenclature for goods subject to standards-related measures,
- (ii) quality and identity standards and technical regulations,
- (iii) packaging, labelling and presentation of consumer information, including languages, measurement systems, ingredients, sizes, terminology, symbols and related matters,
- (iv) product approval and post-market surveillance programs,
- (v) principles for the accreditation and recognition of conformity assessment bodies, procedures and systems,
- (vi) development and implementation of a uniform chemical hazard classification and communication system,
- (vii) enforcement programs, including training and inspections by regulatory, analytical and enforcement personnel,
- (viii) promotion and implementation of good laboratory practices,

- (ix) promotion and implementation of good manufacturing practices,
- (x) criteria for assessment of potential environmental hazards of goods,
- (xi) methodologies for assessment of risk,
- (xii) guidelines for testing of chemicals, including industrial and agricultural chemicals, pharmaceuticals and biologicals,
- (xiii) methods by which consumer protection, including matters relating to consumer redress, can be facilitated, and
- (xiv) extension of the application of this Chapter to other services.

6. Each Party shall, on request of another Party, take such reasonable measures as may be available to it to provide for the participation in the activities of the Committee, where and as appropriate, of representatives of state or provincial governments.

7. A Party requesting technical advice, information or assistance pursuant to Article 911 shall notify the Committee which shall facilitate any such request.

**Article 914: Technical Consultations**

1. Where a Party requests consultations regarding the application of this Chapter to a standards-related measure, and so notifies the Committee, the Committee may facilitate the consultations, if it does not consider the matter itself, by referring the matter for non-binding technical advice or recommendations to a subcommittee or working group, including an ad hoc subcommittee or working group, or to another forum.

2. The Committee should consider any matter referred to it under paragraph 1 as expeditiously as possible and promptly forward to the Parties any technical advice or recommendations that it develops or receives concerning the matter. The Parties involved shall provide a written response to the Committee concerning the technical advice or recommendations within such time as the Committee may request.

3. Where the involved Parties have had recourse to consultations facilitated by the Committee under paragraph 1, the consultations shall, on the agreement of the Parties involved, constitute consultations under Article 2006 (Consultations).



4. The Parties confirm that a Party asserting that a standards-related measure of another Party is inconsistent with this Chapter shall have the burden of establishing the inconsistency.

#### Article 915: Definitions

1. For purposes of this Chapter:

**approval procedure** means any registration, notification or other mandatory administrative procedure for granting permission for a good or service to be produced, marketed or used for a stated purpose or under stated conditions;

**assessment of risk** means evaluation of the potential for adverse effects;

**conformity assessment procedure** means any procedure used, directly or indirectly, to determine that a technical regulation or standard is fulfilled, including sampling, testing, inspection, evaluation, verification, monitoring, auditing, assurance of conformity, accreditation, registration or approval used for such a purpose, but does not mean an approval procedure;

**international standard** means a standards-related measure, or other guide or recommendation, adopted by an international standardizing body and made available to the public;

**international standardizing body** means a standardizing body whose membership is open to the relevant bodies of at least all the parties to the *GATT Agreement on Technical Barriers to Trade*, including the *International Organization for Standardization (ISO)*, the *International Electrotechnical Commission (IEC)*, *Codex Alimentarius Commission*, the *World Health Organization (WHO)*, the *Food and Agriculture Organization (FAO)*, the *International Telecommunication Union (ITU)*; or any other body that the Parties designate;

**land transportation service** means a transportation service provided by means of motor carrier or rail;

**legitimate objective** includes an objective such as:

(a) safety,

(b) protection of human, animal or plant life or health, the environment of consumers, including matters relating to quality and identifiability of goods or services, and

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considering, among other things, where appropriate, fundamental climatic or other geographical factors, technological or infrastructural factors, or scientific justification but does not include the protection of domestic production;

**make compatible** means bring different standards-related measures of the same scope approved by different standardizing bodies to a level such that they are either identical, equivalent or have the effect of permitting goods or services to be used in place of one another or fulfill the same purpose;

**services** means land transportation services and telecommunications services;

**standard** means a document, approved by a recognized body, that provides, for common and repeated use, rules, guidelines or characteristics for goods or related processes and production methods, or for services or related operating methods, with which compliance is not mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a good, process, or production or operating method;

**standardizing body** means a body having recognized activities in standardization;

**standards-related measure** means a standard, technical regulation or conformity assessment procedure;

**technical regulation** means a document which lays down goods' characteristics or their related processes and production methods, or services' characteristics or their related operating methods, including the applicable administrative provisions, with which compliance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a good, process, or production or operating method; and

**telecommunications service** means a service provided by means of the transmission and reception of signals by any electromagnetic means, but does not mean the cable, broadcast or other electromagnetic distribution of radio or television programming to the public generally.

2. Except as they are otherwise defined in this Agreement, other terms in this Chapter shall be interpreted in accordance with their ordinary meaning in context and in the light of the objectives of this Agreement, and where appropriate by reference to the terms presented in the sixth edition of the ISO/IEC Guide 2: 1991, *General Terms and Their Definitions Concerning Standardization and Related Activities*.

**Annex 908.2**

**Transitional Rules for Conformity Assessment Procedures**

1. Except in respect of governmental conformity assessment bodies, Article 908(2) shall impose no obligation and confer no right on Mexico until four years after the date of entry into force of this Agreement.
2. Where a Party charges a reasonable fee, limited in amount to the approximate cost of the service rendered, to accredit, approve, license or otherwise recognize a conformity assessment body in the territory of another Party, it need not, prior to December 31, 1996 or such earlier date as the Parties may agree, charge such a fee to a conformity assessment body in its territory.

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**Annex 913.5.a-1**

**Land Transportation Standards Subcommittee**

1. The Land Transportation Standards Subcommittee, established under Article 913(5)(a)(i), shall comprise representatives of each Party.

2. The Subcommittee shall implement the following work program for making compatible the Parties' relevant standards-related measures for:

- (a) bus and truck operations
  - (i) no later than one and one-half years after the date of entry into force of this Agreement, for non-medical standards-related measures respecting drivers, including measures relating to the age of and language used by drivers,
  - (ii) no later than two and one-half years after the date of entry into force of this Agreement, for medical standards-related measures respecting drivers,
  - (iii) no later than three years after the date of entry into force of this Agreement, for standards-related measures respecting vehicles, including measures relating to weights and dimensions, tires, brakes, parts and accessories, securement of cargo, maintenance and repair, inspections, and emissions and environmental pollution levels not covered by the Automotive Standards Council's work program established under Annex 913.5.a-3,
  - (iv) no later than three years after the date of entry into force of this Agreement, for standards-related measures respecting each Party's supervision of motor carriers' safety compliance, and
  - (v) no later than three years after the date of entry into force of this Agreement, for standards-related measures respecting road signs;

(b) rail operations

- (i) no later than one year after the date of entry into force of this Agreement, for standards-related measures respecting operating personnel that are relevant to cross-border operations, and
- (ii) no later than one year after the date of entry into force of this Agreement, for standards-related measures respecting locomotives and other rail equipment; and

(c) transportation of dangerous goods, no later than six years after the date of entry into force of this Agreement, using as their basis the United Nations *Recommendations on the Transport of Dangerous Goods*, or such other standards as the Parties may agree.

3. The Subcommittee may address other related standards-related measures as it considers appropriate.

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**Annex 913.5.a-2**

**Telecommunications Standards Subcommittee**

1. The Telecommunications Standards Subcommittee, established under Article 913(5)(a)(ii), shall comprise representatives of each Party.
2. The Subcommittee shall, within six months of the date of entry into force of this Agreement, develop a work program, including a timetable, for making compatible, to the greatest extent practicable, the standards-related measures of the Parties for authorized equipment as defined in Chapter Thirteen (Telecommunications).
3. The Subcommittee may address other appropriate standards-related matters respecting telecommunications equipment or services and such other matters as it considers appropriate.
4. The Subcommittee shall take into account relevant work carried out by the Parties in other forums, and that of non-governmental standardizing bodies.

**Annex 913.5.a-3**

**Automotive Standards Council**

1. The Automotive Standards Council, established under Article 913.5(a)(iii), shall comprise representatives of each Party.
2. The purpose of the Council shall be, to the extent practicable, to facilitate the attainment of compatibility among, and review the implementation of, national standards-related measures of the Parties that apply to automotive goods, and to address other related matters.
3. To facilitate its objectives, the Council may establish subgroups, consultation procedures and other appropriate operational mechanisms. On the agreement of the Parties, the Council may include state and provincial government or private sector representatives in its subgroups.
4. Any recommendation of the Council shall require agreement of the Parties. Where the adoption of a law is not required for a Party, the Council's recommendations shall be implemented by the Party within a reasonable time in accordance with the legal and procedural requirements and international obligations of the Party. Where the adoption of a law is required for a Party, the Party shall use its best efforts to secure the adoption of the law and shall implement any such law within a reasonable time.
5. Recognizing the existing disparity in standards-related measures of the Parties, the Council shall develop a work program for making compatible the national standards-related measures that apply to automotive goods and other related matters based on the following criteria:
  - (a) the impact on industry integration;
  - (b) the extent of the barriers to trade;
  - (c) the level of trade affected; and
  - (d) the extent of the disparity.

In developing its work program, the Council may address other related matters, including emissions from on-road and non-road mobile sources.

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6. Each Party shall take such reasonable measures as may be available to it to promote the objectives of this Annex with respect to standards-related measures that are maintained by state and provincial government authorities and private sector organizations. The Council shall make every effort to assist these entities with such activities, especially the identification of priorities and the establishment of work schedules.



**Annex 913.5.a-4**

**Subcommittee on Labelling of Textile and Apparel Goods**

1. The Subcommittee on Labelling of Textile and Apparel Goods, established under Article 913(5)(a)(iv), shall comprise representatives of each Party.
2. The Subcommittee shall include, and consult with, technical experts as well as a broadly representative group from the manufacturing and retailing sectors in the territory of each Party.
3. The Subcommittee shall develop and pursue a work program on the harmonization of labelling requirements to facilitate trade in textile and apparel goods between the Parties through the adoption of uniform labelling provisions. The work program should include the following matters:
  - (a) pictograms and symbols to replace, where possible, required written information, as well as other methods to reduce the need for labels on textile and apparel goods in multiple languages;
  - (b) care instructions for textile and apparel goods;
  - (c) fiber content information for textile and apparel goods;
  - (d) uniform methods acceptable for the attachment of required information on textile and apparel goods; and
  - (e) use in the territory of the other Parties of each Party's national registration numbers for manufacturers or importers of textile and apparel goods.

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**PART FOUR  
GOVERNMENT PROCUREMENT**

**Chapter Ten**

**Government Procurement**

**Section A - Scope and Coverage  
and National Treatment**

**Article 1001: Scope and Coverage**

1. This Chapter applies to measures adopted or maintained by a Party relating to procurement:

- (a) by a federal government entity set out in Annex 1001.1a-1, a government enterprise set out in Annex 1001.1a-2, or a state or provincial government entity set out in Annex 1001.1a-3 in accordance with Article 1024;
- (b) of goods in accordance with Annex 1001.1b-1, services in accordance with Annex 1001.1b-2, or construction services in accordance with Annex 1001.1b-3; and
- (c) where the value of the contract to be awarded is estimated to be equal to or greater than a threshold, calculated and adjusted according to the U.S. inflation rate as set out in Annex 1001.1c, of
  - (i) for federal government entities, US\$50,000 for contracts for goods, services or any combination thereof, and US\$6.5 million for contracts for construction services,
  - (ii) for government enterprises, US\$250,000 for contracts for goods, services or any combination thereof, and US\$8.0 million for contracts for construction services, and
  - (iii) for state and provincial government entities, the applicable threshold, as set out in Annex 1001.1a-3 in accordance with Article 1024.

2. Paragraph 1 is subject to:

- (a) the transitional provisions set out in Annex 1001.2a;
- (b) the General Notes set out in Annex 1001.2b; and
- (c) Annex 1001.2c, for the Parties specified therein.

3. Subject to paragraph 4, where a contract to be awarded by an entity is not covered by this Chapter, this Chapter shall not be construed to cover any good or service component of that contract.

4. No Party may prepare, design or otherwise structure any procurement contract in order to avoid the obligations of this Chapter.

5. Procurement includes procurement by such methods as purchase, lease or rental with or without an option to buy. Procurement does not include:

- (a) non-contractual agreements or any form of government assistance, including cooperative agreements, grants, loans, equity infusions, guarantees, fiscal incentives, and government provision of goods and services to persons or state, provincial and regional governments; and
- (b) the acquisition of fiscal agency or depository services, liquidation and management services for regulated financial institutions and sale and distribution services for government debt.

#### Article 1002: Valuation of Contracts

1. Each Party shall ensure that its entities, in determining whether a contract is covered by this Chapter, apply paragraphs 2 through 7 in calculating the value of that contract.

2. The value of a contract shall be estimated as at the time of publication of a notice in accordance with Article 1010.

3. In calculating the value of a contract, an entity shall take into account all forms of remuneration, including premiums, fees, commissions and interest.

4. Further to Article 1001(4), an entity may not select a valuation method, or divide procurement requirements into separate contracts, to avoid the obligations of this Chapter.

5. Where an individual requirement for a procurement results in the award of more than one contract, or in contracts being awarded in separate parts, the basis for valuation shall be either:

- (a) the actual value of similar recurring contracts concluded over the prior fiscal year or 12 months adjusted, where possible, for anticipated changes in quantity and value over the subsequent 12 months; or
- (b) the estimated value of recurring contracts in the fiscal year or 12 months subsequent to the initial contract.

6. In the case of a contract for lease or rental, with or without an option to buy, or in the case of a contract that does not specify a total price, the basis for valuation shall be:

- (a) in the case of a fixed-term contract, where the term is 12 months or less, the total contract value, for its duration or, where the term exceeds 12 months, the total contract value, including the estimated residual value; or
- (b) in the case of a contract for an indefinite period, the estimated monthly installment multiplied by 48.

If the entity is uncertain as to whether a contract is for a fixed or an indefinite term, the entity shall calculate the value of the contract using the method set out in subparagraph (b).

7. Where tender documentation requires option clauses, the basis for valuation shall be the total value of the maximum permissible procurement, including all possible optional purchases.

#### Article 1003: National Treatment and Non-Discrimination

1. With respect to measures covered by this Chapter, each Party shall accord to goods of another Party, to the suppliers of such goods and to service suppliers of another Party, treatment no less favorable than the most favorable treatment that the Party accords to:

- (a) its own goods and suppliers; and
- (b) goods and suppliers of another Party.

2. With respect to measures covered by this Chapter, no Party may:

(a) treat a locally established supplier less favorably than another locally established supplier on the basis of degree of foreign affiliation or ownership; or

(b) discriminate against a locally established supplier on the basis that the goods or services offered by that supplier for the particular procurement are goods or services of another Party.

3. Paragraph 1 does not apply to measures respecting customs duties or other charges of any kind imposed on or in connection with importation, the method of levying such duties or charges or other import regulations, including restrictions and formalities.

#### Article 1004: Rules of Origin

No Party may apply rules of origin to goods imported from another Party for purposes of government procurement covered by this Chapter that are different from or inconsistent with the rules of origin the Party applies in the normal course of trade, which may be the Marking Rules established under Annex 311 if they become the rules of origin applied by that Party in the normal course of its trade.

#### Article 1005: Denial of Benefits

1. Subject to prior notification and consultation in accordance with Articles 1803 (Notification and Provision of Information) and 2006 (Consultations), a Party may deny the benefits of this Chapter to a service supplier of another Party where the Party establishes that the service is being provided by an enterprise that is owned or controlled by persons of a non-Party and that has no substantial business activities in the territory of any Party.

2. A Party may deny to an enterprise of another Party the benefits of this Chapter if nationals of a non-Party own or control the enterprise and:

(a) the circumstance set out in Article 1113(1)(a) (Denial of Benefits) is met;

(b) the denying Party adopts or maintains measures with respect to the non-Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of this Chapter were accorded to the enterprise.

## Article 1006: Prohibition of Offsets

Each Party shall ensure that its entities do not, in the qualification and selection of suppliers, goods or services, in the evaluation of bids or the award of contracts, consider, seek or impose offsets. For purposes of this Article, offsets means conditions imposed or considered by an entity prior to or in the course of its procurement process that encourage local development or improve its Party's balance of payments accounts, by means of requirements of local content, licensing of technology, investment, counter-trade or similar requirements.

## Article 1007: Technical Specifications

1. Each Party shall ensure that its entities do not prepare, adopt or apply any technical specification with the purpose or the effect of creating unnecessary obstacles to trade.
2. Each Party shall ensure that any technical specification prescribed by its entities is, where appropriate:
  - (a) specified in terms of performance criteria rather than design or descriptive characteristics; and
  - (b) based on international standards, national technical regulations, recognized national standards, or building codes.
3. Each Party shall ensure that the technical specifications prescribed by its entities do not require or refer to a particular trademark or name, patent, design or type, specific origin or producer or supplier unless there is no sufficiently precise or intelligible way of otherwise describing the procurement requirements and provided that, in such cases, words such as "or equivalent" are included in the tender documentation.
4. Each Party shall ensure that its entities do not seek or accept, in a manner that would have the effect of precluding competition, advice that may be used in the preparation or adoption of any technical specification for a specific procurement from a person that may have a commercial interest in that procurement.

## Section B - Tendering Procedures

### Article 1008: Tendering Procedures

1. Each Party shall ensure that the tendering procedures of its entities are:
  - (a) applied in a non-discriminatory manner; and
  - (b) consistent with this Article and Articles 1009 through 1016.
2. In this regard, each Party shall ensure that its entities:
  - (a) do not provide to any supplier information with regard to a specific procurement in a manner that would have the effect of precluding competition; and
  - (b) provide all suppliers equal access to information with respect to a procurement during the period prior to the issuance of any notice or tender documentation.

### Article 1009: Qualification of Suppliers

1. Further to Article 1003, no entity of a Party may, in the process of qualifying suppliers in a tendering procedure, discriminate between suppliers of the other Parties or between domestic suppliers and suppliers of the other Parties.
2. The qualification procedures followed by an entity shall be consistent with the following:
  - (a) conditions for participation by suppliers in tendering procedures shall be published sufficiently in advance so as to provide the suppliers adequate time to initiate and, to the extent that it is compatible with efficient operation of the procurement process, to complete the qualification procedures;
  - (b) conditions for participation by suppliers in tendering procedures, including financial guarantees, technical qualifications and information necessary for establishing the financial, commercial and technical capacity of suppliers, as well as the verification of whether a supplier meets those conditions, shall be limited to those that are essential to ensure the fulfillment of the contract in question;

- (c) the financial, commercial and technical capacity of a supplier shall be judged both on the basis of that supplier's global business activity, including its activity in the territory of the Party of the supplier, and its activity, if any, in the territory of the Party of the procuring entity;
- (d) an entity shall not misuse the process of, including the time required for, qualification in order to exclude suppliers of another Party from a suppliers' list or from being considered for a particular procurement;
- (e) an entity shall recognize as qualified suppliers those suppliers of another Party that meet the conditions for participation in a particular procurement;
- (f) an entity shall consider for a particular procurement those suppliers of another Party that request to participate in the procurement and that are not yet qualified, provided there is sufficient time to complete the qualification procedure;
- (g) an entity that maintains a permanent list of qualified suppliers shall ensure that suppliers may apply for qualification at any time, that all qualified suppliers so requesting are included in the list within a reasonably short period of time and that all qualified suppliers included in the list are notified of the termination of the list or of their removal from it;
- (h) where, after publication of a notice in accordance with Article 1010, a supplier that is not yet qualified requests to participate in a particular procurement, the entity shall promptly start the qualification procedure;
- (i) an entity shall advise any supplier that requests to become a qualified supplier of its decision as to whether that supplier has become qualified; and
- (j) where an entity rejects a supplier's application to qualify or ceases to recognize a supplier as qualified, the entity shall, on request of the supplier, promptly provide pertinent information concerning the entity's reasons for doing so.

3. Each Party shall:

- (a) ensure that each of its entities uses a single qualification procedure, except that an entity may use additional qualification procedures where the entity determines the need for a different procedure and is prepared, on request of another Party, to demonstrate that need; and



- (b) endeavor to minimize differences in the qualification procedures of its entities.

4. Nothing in paragraphs 2 and 3 shall prevent an entity from excluding a supplier on grounds such as bankruptcy or false declarations.

### Article 1010: Invitation to Participate

1. Except as otherwise provided in Article 1016, an entity shall publish an invitation to participate for all procurements in accordance with paragraphs 2, 3 and 5, in the appropriate publication referred to in Annex 1010.1.

2. The invitation to participate shall take the form of a notice of proposed procurement that shall contain the following information:

- (a) a description of the nature and quantity of the goods or services to be procured, including any options for further procurement and, if possible,

- (i) an estimate of when such options may be exercised, and

- (ii) in the case of recurring contracts, an estimate of when the subsequent notices will be issued;

- (b) a statement as to whether the procedure is open or selective and whether it will involve negotiation;

- (c) any date for starting or completion of delivery of the goods or services to be procured;

- (d) the address to which an application to be invited to tender or to qualify for the suppliers' lists must be submitted, the final date for receiving the application and the language or languages in which it may be submitted;

- (e) the address to which tenders must be submitted, the final date for receiving tenders and the language or languages in which tenders may be submitted;

- (f) the address of the entity that will award the contract and that will provide any information necessary for obtaining specifications and other documents;

- (g) a statement of any economic or technical requirements and of any financial guarantees, information and documents required from suppliers;

- (h) the amount and terms of payment of any sum payable for the tender documentation; and
- (i) a statement as to whether the entity is inviting offers for purchase, lease or rental, with or without an option to buy.

3. Notwithstanding paragraph 2, an entity listed in Annex 1001.1a-2 or 1001.1a-3 may use as an invitation to participate a notice of planned procurement that shall contain as much of the information referred to in paragraph 2 as is available to the entity, but that shall include, at a minimum, the following information:

- (a) a description of the subject matter of the procurement;
- (b) the time limits set for the receipt of tenders or applications to be invited to tender;
- (c) the address to which requests for documents relating to the procurement should be submitted;
- (d) a statement that interested suppliers should express their interest in the procurement to the entity; and
- (e) the identification of a contact point within the entity from which further information may be obtained.

4. An entity that uses a notice of planned procurement as an invitation to participate shall subsequently invite suppliers that have expressed an interest in the procurement to confirm their interest on the basis of information provided by the entity, which shall include at least the information referred to in paragraph 2.

5. Notwithstanding paragraph 2, an entity listed in Annex 1001.1a-2 or 1001.1a-3 may use as an invitation to participate a notice regarding a qualification system. An entity that uses such a notice shall, subject to the considerations referred to Article 1015(8), provide in a timely manner information that allows all suppliers that have expressed an interest in participating in the procurement to have a meaningful opportunity to assess their interest. The information shall normally include the information required for notices referred to in paragraph 2. Information provided to any interested supplier shall be provided in a non-discriminatory manner to all other interested suppliers.

6. In the case of selective tendering procedures, an entity that maintains a permanent list of qualified suppliers shall publish annually in the appropriate publication referred to in Annex 1010.1 a notice containing the following information:

- (a) an enumeration of any such lists maintained, including their headings, in relation to the goods or services or categories of goods or services to be procured through the lists;
- (b) the conditions to be fulfilled by suppliers in view of their inscription on the lists and the methods according to which each of those conditions will be verified by the entity concerned; and
- (c) the period of validity of the lists and the formalities for their renewal.

7. Where, after publication of an invitation to participate, but before the time set for the opening or receipt of tenders as specified in the notices or the tender documentation, an entity finds that it has become necessary to amend or reissue the notice or tender documentation, the entity shall ensure that the amended or reissued notice or tender documentation is given the same circulation as the original. Any significant information given by an entity to a supplier with respect to a particular procurement shall be given simultaneously to all other interested suppliers and sufficiently in advance so as to provide all suppliers concerned adequate time to consider the information and to respond.

8. An entity shall indicate in the notices referred to in this Article that the procurement is covered by this Chapter.

**Article 1011: Selective Tendering Procedures**

1. To ensure optimum effective competition between the suppliers of the Parties using selective tendering procedures, an entity shall, for each procurement, invite tenders from the maximum number of domestic suppliers and suppliers of the other Parties, consistent with the efficient operation of the procurement system.

2. Subject to paragraph 3, an entity that maintains a permanent list of qualified suppliers may select suppliers to be invited to tender for a particular procurement from among those listed. In the process of making a selection, the entity shall provide for equitable opportunities for suppliers on the list.

3. Subject to Article 1009(2)(f), an entity shall allow a supplier that requests to participate in a particular procurement to submit a tender and shall consider the tender. The number of additional suppliers permitted to participate shall be limited only by the efficient operation of the procurement system.

4. Where an entity does not invite or admit a supplier to tender, the entity shall, on request of the supplier, promptly provide pertinent information concerning its reasons for not doing so.

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**Article 1012: Time Limits for Tendering and Delivery**

1. An entity shall:

- (a) in prescribing a time limit, provide adequate time to allow suppliers of another Party to prepare and submit tenders before the closing of the tendering procedures;
- (b) in determining a time limit, consistent with its own reasonable needs, take into account such factors as the complexity of the procurement, the extent of subcontracting anticipated, and the time normally required for transmitting tenders by mail from foreign as well as domestic points; and
- (c) take due account of publication delays when setting the final date for receipt of tenders or applications to be invited to tender.

2. Subject to paragraph 3, an entity shall provide that:

- (a) in open tendering procedures, the period for the receipt of tenders is no less than 40 days from the date of publication of a notice in accordance with Article 1010;
- (b) in selective tendering procedures not involving the use of a permanent list of qualified suppliers, the period for submitting an application to be invited to tender is no less than 25 days from the date of publication of a notice in accordance with Article 1010, and the period for receipt of tenders is no less than 40 days from the date of issuance of the invitation to tender; and
- (c) in selective tendering procedures involving the use of a permanent list of qualified suppliers, the period for receipt of tenders is no less than 40 days from the date of the initial issuance of invitations to tender, but where the date of initial issuance of invitations to tender does not coincide with the date of publication of a notice in accordance with Article 1010, there shall not be less than 40 days between those two dates.

3. An entity may reduce the periods referred to in paragraph 2 in accordance with the following:

- (a) where a notice referred to in Article 1010(3) or (5) has been published for a period of no less than 40 days and no more than 12 months, the 40-day limit for receipt of tenders may be reduced to no less than 24 days;

- (b) in the case of the second or subsequent publications dealing with recurring contracts within the meaning of Article 1010(2)(a), the 40-day limit for receipt of tenders may be reduced to no less than 24 days;
- (c) where a state of urgency duly substantiated by the entity renders impracticable the periods in question, the periods may be reduced to no less than 10 days from the date of publication of a notice in accordance with Article 1010; or
- (d) where an entity listed in Annex 1001.1a-2 or 1001.1a-3 is using as an invitation to participate a notice referred to in Article 1010(5), the periods may be fixed by mutual agreement between the entity and all selected suppliers but, in the absence of agreement, the entity may fix periods that shall be sufficiently long to allow for responsive bidding and in any event shall be no less than 10 days.

4. An entity shall, in establishing a delivery date for goods or services and consistent with its own reasonable needs, take into account such factors as the complexity of the procurement, the extent of subcontracting anticipated and the time realistically required for production, destocking and transport of goods from the points of supply.

**Article 1013: Tender Documentation**

1. Where an entity provides tender documentation to suppliers, the documentation shall contain all information necessary to permit suppliers to submit responsive tenders, including information required to be published in the notice referred to in Article 1010, except for the information required under Article 1010(2)(h). The documentation shall also include:

- (a) the address of the entity to which tenders should be submitted;
- (b) the address to which requests for supplementary information should be submitted;
- (c) the language or languages in which tenders and tendering documents may be submitted;
- (d) the closing date and time for receipt of tenders and the length of time during which tenders should be open for acceptance;
- (e) the persons authorized to be present at the opening of tenders and the time and place of the opening;

- (f) a statement of any economic or technical requirements and of any financial guarantees, information and documents required from suppliers;
- (g) a complete description of the goods or services to be procured and any other requirements, including technical specifications, conformity certification and necessary plans, drawings and instructional materials;
- (h) the criteria for awarding the contract, including any factors other than price that are to be considered in the evaluation of tenders and the cost elements to be included in evaluating tender prices, such as transportation, insurance and inspection costs, and in the case of goods or services of another Party, customs duties and other import charges, taxes and the currency of payment;
- (i) the terms of payment; and
- (j) any other terms or conditions.

2. An entity shall:

- (a) forward tender documentation on the request of a supplier that is participating in open tendering procedures or has requested to participate in selective tendering procedures, and reply promptly to any reasonable request for explanations relating thereto; and
- (b) reply promptly to any reasonable request for relevant information made by a supplier participating in the tendering procedure, on condition that such information does not give that supplier an advantage over its competitors in the procedure for the award of the contract.

**Article 1014: Negotiation Disciplines**

1. An entity may conduct negotiations only:

- (a) in the context of procurement in which the entity has, in a notice published in accordance with Article 1010, indicated its intent to negotiate; or
- (b) where it appears to the entity from the evaluation of the tenders that no one tender is obviously the most advantageous in terms of the specific evaluation criteria set out in the notices or tender documentation.

2. An entity shall use negotiations primarily to identify the strengths and weaknesses in the tenders.

3. An entity shall treat all tenders in confidence. In particular, no entity may provide to any person information intended to assist any supplier to bring its tender up to the level of any other tender.

4. No entity may, in the course of negotiations, discriminate between suppliers. In particular, an entity shall:

- (a) carry out any elimination of suppliers in accordance with the criteria set out in the notices and tender documentation;
- (b) provide in writing all modifications to the criteria or technical requirements to all suppliers remaining in the negotiations;
- (c) permit all remaining suppliers to submit new or amended tenders on the basis of the modified criteria or requirements; and
- (d) when negotiations are concluded, permit all remaining suppliers to submit final tenders in accordance with a common deadline.

#### Article 1015: Submission, Receipt and Opening of Tenders and Awarding of Contracts

1. An entity shall use procedures for the submission, receipt and opening of tenders and the awarding of contracts that are consistent with the following:

- (a) tenders shall normally be submitted in writing directly or by mail;
- (b) where tenders by telex, telegram, telecopy or other means of electronic transmission are permitted, the tender made thereby must include all the information necessary for the evaluation of the tender, in particular the definitive price proposed by the supplier and a statement that the supplier agrees to all the terms and conditions of the invitation to tender;
- (c) a tender made by telex, telegram, telecopy or other means of electronic transmission must be confirmed promptly by letter or by the dispatch of a signed copy of the telex, telegram, telecopy or electronic message;
- (d) the content of the telex, telegram, telecopy or electronic message shall prevail where there is a difference or conflict between that content and the

content of any documentation received after the time limit for submission of tenders;

- (e) tenders presented by telephone shall not be permitted;
- (f) requests to participate in selective tendering procedures may be submitted by telex, telegram or telecopy and if permitted, may be submitted by other means of electronic transmission; and
- (g) the opportunities that may be given to suppliers to correct unintentional errors of form between the opening of tenders and the awarding of the contract shall not be administered in a manner that would result in discrimination between suppliers.

In this paragraph, "means of electronic transmission" consists of means capable of producing for the recipient at the destination of the transmission a printed copy of the tender.

2. No entity may penalize a supplier whose tender is received in the office designated in the tender documentation after the time specified for receiving tenders if the delay is due solely to mishandling on the part of the entity. An entity may also consider, in exceptional circumstances, tenders received after the time specified for receiving tenders if the entity's procedures so provide.

3. All tenders solicited by an entity under open or selective tendering procedures shall be received and opened under procedures and conditions guaranteeing the regularity of the opening of tenders. The entity shall retain the information on the opening of tenders. The information shall remain at the disposal of the competent authorities of the Party for use, if required, under Article 1017, Article 1019 or Chapter Twenty (Institutional Arrangements and Dispute Settlement Procedures).

4. An entity shall award contracts in accordance with the following:

- (a) to be considered for award, a tender must, at the time of opening, conform to the essential requirements of the notices or tender documentation and have been submitted by a supplier that complies with the conditions for participation;
- (b) if the entity has received a tender that is abnormally lower in price than other tenders submitted, the entity may inquire of the supplier to ensure that it can comply with the conditions of participation and is or will be capable of fulfilling the terms of the contract;



- (c) unless the entity decides in the public interest not to award the contract, the entity shall make the award to the supplier that has been determined to be fully capable of undertaking the contract and whose tender is either the lowest-priced tender or the tender determined to be the most advantageous in terms of the specific evaluation criteria set out in the notices or tender documentation;
  - (d) awards shall be made in accordance with the criteria and essential requirements specified in the tender documentation; and
  - (e) option clauses shall not be used in a manner that circumvents this Chapter.
5. No entity of a Party may make it a condition of the awarding of a contract that the supplier has previously been awarded one or more contracts by an entity of that Party or that the supplier has prior work experience in the territory of that Party.
6. An entity shall:
- (a) on request, promptly inform suppliers participating in tendering procedures of decisions on contract awards and, if so requested, inform them in writing; and
  - (b) on request of a supplier whose tender was not selected for award, provide pertinent information to that supplier concerning the reasons for not selecting its tender, the relevant characteristics and advantages of the tender selected and the name of the winning supplier.
7. No later than 72 days after the award of a contract, an entity shall publish a notice in the appropriate publication referred to in Annex 1010.1 that shall contain the following information:
- (a) a description of the nature and quantity of goods or services included in the contract;
  - (b) the name and address of the entity awarding the contract;
  - (c) the date of the award;
  - (d) the name and address of each winning supplier;
  - (e) the value of the contract, or the highest-priced and lowest-priced tenders considered in the process of awarding the contract; and

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(f) the tendering procedure used.

8. Notwithstanding paragraphs 1 through 7, an entity may withhold certain information on the award of a contract where disclosure of the information:

- (a) would impede law enforcement or otherwise be contrary to the public interest;
- (b) would prejudice the legitimate commercial interest of a particular person; or
- (c) might prejudice fair competition between suppliers.

#### **Article 1016: Limited Tendering Procedures**

1. An entity of a Party may, in the circumstances and subject to the conditions set out in paragraph 2, use limited tendering procedures and thus derogate from Articles 1008 through 1015, provided that such limited tendering procedures are not used with a view to avoiding maximum possible competition or in a manner that would constitute a means of discrimination between suppliers of the other Parties or protection of domestic suppliers.

2. An entity may use limited tendering procedures in the following circumstances and subject to the following conditions, as applicable:

- (a) in the absence of tenders in response to an open or selective call for tenders, or where the tenders submitted either have resulted from collusion or do not conform to the essential requirements of the tender documentation, or where the tenders submitted come from suppliers that do not comply with the conditions for participation provided for in accordance with this Chapter, on condition that the requirements of the initial procurement are not substantially modified in the contract as awarded;
- (b) where, for works of art, or for reasons connected with the protection of patents, copyrights or other exclusive rights, or proprietary information or where there is an absence of competition for technical reasons, the goods or services can be supplied only by a particular supplier and no reasonable alternative or substitute exists;
- (c) in so far as is strictly necessary where, for reasons of extreme urgency brought about by events unforeseeable by the entity, the goods or services could not be obtained in time by means of open or selective tendering procedures;

- (d) for additional deliveries by the original supplier that are intended either as replacement parts or continuing services for existing supplies, services or installations, or as the extension of existing supplies, services or installations, where a change of supplier would compel the entity to procure equipment or services not meeting requirements of interchangeability with already existing equipment or services, including software to the extent that the initial procurement of the software was covered by this Chapter;
- (e) where an entity procures a prototype or a first good or service that is developed at its request in the course of and for a particular contract for research, experiment, study or original development. Where such contract have been fulfilled, subsequent procurement of goods or services shall be subject to Articles 1008 through 1015. Original development of a first good may include limited production in order to incorporate the results of field testing and to demonstrate that the good is suitable for production in quantity to acceptable quality standards, but does not include quantity production to establish commercial viability or to recover research and development costs;
- (f) for goods purchased on a commodity market;
- (g) for purchases made under exceptionally advantageous conditions that only arise in the very short term, such as unusual disposals by enterprises that are not normally suppliers or disposal of assets of businesses in liquidation or receivership, but not routine purchases from regular suppliers;
- (h) for a contract to be awarded to the winner of an architectural design contest, on condition that the contest is
  - (i) organized in a manner consistent with the principles of this Chapter including regarding publication of an invitation to suitably qualified suppliers to participate in the contest,
  - (ii) organized with a view to awarding the design contract to the winner and
  - (iii) to be judged by an independent jury; and
- (i) where an entity needs to procure consulting services regarding matters of confidential nature, the disclosure of which could reasonably be expected to compromise government confidences, cause economic disruption or similarly be contrary to the public interest.

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3. An entity shall prepare a report in writing on each contract awarded by it under paragraph 2. Each report shall contain the name of the procuring entity, indicate the value and kind of goods or services procured, the name of the country of origin, and a statement indicating the circumstances and conditions described in paragraph 2 that justified the use of limited tendering. The entity shall retain each report. They shall remain at the disposal of the competent authorities of the Party for use, if required, under Article 1017, Article 1019 or Chapter Twenty (Institutional Arrangements and Dispute Settlement Procedures).

### Section C - Bid Challenge

#### Article 1017: Bid Challenge

1. In order to promote fair, open and impartial procurement procedures, each Party shall adopt and maintain bid challenge procedures for procurement covered by this Chapter in accordance with the following:

- (a) each Party shall allow suppliers to submit bid challenges concerning any aspect of the procurement process, which for the purposes of this Article begins after an entity has decided on its procurement requirement and continues through the contract award;
- (b) a Party may encourage a supplier to seek a resolution of any complaint with the entity concerned prior to initiating a bid challenge;
- (c) each Party shall ensure that its entities accord fair and timely consideration to any complaint regarding procurement covered by this Chapter;
- (d) whether or not a supplier has attempted to resolve its complaint with the entity, or following an unsuccessful attempt at such a resolution, no Party may prevent the supplier from initiating a bid challenge or seeking any other relief;
- (e) a Party may require a supplier to notify the entity on initiation of a bid challenge;
- (f) a Party may limit the period within which a supplier may initiate a bid challenge, but in no case shall the period be less than 10 working days from the time when the basis of the complaint became known or reasonably should have become known to the supplier;

- (g) each Party shall establish or designate a reviewing authority with no substantial interest in the outcome of procurements to receive bid challenges and make findings and recommendations concerning them;
- (h) on receipt of a bid challenge, the reviewing authority shall expeditiously investigate the challenge;
- (i) a Party may require its reviewing authority to limit its considerations to the challenge itself;
- (j) in investigating the challenge, the reviewing authority may delay the awarding of the proposed contract pending resolution of the challenge, except in cases of urgency or where the delay would be contrary to the public interest;
- (k) the reviewing authority shall issue a recommendation to resolve the challenge, which may include directing the entity to re-evaluate offers, terminate or re-compete the contract in question;
- (l) entities normally shall follow the recommendations of the reviewing authority;
- (m) each Party should authorize its reviewing authority, following the conclusion of a bid challenge procedure, to make additional recommendations in writing to an entity respecting any facet of the entity's procurement process that is identified as problematic during the investigation of the challenge, including recommendations for changes in the procurement procedures of the entity to bring them into conformity with this Chapter;
- (n) the reviewing authority shall provide its findings and recommendations respecting bid challenges in writing and in a timely manner, and shall make them available to the Parties and interested persons;
- (o) each Party shall specify in writing and shall make generally available all bid challenge procedures; and
- (p) each Party shall ensure that each of its entities maintains complete documentation regarding each of its procurements, including a written record of all communications substantially affecting each procurement, for at least three years from the date the contract was awarded, to allow verification that the procurement process was carried out in accordance with this Chapter.

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2. A Party may require that a bid challenge be initiated only after the notice of procurement has been published or, where a notice is not published, after tender documentation has been made available. Where a Party imposes such a requirement, the 10-working day period described in paragraph 1(f) shall begin no earlier than the date that the notice is published or the tender documentation is made available.

## Section D - General Provisions

### Article 1018: Exceptions

1. Nothing in this Chapter shall be construed to prevent a Party from taking any action or not disclosing any information which it considers necessary for the protection of its essential security interests relating to the procurement of arms, ammunition or war materials, or to procurement indispensable for national security or for national defense purposes.

2. Provided that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between Parties where the same conditions prevail or a disguised restriction on trade between the Parties, nothing in this Chapter shall be construed to prevent any Party from adopting or maintaining measures:

- (a) necessary to protect public morals, order or safety;
- (b) necessary to protect human, animal or plant life or health;
- (c) necessary to protect intellectual property; or
- (d) relating to goods or services of handicapped persons, of philanthropic institutions or of prison labor.

### Article 1019: Provision of Information

1. Further to Article 1802(1) (Publication), each Party shall promptly publish any law, regulation, precedential judicial decision, administrative ruling of general application and any procedure, including standard contract clauses, regarding government procurement covered by this Chapter in the appropriate publications referred to in Annex 1010.1.

2. Each Party shall:

- (a) on request, explain to another Party its government procurement procedures;
- (b) ensure that its entities, on request from a supplier, promptly explain their procurement practices and procedures; and
- (c) designate by January 1, 1994 one or more contact points to
  - (i) facilitate communication between the Parties, and
  - (ii) answer all reasonable inquiries from other Parties to provide relevant information on matters covered by this Chapter.

3. A Party may seek such additional information on the award of the contract as may be necessary to determine whether the procurement was made fairly and impartially, in particular with respect to unsuccessful tenders. To this end, the Party of the procuring entity shall provide information on the characteristics and relative advantages of the winning tender and the contract price. Where release of this information would prejudice competition in future tenders, the information shall not be released by the requesting Party except after consultation with and agreement of the Party that provided the information.

4. On request, each Party shall provide to another Party information available to that Party and its entities concerning covered procurement of its entities and the individual contracts awarded by its entities.

5. No Party may disclose confidential information the disclosure of which would prejudice the legitimate commercial interests of a particular person or might prejudice free competition between suppliers, without the formal authorization of the person that provided the information to that Party.

6. Nothing in this Chapter shall be construed as requiring any Party to disclose confidential information the disclosure of which would impede law enforcement or otherwise be contrary to the public interest.

7. With a view to ensuring effective monitoring of procurement covered by this Chapter, each Party shall collect statistics and provide to the other Parties an annual report in accordance with the following reporting requirements, unless the Parties otherwise agree:

- (a) statistics on the estimated value of all contracts awarded, both above and below the applicable threshold values, broken down by entities;

- (b) statistics on the number and total value of contracts above the applicable threshold values, broken down by entities, by categories of goods and services established in accordance with classification systems developed under this Chapter and by the country of origin of the goods and services procured;
- (c) statistics on the number and total value of contracts awarded under each use of the procedures referred to in Article 1016, broken down by entities, by categories of goods and services, and by country of origin of the goods and services procured; and
- (d) statistics on the number and total value of contracts awarded under derogations to this Chapter set out in Annexes 1001.2a and 1001.2b, broken down by entities.

8. Each Party may organize by state or province any portion of a report referred to in paragraph 7 that pertains to entities listed in Annex 1001.1a-3.

#### Article 1020: Technical Cooperation

1. The Parties shall cooperate, on mutually agreed terms, to increase understanding of their respective government procurement systems, with a view to maximizing access to government procurement opportunities for the suppliers of all Parties.
2. Each Party shall provide to the other Parties and to the suppliers of such Parties, on a cost recovery basis, information concerning training and orientation programs regarding its government procurement system, and access on a non-discriminatory basis to any program it conducts.
3. The training and orientation programs referred to in paragraph 2 include:
  - (a) training of government personnel directly involved in government procurement procedures;
  - (b) training of suppliers interested in pursuing government procurement opportunities;
  - (c) an explanation and description of specific elements of each Party's government procurement system, such as its bid challenge mechanism; and
  - (d) information about government procurement market opportunities.



4. Each Party shall establish by January 1, 1994 at least one contact point to provide information on the training and orientation programs referred to in this Article.

#### Article 1021: Joint Programs for Small Business

1. The Parties shall establish, within 12 months after the date of entry into force of this Agreement, the Committee on Small Business, comprising representatives of the Parties. The Committee shall meet as mutually agreed, but not less than once each year, and shall report annually to the Commission on the efforts of the Parties to promote government procurement opportunities for their small businesses.

2. The Committee shall work to facilitate the following activities of the Parties:

- (a) identification of available opportunities for the training of small business personnel in government procurement procedures;
- (b) identification of small businesses interested in becoming trading partners of small businesses in the territory of another Party;
- (c) development of data bases of small businesses in the territory of each Party for use by entities of another Party wishing to procure from small businesses;
- (d) consultations regarding the factors that each Party uses in establishing its criteria for eligibility for any small business programs; and
- (e) activities to address any related matter.

#### Article 1022: Rectifications or Modifications

1. A Party may modify its coverage under this Chapter only in exceptional circumstances.

2. Where a Party modifies its coverage under this Chapter, the Party shall:

- (a) notify the other Parties and its Section of the Secretariat of the modification;
- (b) reflect the change in the appropriate Annex; and

- (c) propose to the other Parties appropriate compensatory adjustments to its coverage in order to maintain a level of coverage comparable to that existing prior to the modification.

3. Notwithstanding paragraphs 1 and 2, a Party may make rectifications of a purely formal nature and minor amendments to its Schedules to Annexes 1001.1a-1 through 1001.1b-3 and Annexes 1001.2a and 1001.2b, provided that it notifies such rectifications to the other Parties and its Section of the Secretariat, and another Party does not object to such proposed rectification within 30 days. In such cases, compensation need not be proposed.

4. Notwithstanding any other provision of this Chapter, a Party may undertake reorganizations of its government procurement entities covered by this Chapter, including programs through which the procurement of such entities is decentralized or the corresponding government functions cease to be performed by any government entity, whether or not subject to this Chapter. In such cases, compensation need not be proposed. No Party may undertake such reorganizations or programs to avoid the obligations of this Chapter.

5. Where a Party considers that:

- (a) an adjustment proposed under paragraph (2)(c) is not adequate to maintain a comparable level of mutually agreed coverage, or
- (b) a rectification or a minor amendment under paragraph 3 or a reorganization under paragraph 4 does not meet the applicable requirements of those paragraphs and should require compensation,

the Party may have recourse to dispute settlement procedures under Chapter Twenty (Institutional Arrangements and Dispute Settlement Procedures).

### Article 1023: Divestiture of Entities

1. Nothing in this Chapter shall be construed to prevent a Party from divesting an entity covered by this Chapter.

2. If, on the public offering of shares of an entity listed in Annex 1001.1a-2, or through other methods, the entity is no longer subject to federal government control, the Party may delete the entity from its Schedule to that Annex, and withdraw the entity from the coverage of this Chapter, on notification to the other Parties and its Section of the Secretariat.

3. Where a Party objects to the withdrawal on the grounds that the entity remains subject to federal government control, that Party may have recourse to dispute settlement procedures under Chapter Twenty.

#### Article 1024: Further Negotiations

1. The Parties shall commence further negotiations no later than December 31, 1998, with a view to the further liberalization of their respective government procurement markets.

2. In such negotiations, the Parties shall review all aspects of their government procurement practices for purposes of:

- (a) assessing the functioning of their government procurement systems;
- (b) seeking to expand the coverage of this Chapter, including by adding
  - (i) other government enterprises, and
  - (ii) procurement otherwise subject to legislated or administrative exceptions; and
- (c) reviewing thresholds.

3. Prior to such review, the Parties shall endeavor to consult with their state and provincial governments with a view to obtaining commitments, on a voluntary and reciprocal basis, to include within this Chapter procurement by state and provincial government entities and enterprises.

4. If the negotiations pursuant to Article IX:6(b) of the *GATT Agreement on Government Procurement* ("the Code") are completed prior to such review, the Parties shall:

- (a) immediately begin consultations with their state and provincial governments with a view to obtaining commitments, on a voluntary and reciprocal basis to include within this Chapter procurement by state and provincial government entities and enterprises; and
- (b) increase the obligations and coverage of this Chapter to a level at least commensurate with that of the Code.

5. The Parties shall undertake further negotiations, to commence no later than one year after the date of entry into force of this Agreement, on the subject of electronic transmission.

#### Article 1025: Definitions

For purposes of this Chapter:

**construction services contract** means a contract for the realization by any means of civil or building works listed in Appendix 1001.1b-3-A;

**entity** means an entity listed in Annex 1001.1a-1, 1001.1a-2 or 1001.1a-3;

**goods of another Party** means goods originating in the territory of another Party, determined in accordance with Article 1004;

**international standard** means "international standard", as defined in Article 915 (Standards-Related Measures - Definitions);

**limited tendering procedures** means procedures where an entity contacts suppliers individually, only in the circumstances and under the conditions specified in Article 1016;

**locally established supplier** includes a natural person resident in the territory of the Party, an enterprise organized or established under the Party's law, and a branch or representative office located in the Party's territory;

**open tendering procedures** means those procedures under which all interested suppliers may submit a tender;

**selective tendering procedures** means procedures under which, consistent with Article 1011, those suppliers invited to do so by an entity may submit a tender;

**services** includes construction services contracts, unless otherwise specified;

**standard** means "standard", as defined in Article 915;

**supplier** means a person that has provided or could provide goods or services in response to an entity's call for tender;

**technical regulation** means "technical regulation", as defined in Article 915;

**technical specification** means a specification which lays down goods characteristics or their related processes and production methods, or services characteristics or their related operating methods, including the applicable administrative provisions. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a good, process, or production or operating method; and

**tendering procedures** means open tendering procedures, selective tendering procedures and limited tendering procedures.

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Annex 1001.1a-1

Federal Government Entities

Schedule of Canada

1. Department of Agriculture
2. Department of Communications
3. Department of Consumer and Corporate Affairs
4. Department of Employment and Immigration
5. Immigration and Refugee Board
6. Canada Employment and Immigration Commission
7. Department of Energy, Mines and Resources
8. Atomic Energy Control Board
9. National Energy Board
10. Department of the Environment
11. Department of External Affairs
12. Canadian International Development Agency (on its own account)
13. Department of Finance
14. Office of the Superintendent of Financial Institutions
15. Canadian International Trade Tribunal
16. Municipal Development and Loan Board
17. Department of Fisheries and Oceans
18. Department of Forestry
19. Department of Indian Affairs and Northern Development
20. Department of Industry, Science and Technology
21. Science Council of Canada
22. National Research Council of Canada
23. Natural Sciences and Engineering Research Council of Canada
24. Department of Justice
25. Canadian Human Rights Commission
26. Statute Revision Commission
27. Supreme Court of Canada
28. Department of Labour
29. Canada Labour Relations Board
30. Department of National Health and Welfare
31. Medical Research Council
32. Department of National Revenue
33. Department of Public Works
34. Department of Secretary of State of Canada
35. Social Sciences and Humanities Research Council
36. Office of the Co-ordinator, Status of Women
37. Public Service Commission
38. Department of the Solicitor General
39. Correctional Service of Canada
40. National Parole Board

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| 41. | Department of Supply and Services (on its own account)  | 85.  | Roy   |
| 42. | Canadian General Standards Board  | 86.  | Roy   |
| 43. | Department of Transport (For purposes of Article 1018, the national security considerations applicable to the Department of National Defence are equally applicable to the Canadian Coast Guard.) | 87.  | Stat  |
| 44. | Treasury Board Secretariat and the Office of the Controller General   | 88.  | Tax   |
| 45. | Department of Veterans Affairs  | 89.  | Agr   |
| 46. | Veterans Land Administration  | 90.  | Can   |
| 47. | Department of Western Economic Diversification  | 91.  | Can   |
| 48. | Atlantic Canada Opportunities Agency  | 92.  | Can   |
| 49. | Auditor General of Canada   | 93.  | Dire  |
| 50. | Federal Office of Regional Development (Quebec)   | 94.  | Dire  |
| 51. | Canadian Centre for Management Development  | 95.  | Fish  |
| 52. | Canadian Radio-television and Telecommunications Commission   | 96.  | Nati  |
| 53. | Canadian Sentencing Commission  | 97.  | Roy   |
| 54. | Civil Aviation Tribunal   | 98.  | Roy   |
| 55. | Commission of Inquiry into the Air Ontario Crash at Dryden, Ontario   | 99.  | Roy   |
| 56. | Commission of Inquiry into the Use of Drugs and Banned Practices Intended to Increase Athletic Performance  | 100. | Depa  |
| 57. | Commissioner for Federal Judicial Affairs   |      |       |
| 58. | Competition Tribunal Registry   | 1.   | Secre |
| 59. | Copyright Board   | -    | -     |
| 60. | Emergency Preparedness Canada   | -    | -     |
| 61. | Federal Court of Canada   | -    | -     |
| 62. | Grain Transportation Agency   | -    | -     |
| 63. | Hazardous Materials Information Review Commission   | -    | -     |
| 64. | Information and Privacy Commissioners   | -    | -     |
| 65. | Investment Canada   | -    | -     |
| 66. | Department of Multiculturalism and Citizenship  | -    | -     |
| 67. | The National Archives of Canada   | -    | -     |
| 68. | National Farm Products Marketing Council  | -    | -     |
| 69. | The National Library  | -    | -     |
| 70. | National Transportation Agency  | 2.   | Secre |
| 71. | Northern Pipeline Agency  | -    | -     |
| 72. | Patented Medicine Prices Review Board   | -    | -     |
| 73. | Petroleum Monitoring Agency   | -    | -     |
| 74. | Privy Council Office  | -    | -     |
| 75. | Canadian Intergovernmental Conference Secretariat   | -    | -     |
| 76. | Commissioner of Official Languages  | 3.   | Secre |
| 77. | Economic Council of Canada  | -    | -     |
| 78. | Public Service Staff Relations Office   | -    | -     |
| 79. | Office of the Secretary to the Governor General   | -    | -     |
| 80. | Office of the Chief Electoral Officer   | -    | -     |
| 81. | Federal Provincial Relations Office   | -    | -     |
| 82. | Procurement Review Board  |      |       |
| 83. | Royal Commission on Electoral Reform and Party Financing  |      |       |
| 84. | Royal Commission on National Passenger Transportation   |      |       |

- 85. Royal Commission on New Reproductive Technologies
- 86. Royal Commission on the Future of the Toronto Waterfront
- 87. Statistics Canada
- 88. Tax Court of Canada, Registry of the
- 89. Agricultural Stabilization Board
- 90. Canadian Aviation Safety Board
- 91. Canadian Centre for Occupational Health and Safety
- 92. Canadian Transportation Accident Investigation and Safety Board
- 93. Director of Soldier Settlement
- 94. Director, The Veterans' Land Act
- 95. Fisheries Prices Support Board
- 96. National Battlefields Commission
- 97. Royal Canadian Mounted Police
- 98. Royal Canadian Mounted Police External Review Committee
- 99. Royal Canadian Mounted Police Public Complaints Commission
- 100. Department of National Defence

### Schedule of Mexico

- 1. Secretaría de Gobernación (Ministry of Government)
  - Centro Nacional de Estudios Municipales (National Center for Municipal Studies)
  - Comisión Calificadora de Publicaciones y Revistas Ilustradas (Illustrated Periodicals and Publications Classification Commission)
  - Consejo Nacional de Población (National Population Council)
  - Archivo General de la Nación (General Archives of the Nation)
  - Instituto Nacional de Estudios Históricos de la Revolución Mexicana (National Institute of Historical Studies on the Mexican Revolution)
  - Patronato de Asistencia para la Reincorporación Social (Social Reintegration Assistance Foundation)
  - Centro Nacional de Prevención de Desastres (National Disaster Prevention Center)
  - Consejo Nacional de Radio y Televisión (National Radio and Television Council)
  - Comisión Mexicana de Ayuda a Refugiados (Mexican Commission on Refugee Assistance)
- 2. Secretaría de Relaciones Exteriores (Ministry of Foreign Relations)
  - Sección Mexicana de la Comisión Internacional de Límites y Aguas México-EEUU (Mexican Section of the International Boundary and Water Commission, Mexico and the United States)
  - Sección Mexicana de la Comisión Internacional de Límites y Aguas México-Guatemala (Mexican Section of the International Boundary and Water Commission, Mexico and Guatemala)
- 3. Secretaría de Hacienda y Crédito Público (Ministry of Finance and Public Credit)
  - Comisión Nacional Bancaria (National Banking Commission)
  - Comisión Nacional de Valores (National Securities Commission)
  - Comisión Nacional de Seguros y Fianzas (National Insurance and Bonds Commission)
  - Instituto Nacional de Estadística, Geografía e Informática (National Institute of Statistics, Geography, and Informatics)



4. Secretaría de Agricultura y Recursos Hidráulicos (Ministry of Agriculture and Water Resources)
  - Instituto Mexicano de Tecnología del Agua (Mexican Institute of Water Technology)
  - Instituto Nacional de Investigaciones Forestales y Agropecuarias (National Forestry and Agricultural Research Institute)
  - Apoyos a Servicios a la Comercialización Agropecuaria (Aserca) (Support Services for Agricultural Marketing)
5. Secretaría de Comunicaciones y Transportes (including the Instituto Mexicano de Comunicaciones and the Instituto Mexicano de Transporte) (Ministry of Communications and Transport, including the Mexican Institute of Communications and the Mexican Institute of Transportation)
6. Secretaría de Comercio y Fomento Industrial (Ministry of Commerce and Industrial Development)
7. Secretaría de Educación Pública (Ministry of Public Education)
  - Instituto Nacional de Antropología e Historia (National Institute of Anthropology and History)
  - Instituto Nacional de Bellas Artes y Literatura (National Institute of Fine Arts and Literature)
  - Radio Educación (Radio Education)
  - Centro de Ingeniería y Desarrollo Industrial (Engineering and Industrial Development Center)
  - Consejo Nacional para la Cultura y las Artes (National Council for Culture and the Arts)
  - Comisión Nacional del Deporte (National Sports Commission)
8. Secretaría de Salud (Ministry of Health)
  - Administración del Patrimonio de la Beneficencia Pública (Public Charity Fund Administration)
  - Centro Nacional de la Transfusión Sanguínea (National Blood Transfusion Center)
  - Gerencia General de Biológicos y Reactivos (Office of General Management for Biologicals and Reagents)
  - Centro para el Desarrollo de la Infraestructura en Salud (Center for Infrastructural Development in Health)
  - Instituto de la Comunicación Humana Dr. Andrés Bustamante Gurría (Dr. Andrés Bustamante Gurría Institute of Human Communication)
  - Instituto Nacional de Medicina de la Rehabilitación (National Rehabilitative Medicine Institute)
  - Instituto Nacional de Ortopedia (National Orthopedics Institute)
  - Consejo Nacional para la Prevención y Control del Síndrome de la Inmunodeficiencia Adquirida, (Conasida) (National Council for the Prevention and Control of the Acquired Immune Deficiency Syndrome)
9. Secretaría del Trabajo y Previsión Social (Ministry of Labor and Social Welfare)
  - Procuraduría Federal de la Defensa del Trabajo (Office of the Federal Attorney for Labor Defense)
10. Secretaría de la Reforma Agraria (Ministry of Agrarian Reform)
  - Instituto de Capacitación Agraria (Institute of Agricultural Training)
11. Secretaría de Pesca (Ministry of Fisheries)
  - Instituto Nacional de la Pesca (National Institute of Fisheries)
12. Procuraduría General de la República (Office of the Attorney General of the Republic)
13. Secretaría de Energía Minas e Industria Paraestatal (Ministry of Energy, Mines, and Parastatal Industry)

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- Comisión Nacional de Seguridad Nuclear y Salvaguardias (National Commission on Nuclear Safety and Safeguards)
- Comisión Nacional para el Ahorro de Energía (National Commission for Energy Conservation)
- 14. Secretaría de Desarrollo Social (Ministry of Social Development)
- 15. Secretaría de Turismo (Ministry of Tourism)
- 16. Secretaría de la Contraloría General de La Federación (Ministry of the Comptroller General of the Federation)
- 17. Comisión Nacional de Zonas Áridas (National Commission on Arid Zones)
- 18. Comisión Nacional de Libros de Texto Gratuito (National Commission on Free Textbooks)
- 19. Comisión Nacional de Derechos Humanos (National Commission on Human Rights)
- 20. Consejo Nacional de Fomento Educativo (National Educational Development Council)
- 21. Secretaría de la Defensa Nacional (Ministry of National Defense)
- 22. Secretaría de Marina (Ministry of the Navy)

Notes:

- 1. This Schedule covers the numbered entities and those listed thereunder.
- 2. Translation provided for purposes of reference only.

Schedule of the United States

- 1. Department of Agriculture (Not including procurement of agricultural goods made in furtherance of agricultural support programs or human feeding programs. Federal buy national requirements imposed as conditions of funding by the Rural Electrification Administration will not apply to goods of Mexico and Canada, suppliers of such goods, and service suppliers of Mexico and Canada.)
- 2. Department of Commerce
- 3. Department of Education
- 4. Department of Health and Human Services
- 5. Department of Housing and Urban Development
- 6. Department of the Interior, including the Bureau of Reclamation (For goods of Canada, suppliers of such goods and service suppliers of Canada, this Chapter will apply to procurements by the Bureau of Reclamation of the Department of Interior only at such time as this Chapter applies to procurements by the Canadian provincial, not including local, hydro utilities.)
- 7. Department of Justice
- 8. Department of Labor
- 9. Department of State
- 10. United States Agency for International Development
- 11. Department of the Treasury
- 12. Department of Transportation (For purposes of Article 1018, the national security considerations applicable to the Department of Defense are equally applicable to the Coast Guard, a military unit of the United States.)
- 13. Department of Energy (Not including national security procurements made in support of safeguarding nuclear materials or technology and entered into under the authority of the Atomic Energy Act, and oil purchases related to the Strategic Petroleum Reserve.)

14. General Services Administration (except Federal Supply Groups 51 and 52 and Federal Supply Class 7340)
15. National Aeronautics and Space Administration (NASA)
16. Department of Veterans Affairs
17. Environmental Protection Agency
18. United States Information Agency
19. National Science Foundation
20. Panama Canal Commission
21. Executive Office of the President
22. Farm Credit Administration
23. National Credit Union Administration
24. Merit Systems Protection Board
25. ACTION
26. United States Arms Control and Disarmament Agency
27. Office of Thrift Supervision
28. Federal Housing Finance Board
29. National Labor Relations Board
30. National Mediation Board
31. Railroad Retirement Board
32. American Battle Monuments Commission
33. Federal Communications Commission
34. Federal Trade Commission
35. Interstate Commerce Commission
36. Securities and Exchange Commission
37. Office of Personnel Management
38. United States International Trade Commission
39. Export-Import Bank of the United States
40. Federal Mediation and Conciliation Service
41. Selective Service System
42. Smithsonian Institution
43. Federal Deposit Insurance Corporation
44. Consumer Product Safety Commission
45. Equal Employment Opportunity Commission
46. Federal Maritime Commission
47. National Transportation Safety Board
48. Nuclear Regulatory Commission
49. Overseas Private Investment Corporation
50. Administrative Conference of the United States
51. Board for International Broadcasting
52. Commission on Civil Rights
53. Commodity Futures Trading Commission
54. Peace Corps
55. National Archives and Records Administration
56. Department of Defense, including the Army Corps of Engineers

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**Annex 1001.1a-2**  
**Government Enterprises**  
**Schedule of Canada**

1. Canada Post Corporation
2. National Capital Commission
3. St. Lawrence Seaway Authority
4. Royal Canadian Mint
5. Canadian National Railway Company
6. Via Rail Canada Inc.
7. Canadian Museum of Civilization
8. Canadian Museum of Nature
9. National Gallery of Canada
10. National Museum of Science and Technology
11. Defence Construction (1951) Ltd.

**Notes:**

1. For greater certainty, Article 1019(5) applies to procurements by Canadian National Railway Company, St. Lawrence Seaway Authority and Via Rail Canada Inc., respecting the protection of the commercial confidentiality of information provided.
2. This Chapter does not apply to procurement by or on behalf of the Royal Canadian Mint of direct inputs for use in minting anything other than Canadian legal tender.
3. With respect to the Canadian National Railway Company, this Chapter applies to the procurement of goods, services and construction services for its railway operations, subject to any other exceptions in this Chapter.

**Schedule of Mexico**

**Printing and Editorial**

1. Talleres Gráficos de la Nación (National Printers)
2. Productora e Importadora de Papel, S.A. de C.V. (PIPSA) (Producer and Importer of Paper, S.A. de C.V.)

**Communications and Transportation**

3. Aeropuertos y Servicios Auxiliares (ASA) (Airports and Auxiliary Services)
4. Caminos y Puentes Federales de Ingresos y Servicios Conexos (Capufe) (Federal Toll Roads and Bridges and Related Services)
5. Servicio Postal Mexicano (Mexican Postal Service)

6. Ferrocarriles Nacionales de México (Ferroviales) (National Railways of Mexico)
7. Telecomunicaciones de México (Telecom) (Telecommunications of Mexico)

### Industry

8. Petróleos Mexicanos (Pemex) (Mexican Petroleum) (Not including procurements of fuels or gas)
9. Comisión Federal de Electricidad (CFE) (Federal Electricity Commission)
10. Consejo de Recursos Minerales (Mineral Resources Council)
11. Consejo de Recursos Mineros (Mining Resources Council)

### Commerce

12. Compañía Nacional de Subsistencias Populares (Conasupo) (National Company for Basic Commodities) (Not including procurements of agricultural goods made in furtherance of agricultural support programs or human feeding programs.)
13. Bodegas Rurales Conasupo, S.A. de C.V. (Conasupo Rural Storage Facilities, S.A. de C.V.)
14. Distribuidora e Impulsora de Comercio, S.A. de C.V. (Diconsa) (Commercial Distributor and Trade Promotion S.A. de C.V.)
15. Leche Industrializada Conasupo, S.A. de C.V. (Liconsa) (Conasupo Industrialized Milk, S.A. de C.V.) (Not including procurements of agricultural goods made in furtherance of agricultural support programs or human feeding programs.)
16. Procuraduría Federal del Consumidor (Office of the Federal Attorney for Consumers)
17. Instituto Nacional del Consumidor (National Consumer Institute)
18. Laboratorios Nacionales de Fomento Industrial (National Industrial Development Laboratories)
19. Servicio Nacional de Información de Mercados (National Markets Information Service)

### Social Security

20. Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (ISSSTE) (Social Security and Services Institute for Government Workers)
21. Instituto Mexicano del Seguro Social (IMSS) (Mexican Social Security Institute)
22. Sistema Nacional para el Desarrollo Integral de la Familia (DIF) (National System for Integrated Family Development) (Not including procurements of agricultural goods made in furtherance of agricultural support programs or human feeding programs.)
23. Servicios Asistenciales de la Secretaría de Marina (Social Security Services of the Department of Navy)
24. Instituto de Seguridad Social para las Fuerzas Armadas Mexicanas (Social Security Institute for Mexican Armed Forces)
25. Instituto Nacional Indigenista (INI) (National Institute of Indian Peoples)
26. Instituto Nacional Para la Educación de los Adultos (National Institute for Adult Education)
27. Centros de Integración Juvenil (Youth Integration Centers)
28. Instituto Nacional de la Senectud (National Institute on Old Age)

### Others

29. Comité Administrador del Programa Federal de Construcción de Escuelas (CAPFCE) (Administrative Committee of the School Construction Federal Program)

- 30. Comisión Nacional del Agua (CNA) (National Water Commission)
- 31. Comisión Para la Regularización de la Tenencia de la Tierra (Commission for the Regularization of Land Tenure)
- 32. Consejo Nacional de Ciencia y Tecnología (Conacyt) (National Science and Technology Council)
- 33. Notimex, S.A. de C.V.
- 34. Instituto Mexicano de Cinematografía (Mexican Institute of Cinematography)
- 35. Lotería Nacional para la Asistencia Pública (National Lottery for Public Assistance)
- 36. Pronósticos Deportivos (Sports Lottery)

Note: Translation provided for purposes of reference only.

### Schedule of the United States

- 1. Tennessee Valley Authority
- 2. Bonneville Power Administration
- 3. Western Area Power Administration
- 4. Southeastern Power Administration
- 5. Southwestern Power Administration
- 6. Alaska Power Administration
- 7. St. Lawrence Seaway Development Corporation

Note: For goods of Canada, suppliers of such goods and service suppliers of Canada, this Chapter will apply to procurements by the authorities and power administrations listed as items 1 through 6 only at such time as this Chapter applies to the procurements by the Canadian provincial, not including local, hydro utilities.

**Annex 1001.1a-3**

**State and Provincial Government Entities**

Coverage under this Annex will be the subject of consultations with state and provincial governments in accordance with Article 1024.

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Annex 1001.1b-1

Goods

Section A - General Provisions

1. This Chapter applies to all goods, except to the extent set out in paragraphs 2 through 5 and Section B.
2. With respect to Canada, the goods listed in Section B purchased by the Department of National Defence and the Royal Canadian Mounted Police are included in the coverage of this Chapter, subject to Article 1018(1).
3. With respect to Mexico, the goods listed in Section B purchased by the Secretaría de la Defensa Nacional and the Secretaría de Marina are included in the coverage of this Chapter, subject to the application of Article 1018(1).
4. With respect to the United States, this Chapter will generally apply to Department of Defense purchases of the FSC categories listed in Section B subject to United States Government determinations under Article 1018(1).
5. This Chapter does not apply to the following purchases of the U.S. Department of Defense:
  - (a) Federal Supply Classification (FSC) 83 - all elements other than pins, needles, sewing kits, flagstuffs, flagpoles and flagstaff trucks;
  - (b) FSC 84 - all elements other than sub-class 8460 (luggage);
  - (c) FSC 89 - all elements other than sub-class 8975 (tobacco products);
  - (d) FSC 2310 - (buses only);
  - (e) specialty metals, defined as steels melted in steel manufacturing facilities located in the United States or its possessions, where the maximum alloy content exceeds one or more of the following limits, must be used in products purchased by DOD: (1) manganese, 1.65 percent; silicon, 0.60 percent; or copper, 0.06 percent; or which contains more than 0.25 percent of any of the following elements: aluminum, chromium, cobalt, columbium, molybdenum, nickel, titanium, tungsten or vanadium; (2) metal alloys consisting of nickel, iron-nickel and cobalt base alloys containing a total of other alloying metals (except iron) in excess of 10 percent; (3) titanium and titanium alloys; or (4) zirconium base alloys;



- (f) FSC 19 and 20 - that part defined as naval vessels or major components of the hull or superstructure thereof;
- (g) FSC 51; and
- (h) the following FSC categories are not generally covered due to application of Article 1018(1): 10, 12, 13, 14, 15, 16, 17, 19, 20, 28, 31, 58, 59 and 91.

### Section B - List of Certain Goods

Note: Numbers refer to the Federal Supply Classification codes.

22. Railway equipment
23. Motor vehicles, trailers and cycles (except buses in 2310; and, for Canada and Mexico, except military trucks and trailers in 2320 and 2330 and tracked combat, assault and tactical vehicles in 2350)
24. Tractors
25. Vehicular equipment components
26. Tires and tubes
29. Engine accessories
30. Mechanical power transmission equipment
32. Woodworking machinery and equipment
34. Metal working machinery
35. Service and trade equipment
36. Special industry machinery
37. Agricultural machinery and equipment
38. Construction, mining, excavating and highway maintenance equipment
39. Materials handling equipment
40. Rope, cable, chain and fittings
41. Refrigeration and air conditioning equipment
42. Fire fighting, rescue and safety equipment (for Canada, except 4220: Marine life-saving and diving equipment; and 4230: Decontaminating and impregnating equipment)
43. Pumps and compressors
44. Furnace, steam plant, drying equipment and nuclear reactors
45. Plumbing, heating and sanitation equipment
46. Water purification and sewage treatment equipment
47. Pipe, tubing, hose and fittings
48. Valves
49. Maintenance and repair shop equipment
52. Measuring tools
53. Hardware and abrasives
54. Prefabricated structures and scaffolding
55. Lumber, millwork, plywood and veneer
56. Construction and building materials
61. Electric wire and power and distribution equipment
62. Lighting fixtures and lamps
63. Alarm and signal systems

- 65. Medical, dental and veterinary equipment and supplies
- 66. Instruments and laboratory equipment (for Canada, except 6615: Automatic pilot mechanisms and airborne Gyro components; and 6665: Hazard-detecting instruments and apparatus)
- 67. Photographic equipment
- 68. Chemicals and chemical products
- 69. Training aids and devices
- 70. General purpose automatic data processing equipment, software, supplies and support equipment (for Canada, except 7010: Automatic Data Processing Equipment (ADPE) configurations)
- 71. Furniture
- 72. Household and commercial furnishings and appliances
- 73. Food preparation and serving equipment
- 74. Office machines, text processing system and visible record equipment
- 75. Office supplies and devices
- 76. Books, maps and other publications (for Canada and Mexico, except 7650: drawings and specifications)
- 77. Musical instruments, phonographs and home-type radios
- 78. Recreational and athletic equipment
- 79. Cleaning equipment and supplies
- 80. Brushes, paints, sealers and adhesives
- 81. Containers, packaging and packing supplies
- 85. Toiletries
- 87. Agricultural supplies
- 88. Live animals
- 91. Fuels, lubricants, oils and waxes (Canada and United States only)
- 93. Non-metallic fabricated materials
- 94. Non-metallic crude materials
- 96. Ores, minerals and their primary products (for Mexico, except 9620: minerals, natural and synthetic)
- 99. Miscellaneous

**Annex 1001.1b-2**

**Services**

**Section A - General Provisions**

1. This Chapter applies to all services that are procured by the entities listed in Annex 1001.1a-1 and Annex 1001.1a-2, subject to:

- (a) paragraph 3 and Section B; and
- (b) Appendix 1001.1b-2-A, for the Parties specified in that Appendix.

2. Appendix 1001.1b-2-B sets out the Common Classification System for the services procured by the entities of the Parties. The Parties shall use this System for reporting purposes and shall update Appendix 1001.1b-2-B at such times as they mutually agree.

3. Annex 1001.1b-3 applies to contracts for construction services.

**Section B - Excluded Coverage**

**Schedule of Canada**

**Services Exclusions  
by Major Service Category**

The following service contracts are excluded:

**A. Research and Development**

All classes

**B. Special Studies and Analysis - not R&D**

- B002 Animal and Fisheries Studies
- B003 Grazing and Range Studies
- B400 Aeronautic/Space Studies
- B503 Medical and Health Studies
- B507 Legal Studies (Except Advisory Services on Foreign Law)

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**C. Architecture and Engineering Services**

- C112 Airfield, Communication and Missile Facilities
- C216 Marine Architect and Engineering Services

**D. Information Processing and Related Telecommunications Services**

- D304 ADP Telecommunications and Transmission Services, except those classified as "enhanced or value-added services" as defined in Article 1310 and that are expressly excluded from the reservations set out in Annex II, Schedule of Canada, II-C-3 or II-C-5. For the purposes of this provision, the procurement of "ADP Telecommunications and Transmission services" does not include the ownership or furnishing of facilities for the transmission of voice or data services.
- D305 ADP Teleprocessing and Timesharing Services
- D309 Information and Data Broadcasting or Data Distribution Services
- D316 Telecommunications Network Management Services
- D317 Automated News Service, Data Services, or Other Information Services. Buying data, the electronic equivalent of books, periodicals, newspapers, etc.
- D399 Other ADP and Telecommunications Services

**F. Natural Resources and Conservation Services**

- F004 Land Treatment Practices Services (plowing/clearing, etc).
- F005 Range Seeding Services (ground equipment)
- F006 Crop Services inc. Seed Collection/Production Services
- F007 Seedling Production/Transplanting Services
- F010 Other Range/Forest Improvements Services
- F011 Pesticides/Insecticides Support Services
- F021 Veterinary/Animal Care Services (inc. livestock services)
- F029 Other Animal Care /Control Services
- F030 Fisheries Resources Management Services
- F031 Fish Hatchery Services
- F050 Recreation Site Maintenance Services (non-construction)
- F059 Other Natural Resource and Conservation Services

**G. Health and Social Services**

All classes

- H. Quality Control, Testing and Inspection and Technical Representative Services**
- Services for the Departments of Transport, Communications and Fisheries and Oceans respecting FSC 36 - (Special Industry Machinery), FSC 70 - (Automatic Data Processing Equipment, software supplies and support equipment) and FSC 74 (Office machines, text processing systems and visible record equipment)
- FSC 58 (Communications, Detection, and Coherent Radiation Equipment)
- Services with reference to transportation equipment
- J. Maintenance, Repair, Modification, Rebuilding and Installation of Equipment**
- Services for the Departments of Transport, Communications and Fisheries and Oceans respecting FSC 36 - (Special Industry Machinery), FSC 70 - (Automatic Data Processing Equipment, software supplies and support equipment) and FSC 74 (Office machines, text processing systems and visible record equipment)
- FSC 58 (Communications, Detection, and Coherent Radiation Equipment)
- Services with reference to transportation equipment
- J019 Maintenance, Repair, Modification, Rebuilding and Installation of Equipment related to Ships
- J998 Non-nuclear Ship Repair
- K. Custodial Operations and Related Services**
- K0 Personal Care Services  
 K105 Guard Services  
 K109 Surveillance Services  
 K115 Preparation and Disposal of Excess and Surplus Property
- L. Financial and Related Services**
- All classes
- M. Operation of Government Owned Facilities**
- All facilities operated by:  
 The Department of Defence  
 The Department of Transport

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**R. Professional, Administrative and Management Support Services**

- R003 Legal Services (Except Advisory Services on Foreign Law)
- R004 Certifications and accreditations for products and institutions other than Educational Institutions
- R007 Systems Engineering Services<sup>1</sup>
- R012 Patent and Trade Mark Services
- R101 Expert Witness
- R102 Weather Reporting/Observation Services
- R104 Transcription Services
- R106 Post Office Services
- R109 Translation and Interpreting Services (inc. sign language)
- R113 Data Collection Services
- R114 Logistics Support Services<sup>2</sup>
- R116 Court Reporting Services
- R117 Paper Shredding Services
- R201 Civilian Personnel Recruitment  
(inc. Services of Employment Agencies)

<sup>1</sup> with reference to transportation systems

<sup>2</sup> with respect to transportation and defence

**S. Utilities**

All classes

**T. Communications, Photographic, Mapping, Printing and Publications Services**

All classes

**U. Education and Training Services**

U010 Certifications and accreditations for Educational Institutions

**V. Transportation, Travel and Relocation Services**

All classes (except V503 Travel Agent Services (not including Tour Guides))

**W. Lease or Rental of Equipment**

Services for the Departments of Transport, Communications and Fisheries and Oceans respecting FSC 36 - (Special Industry Machinery), FSC 70 - (Automatic Data Processing Equipment, software supplies and support equipment) and FSC 74 (Office machines, text processing systems and visible record equipment)

FSC 58 (Communications, Detection, and Coherent Radiation Equipment)

Services with reference to transportation equipment

**Notes:**

1. All services, with reference to those goods purchased by the Department of National Defence, the Royal Canadian Mounted Police and the Canadian Coast Guard which are not identified as subject to coverage by this chapter (Annex 1001.1b-1), will be exempt from the disciplines of the Chapter.
2. All services purchased in support of military forces located overseas will be exempt from coverage by this chapter.
3. The Schedules of Canada as identified in Annex 1001.2b and Annex 1001.1b-3 will apply.
4. In the absence of agreed definitions for service classes under the proposed NAFTA classification system, and until such time as they are mutually agreed, Canada will continue to apply appropriate CPC definitions to identify classes which it considers exempt.

**Schedule of Mexico**

The following service contracts are excluded:

(Based on the United Nations Central Product Classification (CPC))

1. All transportation services, including:
 

CPC Group	CPC Class	
71		Land Transportation
72		Water Transport
73		Air Transport
74		Supporting and Auxiliary Transport
75		Post and Telecommunications
8868		Repair Services of other transport equipment, on a fee or contract basis
2. Public Utilities Services (including telecommunications, transmission, water or energy services)

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M180

- 3. Management and operation contracts awarded to federally-funded research and development centers or related to carrying out government sponsored research programs
- 4. Financial Services
- 5. Research and Development Services

**Schedule of the United States**

**Service Exclusions  
by Major Service Category**

**A. Research and Development**

All classes

**D. Information Processing and Related Telecommunications Services**

D304 ADP Telecommunications and Transmission Services, except for those services classified as "enhanced or value-added services," as defined in Article 1310 and that are expressly excluded from the reservation set out in Annex II, Schedule of the United States, II-U-3. For the purposes of this provision, the procurement of "ADP Telecommunications and Transmission services" does not include the ownership or furnishing of facilities for the transmission of voice or data services.

- D305 ADP Teleprocessing and Timesharing Services
- D316 Telecommunications Network Management Services
- D317 Automated News Services, Data Services or Other Information Services
- D399 Other ADP and Telecommunications Services

**J. Maintenance, Repair, Modification, Rebuilding and Installation of Equipment**

J019 Maintenance, Repair, Modification, Rebuilding and Installation of Equipment Related to Ships

J998 Non-nuclear Ship Repair

**M. Operation of Government-Owned Facilities**

All facilities operated by the Department of Defense, Department of Energy and the National Aeronautics and Space Administration; and for all entities:

M180 Research and Development Facilities





## Temporary Schedule

Note: Based on the United Nations Central Product Classification (CPC)

- CPC Professional Services
- 863 Taxation services (excluding legal services)
- Architectural services
- 86711 Advisory and pre-design architectural services
- 86712 Architectural design services
- 86713 Contract administration services
- 86714 Combined architectural design and contract administration services
- 86719 Other architectural services
- Engineering services
- 86721 Advisory and consultative engineering services
- 86722 Engineering design services for foundations and building structures
- 86723 Engineering design services for mechanical and electrical installations for buildings
- 86724 Engineering design services for civil engineering construction
- 86725 Engineering design for industrial processes and production
- 86726 Engineering design services n.e.c.
- 86727 Other engineering services during the construction and installation phase
- 86729 Other engineering services
- Integrated engineering services
- 86731 Integrated engineering services for transportation, infrastructure turnkey projects
- 86732 Integrated engineering and project management services for water supply and sanitation works turnkey projects
- 86733 Integrated engineering services for the construction of manufacturing turnkey projects
- 86739 Integrated engineering services for other turnkey projects
- 8674 Urban planning and landscape architectural services
- Computer and Related Services
- 841 Consultancy services related to the installation of computer hardware
- 842 Software implementation services, including systems and software consulting services, systems analysis, design, programming and maintenance services
- 843 Data processing services, including processing, tabulation and facilities management services
- 844 Data base services
- 845 Maintenance and repair services of office machinery and equipment including computers
- 849 Other computer services
- Real Estate Services
- 821 Real estate services involving own or leased property
- 822 Real estate services on a fee or contract basis

Rental/Leasing Services without Operators

- 831 Leasing or rental services concerning machinery and equipment without operator, including computers
- 832 Leasing or rental services concerning personal and household goods (excluding in 83201, the rent of prerecorded records, sound cassettes, CD's and excluding 83202, rental services concerning video tapes)

Other Business Services

- Management consulting services
  - 86501 General management consulting services
  - 86503 Marketing management consulting services
  - 86504 Human resources management consulting services
  - 86505 Production management consulting services
  - 86509 Other management consulting services, including agrology, agronomy, farm management and related consulting services
- 8676 Technical testing and analysis services including quality control and inspection
- 8814 Services incidental to forestry and logging, including forest management
- 883 Services incidental to mining, including, drilling and field services
  - Related scientific and technical consulting services
    - 86751 Geological, geophysical and other scientific prospecting services, including those related to mining
    - 86752 Subsurface surveying services
    - 86753 Surface surveying services
    - 86754 Map making services
- 8861 through
- 8866 Repair services incidental to metal products, to machinery and equipment including computers and communications equipment
- 874 Building-cleaning
- 876 Packaging services

Environmental Services

- 940 Sewage and refuse disposal, sanitation and other environmental protection services, including sewage services, nature and landscape protection services and other environmental protection services n.e.c.

Hotels and restaurants (including catering)

- 641 Hotel and other lodging services
- 642 Food services
- 643 Beverage serving services

Travel agency and tour operators services

- 7471 Travel agency and tour operator services

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Appendix 1001.1b-2-B

Common Classification System

Services

Notes:

- 1. It is understood that the Parties will continue to work on the development of definitions related to the categories and other ongoing enhancements to the Classification System.
- 2. The Parties will continue to review outstanding technical issues that may arise from time to time.
- 3. This common classification system follows the format described below:

Group = one digit

Sub-group = two digit

Class = four digit

A - Research and Development

Definition of research and development contracts:

Procurement of research and development services include the acquisition of specialized expertise for the purposes of increasing knowledge in science; applying increased scientific knowledge or exploiting the potential of scientific discoveries and improvements in technology to advance the state of art; and systematically using increases in scientific knowledge and advances in state of art to design, develop, test, or evaluate new products or services.

R&D Codes:

The R&D code is composed of two alphabetic digits. The first digit is always the letter "A" to identify R&D, the second digit is alphabetic "A to Z" to identify the major sub-group.

Code Descriptions

- AA Agriculture
- AB Community Services and Development
- AC Defense Systems
- AD Defense - Other
- AE Economic Growth and Productivity
- AF Education
- AG Energy

AH	Environmental Protection
AJ	General Science and Technology
AK	Housing
AL	Income Security
AM	International Affairs and Cooperation
AN	Medical
AP	Natural Resources
AQ	Social Services
AR	Space
AS	Transportation - Modal
AT	Transportation - General
AV	Mining Activities
AZ	Other Research and Development

### B - Special Studies and Analysis - (not R&D)

#### Definition of Special Studies and Analysis:

Procurement of special studies and analyses are organized, analytic assessments that provide insight for understanding complex issues or improving policy development or decision making. Output obtained in such acquisitions is a formal, structured document including data or other information that form the basis for conclusions or recommendations.

#### B0 Natural Sciences

B000	Chemical/Biological Studies and Analyses
B001	Endangered Species Studies - Plant and Animal
B002	Animal and Fisheries Studies
B003	Grazing/Range Studies
B004	Natural Resource Studies
B005	Oceanological Studies
B009	Other Natural Sciences Studies

#### B1 Environmental Studies

B100	Air Quality Analyses
B101	Environmental Studies Development of Environmental Impact Statements and Assessments
B102	Soil Studies
B103	Water Quality Studies
B104	Wildlife Studies
B109	Other Environmental Studies

- 001.15
- B2 Engineering Studies
- B200 Geological Studies
- B201 Geophysical Studies
- B202 Geotechnical Studies
- B203 Scientific Data Studies
- B204 Seismological Studies
- B205 Building Technology Studies
- B206 Energy Studies
- B207 Technology Studies
- B208 Housing and Community Development Studies (incl. Urban/Town Planning Studies)
- B219 Other Engineering Studies
- B3 Administrative Support Studies
- B300 Cost Benefit Analyses
- B301 Data Analyses (other than scientific)
- B302 Feasibility Studies (non-construction)
- B303 Mathematical/Statistical Analyses
- B304 Regulatory Studies
- B305 Intelligence Studies
- B306 Defense Studies
- B307 Security Studies (Physical and Personal)
- B308 Accounting/Financial Management Studies
- B309 Trade Issue Studies
- B310 Foreign Policy/National Security Policy Studies
- B311 Organization/Administrative/Personnel Studies
- B312 Mobilization/Preparedness Studies
- B313 Manpower Studies
- B314 Acquisition Policy/Procedures Studies
- B329 Other Administrative Support Studies
- B4 Space Studies
- B400 Aeronautic/Space Studies
- B5 Social Studies and Humanities
- B500 Archeological/Paleontological Studies
- B501 Historical Studies
- B502 Recreation Studies
- B503 Medical and Health Studies
- B504 Educational Studies and Analyses
- B505 Elderly/Handicapped Studies
- B506 Economic Studies
- B507 Legal Studies
- B509 Other Studies and Analyses
- vide inspe  
Output  
information

**C - Architect and Engineering Services****C1 - Architect and Engineering Services - Related To Construction****C11 Building and Facility Structures**

- C111 Administrative and Service Buildings
- C112 Airfield, Communication and Missile Facilities
- C113 Educational Buildings
- C114 Hospital Buildings
- C115 Industrial Buildings
- C116 Residential Buildings
- C117 Warehouse Buildings
- C118 Research and Development Facilities
- C119 Other Buildings

**C12 Non-Building Structures**

- C121 Conservation and Development
- C122 Highways, Roads, Streets, Bridges and Railways
- C123 Electric Power Generation (EPG)
- C124 Utilities
- C129 Other Non-Building Structures
- C130 Restoration

**C2 - Architect and Engineering Services - Not Related to Construction**

- C211 Architect - Engineer Services (incl. landscaping, interior layout and designing)
- C212 Engineering Drafting Services
- C213 A&E Inspection Services
- C214 A&E Management Engineering Services
- C215 A&E Production Engineering Services (incl. Design and Control and Building Programming)
- C216 Marine Architect and Engineering Services
- C219 Other Architect and Engineering Services

**D - Information Processing and Related Telecommunications Services**

- D301 ADP Facility Operation and Maintenance Services
- D302 ADP Systems Development Services
- D303 ADP Data Entry Services
- D304 ADP Telecommunications and Transmission Services
- D305 ADP Teleprocessing and Timesharing Services
- D306 ADP Systems Analysis Services
- D307 Automated Information System Design and Integration Services
- D308 Programming Services
- D309 Information and Data Broadcasting or Data Distribution Services

D310 A  
D311 A  
D312 A  
D313 C  
D314 A  
D315 D  
D316 T  
D317 A  
D399 O

**E - Environ**

E101 A  
E102 In  
E103 W  
E104 In  
E106 T  
E107 Ha  
E108 Ha  
E109 Le  
E110 In  
E111 O  
E199 O

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F003 F  
F004 La  
F005 Ra  
F006 Cr  
F007 Se  
F008 Tr  
F009 Tr  
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F011 Pe  
F02 Ar

- D310 ADP Backup and Security Services
- D311 ADP Data Conversion Services
- D312 ADP Optical Scanning Services
- D313 Computer Aided Design/Computer Aided Manufacturing (CAD/CAM) Services
- D314 ADP System Acquisition Support Services (Includes preparation of statement of work, benchmarks, specifications, etc.)
- D315 Digitizing Services (Includes cartographic and geographic information)
- D316 Telecommunications Network Management Services
- D317 Automated News Services, Data Services, or Other Information Services. Buying data (the electronic equivalent of books, periodicals, newspapers, etc.)
- D399 Other ADP and Telecommunications Services (incl. data storage on tapes, Compact Disk (CD), etc.)

#### E - Environmental Services

- E101 Air Quality Support Services
- E102 Industrial Investigation Surveys and Technical Support Related to Air Pollution
- E103 Water Quality Support Services
- E104 Industrial Investigation Surveys and Technical Support Related to Water Pollution
- E106 Toxic Substances Support Services
- E107 Hazardous Substance Analysis
- E108 Hazardous Substance Removal, Cleanup, and Disposal Services and Operational Support
- E109 Leaking Underground Storage Tank Support Services
- E110 Industrial Investigations, Surveys and Technical Support for Multiple Pollutants
- E111 Oil Spill Response including Cleanup, Removal, Disposal and Operational Support
- E199 Other Environmental Services

#### F - Natural Resources Services

##### F0 Agriculture and Forestry Services

- F001 Forest/Range Fire Suppression/Presuppression Services (incl. Water Bombing)
- F002 Forest/Range Fire Rehabilitation Services (non-construction)
- F003 Forest Tree Planting Services
- F004 Land Treatment Practices Services (plowing/clearing, etc.)
- F005 Range Seeding Services (ground equipment)
- F006 Crop Services (incl. Seed Collection and Production Services)
- F007 Seedling Production/Transplanting Services
- F008 Tree Breeding Services (incl. ornamental shrub)
- F009 Tree Thinning Services
- F010 Other Range/Forest Improvements Services (non-construction)
- F011 Pesticides /Insecticides Support Services
- F02 Animal Care / Control Services



- F020 Other Wildlife Management Services
- F021 Veterinary/Animal Care Services (incl. Livestock Services)
- F029 Other Animal Care/Control Services
  
- F03 Fisheries and Ocean Services
  
- F030 Fisheries Resources Management Services
- F031 Fish Hatchery Services
  
- F04 Mining
  
- F040 Surface Mining Reclamation Services (non-construction)
- F041 Well Drilling
- F042 Other Services Incidental to Mining Except Those Listed in F040 and F041
  
- F05 Other Natural Resources Services
  
- F050 Recreation Site Maintenance Services (non-construction)
- F051 Survey Line Clearing Services
- F059 Other Natural Resources and Conservation Services

**G - Health and Social Services**

- G0 Health Services
  - G001 Health Care
  - G002 Internal Medicine
  - G003 Surgery
  - G004 Pathology
  - G009 Other Health Services
  
- G 1 Social Services
  - G100 Care of Remains and/or Funeral Services
  - G101 Chaplain Services
  - G102 Recreational Services (incl. Entertainment Services)
  - G103 Social Rehabilitation Services
  - G104 Geriatric Services
  - G199 Other Social Services

**H - Quality Control, Testing, Inspection and Technical Representative Services**

- H0 Technical Representative Services
  
- H1 Quality Control Services

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 K110 Sc  
 K111 Ca  
 K112 In  
 K113 Sr  
 K114 W  
 K115 Ph  
 K116 O  
 K199 O

- H2 Equipment and Materials Testing
- H3 Inspection Services (incl. commercial testing and Laboratory Services, Except Medical/Dental)
- H9 Other Quality Control, Testing, Inspection and Technical Representative Services
- J - Maintenance, Repair, Modification, Rebuilding and Installation of Goods/Equipment**
- J0 Maintenance, Repair, Modification, Rebuilding and Installation of Goods/Equipment; includes as examples:
1. Textile Finishing, Dying and Printing
  2. Welding services not related to Construction.  
(see CPC 5155 for Construction Welding)
- J998 Non-nuclear Ship Repair (including overhauls and conversions)
- K - Custodial Operations and Related Services**
- K0 Personal Care Services (incl. services such as Barber and Beauty Shop, Shoe Repairs and Tailoring etc.)
- K1 Custodial Services
- K100 Custodial - Janitorial Services
- K101 Fire Protection Services
- K102 Food Services
- K103 Fueling and Other Petroleum Services - Excluding Storage
- K104 Trash/Garbage Collection Services - Including Portable Sanitation Services
- K105 Guard Services
- K106 Insect and Rodent Control Services
- K107 Landscaping/Groundskeeping Services
- K108 Laundry and Dry Cleaning Services
- K109 Surveillance Services
- K110 Solid Fuel Handling Services
- K111 Carpet Cleaning
- K112 Interior Plantscaping
- K113 Snow Removal/Salt Service (also spreading aggregate or other snow meltings material)
- K114 Waste Treatment and Storage
- K115 Preparation and Disposal of Excess and Surplus Property
- K116 Other Salvage Services
- K199 Other Custodial and Related Services

**L - Financial and Related Services**

- L000 Government Life Insurance Programs
- L001 Government Health Insurance Programs
- L002 Other Government Insurance Programs
- L003 Non-Government Insurance Programs
- L004 Other Insurance Services
- L005 Credit Reporting Services
- L006 Banking Services
- L007 Debt Collection Services
- L008 Coin Minting
- L009 Banknote Printing
- L099 Other Financial Services

**M - Operation of Government - Owned Facilities**

- M110 Administrative Facilities and Service Buildings
- M120 Airfield, Communications, and Missile Facilities
- M130 Educational Buildings
- M140 Hospital Buildings
- M150 Industrial Buildings
- M160 Residential Buildings
- M170 Warehouse Buildings
- M180 Research and Development Facilities
- M190 Other Buildings
- M210 Conservation and Development Facilities
- M220 Highways, Roads, Streets, Bridges and Railways
- M230 Electric Power Generation (EPG) Facilities
- M240 Utilities
- M290 Other Non-Building Facilities

**R - Professional, Administrative and Management Support Services**

- R0 Professional Services
- R001 Specifications Development Services
- R002 Technology Sharing/Utilization Services
- R003 Legal Services
- R004 Certifications and Accreditations for products and institutions other than Educational Institutions
- R005 Technical Assistance
- R006 Technical Writing Services
- R007 Systems Engineering Services
- R008 Engineering and Technical Services (incl. Mechanical, Electrical, Chemical, Electronic Engineering)
- R009 Accounting Services
- R010 Auditing Services

R011 C  
 R012 P  
 R013 R  
 R014 C  
 R015 S  
 R016 P  
 R019 C  
 R1 A  
 R100 In  
 R101 E  
 R102 W  
 R103 C  
 R104 T  
 R105 M  
 R106 P  
 R107 L  
 R108 W  
 R109 T  
 R110 S  
 R111 P  
 R112 In  
 R113 D  
 R114 L  
 R115 C  
 R116 C  
 R117 P  
 R118 R  
 R119 In  
 R120 P  
 R121 P  
 R122 P  
 R123 P  
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 R2 P  
 R200 M  
 R201 C  
 S - Utilitie  
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 S001 E  
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- R011 Ongoing Audit Operations Support
- R012 Patent and Trade Mark Services
- R013 Real Property Appraisals Services
- R014 Operations Research Studies / Quantitative Analysis Studies
- R015 Simulation
- R016 Personal Services Contracts
- R019 Other Professional Services
  
- R1 Administrative and Management Support Services
  
- R100 Intelligence Services
- R101 Expert Witness
- R102 Weather Reporting/Observation Services
- R103 Courier and Messenger Services
- R104 Transcription Services
- R105 Mailing and Distribution Services (Excluding Post Office Services)
- R106 Post Office Services
- R107 Library Services
- R108 Word Processing/Typing Services
- R109 Translation and Interpreting Services (Including Sign Language)
- R110 Stenographic Services
- R111 Personal Property Management Services
- R112 Information Retrieval (non-automated)
- R113 Data Collection Services
- R114 Logistics Support Services
- R115 Contract, Procurement, and Acquisition Support Services
- R116 Court Reporting Services
- R117 Paper Shredding Services
- R118 Real Estate Brokerage Services
- R119 Industrial Hygienics
- R120 Policy Review/Development Services
- R121 Program Evaluation Studies
- R122 Program Management/Support Services
- R123 Program Review/Development Services
- R199 Other Administrative and Management Support Services
  
- R2 Personnel Recruitment
  
- R200 Military Personnel Recruitment
- R201 Civilian Personnel Recruitment (incl. Services of Employment Agencies)
  
- S Utilities
  
- S000 Gas Services
- S001 Electric Services
- S002 Telephone and/or Communications Services (incl. Telegraph, Telex and Cablevision Service)

stitutions

Engineering

- S003 Water Services
- S099 Other Utilities

**T - Communications, Photographic, Mapping, Printing and Publication Services**

- T000 Communications Studies
- T001 Market Research and Public Opinion Services (Formerly Telephone and Field Interview Services  
incl. Focus testing, Syndicated and attitude Surveys)
- T002 Communications Services (incl. exhibit Services)
- T003 Advertising Services
- T004 Public Relations Services (incl. Writing Services, Event Planning and Management, Media  
Relations, Radio and TV Analysis, Press Services)
- T005 Arts/Graphics Services
- T006 Cartography Services
- T007 Charting Services
- T008 Film Processing Services
- T009 Film/Video Tape Production Services
- T010 Microfiche Services
- T011 Photogrammetry Services
- T012 Aerial Photographic Services
- T013 General Photographic Services - Still
- T014 Print/Binding Services
- T015 Reproduction Services
- T016 Topography Services
- T017 General Photographic Services - Motion
- T018 Audio/Visual Services
- T019 Land Surveys, Cadastral Services (non-construction)
- T099 Other Communication, Photographic, Mapping, Printing and Publication Services

**U - Educational and Training Services**

- U001 Lectures For Training
- U002 Personnel Testing
- U003 Reserve Training (Military)
- U004 Scientific and Management Education
- U005 Tuition, Registration, and Membership Fees
- U006 Vocational/Technical
- U007 Faculty Salaries for Schools Overseas
- U008 Training/Curriculum Development
- U009 Informatics Training
- U010 Certifications and Accreditations for Educational Institutions
- U099 Other Education and Training Services

V - Transp  
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V006 Rai  
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V010 Tax  
V011 Sec  
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V101 Ma  
V102 Ma  
V103 Pas  
V2 Air  
V200 Air  
V201 Air  
V202 Air  
V203 Pas  
V204 Spe  
V3 Spa  
V4 Oth  
V401 Oth  
V402 Oth  
V403 Oth  
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V502 Re  
V503 Tra  
V504 Pad

V - Transportation, Travel and Relocation Services

V0 Land Transport Services

- V000 Motor Pool Operations
- V001 Motor Freight
- V002 Rail Freight
- V003 Motor Charter for Things
- V004 Rail Charter for Things
- V005 Motor Passenger Service
- V006 Rail Passenger Service
- V007 Passenger Motor Charter Service
- V008 Passenger Rail Charter Service
- V009 Ambulance Service
- V010 Taxicab Services
- V011 Security Vehicle Service

V1 Water Transport Services

- V100 Vessel Freight
- V101 Marine Charter for Things
- V102 Marine Passenger Service
- V103 Passenger Marine Charter Service

V2 Air Transport Services

- V200 Air Freight
- V201 Air Charter for Things
- V202 Air Passenger Service
- V203 Passenger Air Charter Service
- V204 Specialty air Services including Aerial Fertilization, Spraying and Seeding

V3 Space Transportation and Launch Services

V4 Other Transport Services

- V401 Other Transportation Travel and Relocation Services
- V402 Other Cargo and Freight Services
- V403 Other Vehicle Charter for Transportation of Things

V5 Supporting and Auxiliary Transport Services

- V500 Stevedoring
- V501 Vessel Towing Service
- V502 Relocation Services
- V503 Travel Agent Services
- V504 Packing/Crating Services

- V505 Warehousing and Storage Services
- V506 Salvage of Marine Vessels
- V507 Salvage of Aircraft
- V508 Navigational Aid and Pilotage Services

**W - Lease and Rental of Equipment**

- W0 Lease or Rental of Equipment

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**Annex 1001.1b-3**  
**Construction Services**

**Section A - General Provisions**

1. This Chapter applies to all construction services set out in Appendix 1001.1b-3-A, except those listed in Section B, that are procured by the entities listed in Annex 1001.1a-1 and 1001.1a-2.
2. The Parties shall update Appendix 1001.1b-3-A at such times as they mutually agree.

**Section B - Excluded Coverage**  
**Schedule of Canada**

The following services contracts are excluded:

1. Dredging
2. Construction contracts tendered by or on behalf of Department of Transport

**Schedule of the United States**

The following services contracts are excluded:

Dredging

**Note:** In accordance with this Chapter, buy national requirements on articles, supplies and materials acquired for use in construction contracts covered by this Chapter shall not apply to goods of Canada or Mexico.



## Appendix 1001.1b-3-A

## Common Classification System

## Construction Work Codes

Note: Based on the United Nations Central Product Classification (CPC) Division 51.

## Definition of Construction work:

Pre-erection work; new construction and repair, alteration, restoration and maintenance work on residential buildings, non-residential buildings or civil engineering works. This work can be carried out either by general contractors who do the complete construction work for the owner of the project, or on own account; or by subcontracting parts of the construction work to contractors specializing, e.g., in installation work, where the value of work done by subcontractors becomes part of the main contractor's work. The products classified here are services which are essential to the production process of the different types of constructions, the final output of construction activities.

## Code Descriptions

## 511 Pre-erection work at construction sites

- 5111 Site investigation work
- 5112 Demolition work
- 5113 Site formation and clearance work
- 5114 Excavating and earthmoving work
- 5115 Site preparation work for mining (except for mining of oil and gas which is classified under 5104)
- 5116 Scaffolding work

## 512 Construction works for buildings

- 5121 For one and two dwelling buildings
- 5122 For multi-dwelling buildings
- 5123 For warehouses and industrial buildings
- 5124 For commercial buildings
- 5125 For public entertainment buildings
- 5126 For hotel, restaurant and similar buildings
- 5127 For educational buildings
- 5128 For health buildings
- 5129 For other buildings

**513 Construction work for civil engineering**

- 5131 For highways (except elevated highways), streets , roads, railways and airfield runways
- 5132 For bridges, elevated highways, tunnels ,subways and railroads
- 5133 For waterways, harbours, dams and other water works
- 5134 For long distance pipelines, communication and power lines (cables)
- 5135 For local pipelines and cables; ancillary works
- 5136 For constructions for mining and manufacturing
- 5137 For constructions for sport and recreation
- 5138 Dredging services
- 5139 For engineering works n.e.c.

**514 Assembly and erection of prefabricated constructions**

**515 Special trade construction work**

- 5151 Foundation work, including pile driving
- 5152 Water well drilling
- 5153 Roofing and water proofing
- 5154 Concrete work
- 5155 Steel bending and erection, including welding
- 5156 Masonry work
- 5159 Other special trade construction work

**516 Installation work**

- 5161 Heating, ventilation and air conditioning work
- 5162 Water plumbing and drain laying work
- 5163 Gas fitting construction work
- 5164 Electrical work
- 5165 Insulation work (electrical wiring, water, heat, sound)
- 5166 Fencing and railing construction work
- 5169 Other installation work

**517 Building completion and finishing work**

- 5171 Glazing work and window glass installation work
- 5172 Plastering work
- 5173 Painting work
- 5174 Floor and wall tiling work
- 5175 Other floor laying, wall covering and wall papering work
- 5176 Wood and metal joinery and carpentry work

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- 5177 Interior fitting decoration work
- 5178 Ornamentation fitting work
- 5179 Other building completion and finishing work

518 Renting services related to equipment for construction or demolition of buildings or civil engineering works, with operator.

1. The following:  
(a)  
(b)  
(c)  
(d)  
(e)

2. Minimum in Article paragraph United States threshold

3. Canada. the average

## Annex 1001.1c

## Indexation and Conversion of Thresholds

1. The calculations referred to in Article 1001(1)(c) shall be made in accordance with the following:

- (a) the U.S. inflation rate shall be measured by the Producer Price Index for Finished Goods published by the U.S. Bureau of Labor Statistics;
- (b) the first adjustment for inflation, to take effect on January 1, 1996, shall be calculated using the period from November 1, 1993 through October 31, 1995;
- (c) all subsequent adjustments shall be calculated using two-year periods, each period beginning November 1, and shall take effect on January 1 of the year immediately following the end of the two-year period;
- (d) the United States shall notify the other Parties of the adjusted threshold values no later than November 16 of the year before the adjustment takes effect; and
- (e) the inflationary adjustment shall be estimated according to the following formula

$$T_0 \times (1 + \pi_i) = T_1$$

$T_0$  = threshold value at base period

$\pi_i$  = accumulated U.S. inflation rate for the  $i^{\text{th}}$  two year-period

$T_1$  = new threshold value.

2. Mexico and Canada shall calculate and convert the value of the thresholds set out in Article 1001(1)(c) into their national currencies using the conversion formula set out in paragraph 3 or 4, as appropriate. Mexico and Canada shall notify each other and the United States of the value, in their respective currencies, of the newly calculated thresholds no later than one month before the respective thresholds take effect.

3. Canada shall base its calculation on the official conversion rates of the Bank of Canada. From January 1, 1994 through December 31, 1995, the conversion rate shall be the average of the weekly values of the Canadian dollar in terms of the U.S. dollar over

the period October 1, 1992 through September 30, 1993. For each subsequent two-year period beginning January 1, 1996, its conversion rate shall be the average of the weekly values of the Canadian dollar in terms of the U.S. dollar over the two-year period ending September 30 of the year preceding the beginning of each two-year period.

4. Mexico shall use the conversion rate of the Bank of Mexico ("Banco de México"). Its conversion rate shall be the existing value of the Mexican peso in terms of the U.S. dollar as of December 1 and June 1 of each year, or the first working day thereafter. The conversion rate as of December 1 shall apply from January 1 to June 30 of the following year, and as of June 1 shall apply from July 1 to December 31 of that year.

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Annex 1001.2a

Transitional Provisions for Mexico

Notwithstanding any other provision of this Chapter, Annexes 1001.1a-1 through 1001.1b-3 are subject to the following:

**Pemex, CFE and Non-Energy Construction**

1. Mexico may set aside from the obligations of this Chapter for a calendar year set out in paragraph 2 the percentage specified in that paragraph of:

- (a) the total value of procurement contracts for goods and services and any combination thereof and construction services procured by Pemex in the year that are above the thresholds set out in Article 1001(1)(c);
- (b) the total value of procurement contracts for goods and services and any combination thereof and construction services procured by CFE in the year that are above the thresholds set out in Article 1001(1)(c); and
- (c) the total value of procurement contracts for construction services procured in the year that are above the thresholds set out in Article 1001(1)(c), excluding procurement contracts for construction services procured by Pemex and CFE.

2. The calendar years to which paragraph 1 applies and the percentages for those calendar years are as follows:

1994 1995 1996 1997 1998

50% 45% 45% 40% 40%

1999 2000 2001 2002 2003 and thereafter

35% 35% 30% 30% 0%

3. The value of procurement contracts that are financed by loans from regional and multilateral financial institutions shall not be included in the calculation of the total value

of procurement contracts under paragraphs 1 and 2. Procurement contracts that are financed by such loans shall also not be subject to any restrictions set out in this Chapter

4. Mexico shall ensure that the total value of procurement contracts under any single FSC class (or other classification system agreed by Parties) that are set aside by Pemex or CFE under paragraphs 1 and 2 for any year does not exceed 10 percent of the total value of the procurement contracts that may be set aside by Pemex or CFE for that year.

5. Mexico shall ensure that, after December 31, 1998, Pemex and CFE each shall make all reasonable efforts to ensure that the total value of procurement contracts under any single FSC class (or other classification system agreed by the Parties) that are set aside by Pemex or CFE under paragraphs 1 and 2 for any year does not exceed 50 percent of the total value of all Pemex or CFE procurement contracts under that FSC class (or other classification system agreed by the Parties) for that year.

#### Pharmaceuticals

6. Until January 1, 2002, this Chapter shall not apply to the procurement by the Secretaría de Salud, IMSS, ISSSTE, Secretaría Defensa Nacional and the Secretaría de Marina of drugs that are not currently patented in Mexico or whose Mexican patents have expired. Nothing in this paragraph shall prejudice rights under Chapter Seventeen (Intellectual Property).

#### Time Limits for Tendering and Delivery

7. Mexico shall use its best efforts to comply with the 40-day time limit requirements of Article 1012, and in any event shall fully comply with that obligation no later than January 1, 1995.

#### Provision of Information

8. The Parties recognize that Mexico may be required to undertake extensive retraining of personnel, introduce new data maintenance and reporting systems and make major adjustments to the procurement systems of certain entities in order to comply with Article 1019. The Parties also recognize that Mexico may encounter difficulties in making the transition to procurement systems that facilitate full compliance with this Chapter.

9. The Parties shall consult on an annual basis for the first five years after the date of entry into force of this Agreement to review transitional problems and to develop mechanisms

agreed solutions. Such solutions may include, when appropriate, temporary adjustment to the obligations of Mexico under this Chapter, such as those related to reporting requirements.

10. Canada and the United States shall cooperate with Mexico to provide technical assistance, as appropriate and mutually agreed pursuant to Article 1020, to aid Mexico's transition.

11. Nothing in paragraphs 8 through 10 shall be construed to excuse compliance with the obligations of this Chapter.

Note: The General Notes for Mexico set out in Annex 1001.2b apply to this Annex.



**Annex 1001.2b**

**General Notes**

**Schedule of Canada**

1. This Chapter does not apply to procurements in respect of:
  - (a) shipbuilding and repair;
  - (b) urban rail and urban transportation equipment, systems, components and materials incorporated therein as well as all project related materials of iron or steel;
  - (c) contracts respecting FSC 58 (communications, detection and coherent radiation equipment);
  - (d) set-asides for small and minority businesses;
  - (e) the Departments of Transport, Communications and Fisheries and Oceans respecting Federal Supply Classification (FSC) 70 (automatic data processing equipment, software supplies and support equipment), FSC 72 (office machines, text processing systems and visible record equipment) and FSC 36 (special industry machinery); and
  - (f) agricultural products made in furtherance of agricultural support programs or human feeding programs.
2. This Chapter does not apply to the procurement of transportation services that form a part of, or are incidental to, a procurement contract.
3. Pursuant to Article 1018, national security exceptions include oil purchases related to any strategic reserve requirements.
4. National security exceptions include procurements made in support of safeguarding nuclear materials or technology.
5. The most-favored-nation obligation of Article 1003 does not apply to procurements covered by Annex 1001.2c.

Schedule of Mexico

1. This Chapter does not apply to procurements made:
  - (a) with a view to commercial resale by government-owned retail stores;
  - (b) pursuant to loans from regional or multilateral financial institutions to the extent that different procedures are imposed by such institutions (except for national content requirements); or
  - (c) by one entity from another entity of Mexico.
2. This Chapter does not apply to the procurement of transportation services that form a part of, or are incidental to, a procurement contract.
3. Notwithstanding any other provision in this Chapter, Mexico may set aside procurement contracts from the obligations of this Chapter, subject to the following:
  - (a) the total value of the contracts set aside that may be allocated by all entities, except Pemex and CFE, may not exceed the Mexican peso equivalent of
    - (i) US\$1.0 billion, in each year until December 31, 2002, and
    - (ii) US\$1.2 billion, in each year beginning January 1, 2003;
  - (b) no contract may be set aside under this paragraph by Pemex or CFE prior to January 1, 2003;
  - (c) the total value of the contracts set aside by Pemex and CFE under this paragraph may not exceed the Mexican peso equivalent of US\$300 million, in each year beginning January 1, 2003;
  - (d) the total value of contracts under any single FSC class (or other classification system agreed by the Parties) that may be set aside under this paragraph in any year shall not exceed 10 percent of the total value of contracts that may be set aside under this paragraph for that year; and
  - (e) no entity subject to subparagraph (a) may set aside contracts in any year of a value of more than 20 percent of the total value of contracts that may be set aside for that year.

4. Beginning one year after the date of entry into force of this Agreement, the dollar values referred to in paragraph 3 shall be adjusted annually for cumulative inflation from the date of entry into force of this Agreement, based on the implicit price deflator for U.S. Gross Domestic Product (GDP) or any successor index published by the Council of Economic Advisors in "Economic Indicators".

The dollar values adjusted for cumulative inflation up to January of each year following 1994 shall be equal to the original dollar values multiplied by the ratio of:

- (a) the implicit U.S. GDP price deflator or any successor index published by the Council of Economic Advisors in "Economic Indicators", current as of January of that year, to
- (b) the implicit U.S. GDP price deflator or any successor index published by the Council of Economic Advisors in "Economic Indicators", current as of the date of entry into force of this Agreement,

provided that the price deflators under subparagraph (a) and (b) have the same base year.

The resulting adjusted dollar values shall be rounded to the nearest million dollars.

5. National security exceptions include procurements made in support of safeguarding nuclear materials or technology.

6. Notwithstanding any other provision of this Chapter, an entity may impose a local content requirement of no more than:

- (a) 40 percent, for labor-intensive turnkey or major integrated projects; or
- (b) 25 percent, for capital-intensive turnkey or major integrated projects.

For purposes of this paragraph, a **turnkey or major integrated project** means, in general, a construction, supply or installation project undertaken by a person pursuant to a right granted by an entity with respect to which:

- (c) the prime contractor is vested with the authority to select the general contractors or subcontractors;
- (d) neither the Government of Mexico nor its entities fund the project;

- (e) the person bears the risks associated with non-performance; and
- (f) the facility will be operated by an entity or through a procurement contract of that entity.

7. Notwithstanding the thresholds set out in Article 1001(1)(c), Article 1003 shall apply to any procurement from locally-established suppliers of oil and gas field supplies or equipment by Pemex at any project site where it performs works.

8. In the event that Mexico exceeds in any given year the total value of the contracts it may set aside for that year in accordance with paragraph 3 or the reserved procurement under Annex 1001.2a(1)(2) or (4), Mexico shall consult with the other Parties with a view to agreement on compensation in the form of additional procurement opportunities during the following year. The consultations shall be without prejudice to the rights of any Party under Chapter Twenty (Institutional Arrangements and Dispute Settlement Procedures).

9. Notwithstanding Annex 1001.2a(6), Mexico may not set aside from the obligations of this Chapter procurement contracts by its entities for biologicals and drugs patented in Mexico.

10. Nothing in this Chapter shall be construed to require Pemex to enter into risk-sharing contracts.

### Schedule of the United States

- 1. This Chapter does not apply to set-asides on behalf of small and minority businesses.
- 2. This Chapter does not apply to the procurement of transportation services that form a part of, or are incidental to, a procurement contract.
- 3. The most-favored-nation obligation of Article 1003 does not apply to procurements covered by Annex 1001.2c.

**Annex 1001.2c**

**Country-Specific Thresholds**

As between Canada and the United States,

- (a) for any entity listed in the Schedule of Canada or of the United States in Annex 1001.1a-1, the applicable threshold for goods contracts, which may include incidental services such as delivery and transportation, shall be US\$25,000 and the equivalent in Canadian dollars, as the case may be;
- (b) Annex 1001.1c, except paragraphs 2 and 3 of that Annex for the purpose of calculating and converting the value of the threshold set out in subparagraph (a), does not apply to such goods contracts; and
- (c) Chapter Thirteen of the *Canada - United States Free Trade Agreement* shall govern any procurement procedures that began before January 1, 1994, and that Chapter is hereby incorporated and made a part of this Agreement solely for that purpose.

**Annex 1010.1**

**Publications**

**Section A - Publications for Notices of Procurement  
in Accordance with Article 1010 (Invitation to Participate)**

**Schedule of Canada**

1. Government Business Opportunities (GBO)
2. Open Bidding Service, ISM Publishing

**Schedule of Mexico**

1. Major daily newspapers of national circulation or the *Official Gazette of the Federation* ("Diario Oficial de la Federación").
2. Mexico shall endeavor to establish a specialized publication for purposes of notices of procurement. When established, the publication shall substitute for those referred to in paragraph 1.

**Schedule of United States**

Commerce Business Daily (CBD)

**Section B - Publications for Measures  
in Accordance with Article 1019 (Provision of Information)**

**Schedule of Canada**

1. Laws and regulations:
  - (a) Statutes of Canada; and
  - (b) Canada Gazette.

2. Precedential judicial decisions:
  - (a) Dominion Law Reports;
  - (b) Supreme Court Reports;
  - (c) Federal Court Reports; and
  - (d) National Reporter.
3. Administrative rulings and procedures:
  - (a) Government Business Opportunities; and
  - (b) Canada Gazette.

#### Schedule of Mexico

1. *Official Gazette of the Federation* ("Diario Oficial de la Federación")
2. *Judicial Weekly of the Federation* ("Semanao Judicial de la Federación") (for precedential judicial decisions only).
3. Mexico shall endeavor to establish a specialized publication for administrative rulings of general application and any procedure, including standard contract clauses regarding procurements. When established, the publication shall substitute for those set out in paragraphs 1 and 2 for this purpose.

#### Schedule of United States

1. Laws and regulations:
  - (a) U.S. Statutes at Large
  - (b) U.S. Code of Federal Regulations.
2. Precedential decisions:
  - (a) U.S. Reports (U.S. Supreme Court);
  - (b) Federal Reporter (Circuit Court of Appeals);
  - (c) Federal Supplement Reporter (District Courts);
  - (d) Claims Court Reporter (Claims Court);

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- (e) Boards of Contract Appeals (unofficial publication by Commerce Clearing House); and
- (f) Comptroller General of the United States (Those not officially published as decisions of the Comptroller General are published unofficially by Federal Publications, Inc.).

3. All U.S. laws, regulations, judicial decisions, administrative rulings and procedures regarding government procurement covered by this Chapter are codified in the Defense Federal Acquisition Regulation Supplement (DFARS) and the Federal Acquisition Regulation (FAR), both of which are published as a part of the U.S. Code of Federal Regulations (CFR). The DFARS and the FAR are published in title 48 of CFR.

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**PART FIVE**  
**INVESTMENT, SERVICES AND RELATED MATTERS**

**Chapter Eleven**

**Investment**

**Section A - Investment**

**Article 1101: Scope and Coverage**

1. This Chapter applies to measures adopted or maintained by a Party relating to:
  - (a) investors of another Party;
  - (b) investments of investors of another Party in the territory of the Party; and
  - (c) with respect to Articles 1106 and 1114, all investments in the territory of the Party.
2. A Party has the right to perform exclusively the economic activities set out in Annex III and to refuse to permit the establishment of investment in such activities.
3. This Chapter does not apply to measures adopted or maintained by a Party to the extent that they are covered by Chapter Fourteen (Financial Services).
4. Nothing in this Chapter shall be construed to prevent a Party from providing a service or performing a function such as law enforcement, correctional services, income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care, in a manner that is not inconsistent with this Chapter.

**Article 1102: National Treatment**

1. Each Party shall accord to investors of another Party treatment no less favorable than that it accords, in like circumstances, to its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.

2. Each Party shall accord to investments of investors of another Party treatment no less favorable than that it accords, in like circumstances, to investments of its own investors with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.

3. The treatment accorded by a Party under paragraphs 1 and 2 means, with respect to a state or province, treatment no less favorable than the most favorable treatment accorded, in like circumstances, by that state or province to investors, and to investments of investors, of the Party of which it forms a part.

4. For greater certainty, no Party may:

(a) impose on an investor of another Party a requirement that a minimum level of equity in an enterprise in the territory of the Party be held by its nationals, other than nominal qualifying shares for directors or incorporators of corporations; or

(b) require an investor of another Party, by reason of its nationality, to sell or otherwise dispose of an investment in the territory of the Party.

#### Article 1103: Most-Favored-Nation Treatment

1. Each Party shall accord to investors of another Party treatment no less favorable than that it accords, in like circumstances, to investors of any other Party or of a non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.

2. Each Party shall accord to investments of investors of another Party treatment no less favorable than that it accords, in like circumstances, to investments of investors of any other Party or of a non-Party with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of investments.

#### Article 1104: Standard of Treatment

Each Party shall accord to investors of another Party and to investments of investors of another Party the better of the treatment required by Articles 1102 and 1103.

**Article 1105: Minimum Standard of Treatment**

1. Each Party shall accord to investments of investors of another Party treatment in accordance with international law, including fair and equitable treatment and full protection and security.
2. Without prejudice to paragraph 1 and notwithstanding Article 1108(7)(b), each Party shall accord to investors of another Party, and to investments of investors of another Party, non-discriminatory treatment with respect to measures it adopts or maintains relating to losses suffered by investments in its territory owing to armed conflict or civil strife.
3. Paragraph 2 does not apply to existing measures relating to subsidies or grants that would be inconsistent with Article 1102 but for Article 1108(7)(b).

**Article 1106: Performance Requirements**

1. No Party may impose or enforce any of the following requirements, or enforce any commitment or undertaking, in connection with the establishment, acquisition, expansion, management, conduct or operation of an investment of an investor of a Party or of a non-Party in its territory:
  - (a) to export a given level or percentage of goods or services;
  - (b) to achieve a given level or percentage of domestic content;
  - (c) to purchase, use or accord a preference to goods produced or services provided in its territory, or to purchase goods or services from persons in its territory;
  - (d) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with such investment;
  - (e) to restrict sales of goods or services in its territory that such investment produces or provides by relating such sales in any way to the volume or value of its exports or foreign exchange earnings;
  - (f) to transfer technology, a production process or other proprietary knowledge to a person in its territory, except when the requirement is imposed or the commitment or undertaking is enforced by a court, administrative tribunal or competition authority to remedy an alleged violation of competition laws

or to act in a manner not inconsistent with other provisions of this Agreement; or

- (g) to act as the exclusive supplier of the goods it produces or services it provides to a specific region or world market.

2. A measure that requires an investment to use a technology to meet generally applicable health, safety or environmental requirements shall not be construed to be inconsistent with paragraph 1(f). For greater certainty, Articles 1102 and 1103 apply to the measure.

3. No Party may condition the receipt or continued receipt of an advantage, in connection with an investment in its territory of an investor of a Party or of a non-Party, on compliance with any of the following requirements:

- (a) to achieve a given level or percentage of domestic content;
- (b) to purchase, use or accord a preference to goods produced in its territory, or to purchase goods from producers in its territory;
- (c) to relate in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows associated with such investment; or
- (d) to restrict sales of goods or services in its territory that such investment produces or provides by relating such sales in any way to the volume or value of its exports or foreign exchange earnings.

4. Nothing in paragraph 3 shall be construed to prevent a Party from conditioning receipt or continued receipt of an advantage, in connection with an investment in its territory of an investor of a Party or of a non-Party, on compliance with a requirement to locate production, provide a service, train or employ workers, construct or expand particular facilities, or carry out research and development, in its territory.

5. Paragraphs 1 and 3 do not apply to any requirement other than the requirements set out in those paragraphs.

6. Provided that such measures are not applied in an arbitrary or unjustifiable manner, or do not constitute a disguised restriction on international trade or investment, nothing in paragraph 1(b) or (c) or 3(a) or (b) shall be construed to prevent any Party from adopting or maintaining measures, including environmental measures:

- (a) necessary to secure compliance with laws and regulations that are not inconsistent with the provisions of this Agreement;
- (b) necessary to protect human, animal or plant life or health; or
- (c) necessary for the conservation of living or non-living exhaustible natural resources.

**Article 1107: Senior Management and Boards of Directors**

1. No Party may require that an enterprise of that Party that is an investment of an investor of another Party appoint to senior management positions individuals of any particular nationality.
2. A Party may require that a majority of the board of directors, or any committee thereof, of an enterprise of that Party that is an investment of an investor of another Party, be of a particular nationality, or resident in the territory of the Party, provided that the requirement does not materially impair the ability of the investor to exercise control over its investment.

**Article 1108: Reservations and Exceptions**

1. Articles 1102, 1103, 1106 and 1107 do not apply to:
  - (a) any existing non-conforming measure that is maintained by
    - (i) a Party at the federal level, as set out in its Schedule to Annex I or III,
    - (ii) a state or province, for two years after the date of entry into force of this Agreement, and thereafter as set out by a Party in its Schedule to Annex I in accordance with paragraph 2, or
    - (iii) a local government;
  - (b) the continuation or prompt renewal of any non-conforming measure referred to in subparagraph (a); or
  - (c) an amendment to any non-conforming measure referred to in subparagraph (a) to the extent that the amendment does not decrease the conformity of the

measure, as it existed immediately before the amendment, with Articles 1102, 1103, 1106 and 1107.

2. Each Party may set out in its Schedule to Annex I, within two years of the date of entry into force of this Agreement, any existing non-conforming measure maintained by a state or province, not including a local government.

3. Articles 1102, 1103, 1106 and 1107 do not apply to any measure that a Party adopts or maintains with respect to sectors, subsectors or activities, as set out in its Schedule to Annex II.

4. No Party may, under any measure adopted after the date of entry into force of the Agreement and covered by its Schedule to Annex II, require an investor of another Party, by reason of its nationality, to sell or otherwise dispose of an investment existing at the time the measure becomes effective.

5. Articles 1102 and 1103 do not apply to any measure that is an exception to, or derogation from, the obligations under Article 1703 (Intellectual Property - National Treatment) as specifically provided for in that Article.

6. Article 1103 does not apply to treatment accorded by a Party pursuant to agreements, or with respect to sectors, set out in its Schedule to Annex IV.

7. Articles 1102, 1103 and 1107 do not apply to:

- (a) procurement by a Party or a state enterprise; or
- (b) subsidies or grants provided by a Party or a state enterprise, including government-supported loans, guarantees and insurance.

8. The provisions of:

- (a) Article 1106(1)(a), (b) and (c), and (3)(a) and (b) do not apply to qualification requirements for goods or services with respect to export promotion and foreign aid programs;
- (b) Article 1106(1)(b), (c), (f) and (g), and (3)(a) and (b) do not apply to procurement by a Party or a state enterprise; and
- (c) Article 1106(3)(a) and (b) do not apply to requirements imposed by an importing Party relating to the content of goods necessary to qualify for preferential tariffs or preferential quotas.

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## Article 1109: Transfers

1. Each Party shall permit all transfers relating to an investment of an investor of another Party in the territory of the Party to be made freely and without delay. Such transfers include:

- (a) profits, dividends, interest, capital gains, royalty payments, management fees, technical assistance and other fees, returns in kind and other amounts derived from the investment;
- (b) proceeds from the sale of all or any part of the investment or from the partial or complete liquidation of the investment;
- (c) payments made under a contract entered into by the investor, or its investment, including payments made pursuant to a loan agreement;
- (d) payments made pursuant to Article 1110; and
- (e) payments arising under Section B.

2. Each Party shall permit transfers to be made in a freely usable currency at the market rate of exchange prevailing on the date of transfer with respect to spot transactions in the currency to be transferred.

3. No Party may require its investors to transfer, or penalize its investors that fail to transfer, the income, earnings, profits or other amounts derived from, or attributable to, investments in the territory of another Party.

4. Notwithstanding paragraphs 1 and 2, a Party may prevent a transfer through the equitable, non-discriminatory and good faith application of its laws relating to:

- (a) bankruptcy, insolvency or the protection of the rights of creditors;
- (b) issuing, trading or dealing in securities;
- (c) criminal or penal offenses;
- (d) reports of transfers of currency or other monetary instruments; or
- (e) ensuring the satisfaction of judgments in adjudicatory proceedings.

5. Paragraph 3 shall not be construed to prevent a Party from imposing any measure through the equitable, non-discriminatory and good faith application of its laws relating to the matters set out in subparagraphs (a) through (e) of paragraph 4.

6. Notwithstanding paragraph 1, a Party may restrict transfers of returns in kind in circumstances where it could otherwise restrict such transfers under this Agreement, including as set out in paragraph 4.

### Article 1110: Expropriation and Compensation

1. No Party may directly or indirectly nationalize or expropriate an investment of an investor of another Party in its territory or take a measure tantamount to nationalization or expropriation of such an investment ("expropriation"), except:

- (a) for a public purpose;
- (b) on a non-discriminatory basis;
- (c) in accordance with due process of law and Article 1105(1); and
- (d) on payment of compensation in accordance with paragraphs 2 through 6.

2. Compensation shall be equivalent to the fair market value of the expropriated investment immediately before the expropriation took place ("date of expropriation"), and shall not reflect any change in value occurring because the intended expropriation had become known earlier. Valuation criteria shall include going concern value, asset value including declared tax value of tangible property, and other criteria, as appropriate, to determine fair market value.

3. Compensation shall be paid without delay and be fully realizable.

4. If payment is made in a G7 currency, compensation shall include interest at a commercially reasonable rate for that currency from the date of expropriation until the date of actual payment.

5. If a Party elects to pay in a currency other than a G7 currency, the amount paid on the date of payment, if converted into a G7 currency at the market rate of exchange prevailing on that date, shall be no less than if the amount of compensation owed on the date of expropriation had been converted into that G7 currency at the market rate of exchange prevailing on that date, and interest had accrued at a commercially reasonable rate for that G7 currency from the date of expropriation until the date of payment.



6. On payment, compensation shall be freely transferable as provided in Article 1109.

7. This Article does not apply to the issuance of compulsory licenses granted in relation to intellectual property rights, or to the revocation, limitation or creation of intellectual property rights, to the extent that such issuance, revocation, limitation or creation is consistent with Chapter Seventeen (Intellectual Property).

8. For purposes of this Article and for greater certainty, a non-discriminatory measure of general application shall not be considered a measure tantamount to an expropriation of a debt security or loan covered by this Chapter solely on the ground that the measure imposes costs on the debtor that cause it to default on the debt.

#### Article 1111: Special Formalities and Information Requirements

1. Nothing in Article 1102 shall be construed to prevent a Party from adopting or maintaining a measure that prescribes special formalities in connection with the establishment of investments by investors of another Party, such as a requirement that investors be residents of the Party or that investments be legally constituted under the laws or regulations of the Party, provided that such formalities do not materially impair the protections afforded by a Party to investors of another Party and investments of investors of another Party pursuant to this Chapter.

2. Notwithstanding Articles 1102 or 1103, a Party may require an investor of another Party, or its investment in its territory, to provide routine information concerning that investment solely for informational or statistical purposes. The Party shall protect such business information that is confidential from any disclosure that would prejudice the competitive position of the investor or the investment. Nothing in this paragraph shall be construed to prevent a Party from otherwise obtaining or disclosing information in connection with the equitable and good faith application of its law.

#### Article 1112: Relation to Other Chapters

1. In the event of any inconsistency between this Chapter and another Chapter, the other Chapter shall prevail to the extent of the inconsistency.

2. A requirement by a Party that a service provider of another Party post a bond or other form of financial security as a condition of providing a service into its territory does not of itself make this Chapter applicable to the provision of that cross-border service. This Chapter applies to that Party's treatment of the posted bond or financial security.

### Article 1113: Denial of Benefits

1. A Party may deny the benefits of this Chapter to an investor of another Party that is an enterprise of such Party and to investments of such investor if investors of a non-Party own or control the enterprise and the denying Party:

- (a) does not maintain diplomatic relations with the non-Party; or
- (b) adopts or maintains measures with respect to the non-Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of this Chapter were accorded to the enterprise or to its investments.

2. Subject to prior notification and consultation in accordance with Articles 1803 (Notification and Provision of Information) and 2006 (Consultations), a Party may deny the benefits of this Chapter to an investor of another Party that is an enterprise of such Party and to investments of such investors if investors of a non-Party own or control the enterprise and the enterprise has no substantial business activities in the territory of the Party under whose law it is constituted or organized.

### Article 1114: Environmental Measures

1. Nothing in this Chapter shall be construed to prevent a Party from adopting, maintaining or enforcing any measure otherwise consistent with this Chapter that it considers appropriate to ensure that investment activity in its territory is undertaken in a manner sensitive to environmental concerns.

2. The Parties recognize that it is inappropriate to encourage investment by relaxing domestic health, safety or environmental measures. Accordingly, a Party should not waive or otherwise derogate from, or offer to waive or otherwise derogate from, such measures as an encouragement for the establishment, acquisition, expansion or retention in its territory of an investment of an investor. If a Party considers that another Party has offered such an encouragement, it may request consultations with the other Party and the two Parties shall consult with a view to avoiding any such encouragement.

**Section B - Settlement of Disputes between a Party and  
an Investor of Another Party**

**Article 1115: Purpose**

Without prejudice to the rights and obligations of the Parties under Chapter Twenty (Institutional Arrangements and Dispute Settlement Procedures), this Section establishes a mechanism for the settlement of investment disputes that assures both equal treatment among investors of the Parties in accordance with the principle of international reciprocity and due process before an impartial tribunal.

**Article 1116: Claim by an Investor of a Party on Its Own Behalf**

1. An investor of a Party may submit to arbitration under this Section a claim that another Party has breached an obligation under:

- (a) Section A or Article 1503(2) (State Enterprises), or
- (b) Article 1502(3)(a) (Monopolies and State Enterprises) where the monopoly has acted in a manner inconsistent with the Party's obligations under Section A,

and that the investor has incurred loss or damage by reason of, or arising out of, that breach.

2. An investor may not make a claim if more than three years have elapsed from the date on which the investor first acquired, or should have first acquired, knowledge of the alleged breach and knowledge that the investor has incurred loss or damage.

**Article 1117: Claim by an Investor of a Party on Behalf of an Enterprise**

1. An investor of a Party, on behalf of an enterprise of another Party that is a juridical person that the investor owns or controls directly or indirectly, may submit to arbitration under this Section a claim that the other Party has breached an obligation under:

- (a) Section A or Article 1503(2) (State Enterprises), or

- (b) Article 1502(3)(a) (Monopolies and State Enterprises) where the monopoly has acted in a manner inconsistent with the Party's obligations under Section A,

and that the enterprise has incurred loss or damage by reason of, or arising out of, that breach.

2. An investor may not make a claim on behalf of an enterprise described in paragraph 1 if more than three years have elapsed from the date on which the enterprise first acquired, or should have first acquired, knowledge of the alleged breach and knowledge that the enterprise has incurred loss or damage.

3. Where an investor makes a claim under this Article and the investor or a non-controlling investor in the enterprise makes a claim under Article 1116 arising out of the same events that gave rise to the claim under this Article, and two or more of the claims are submitted to arbitration under Article 1120, the claims should be heard together by a Tribunal established under Article 1126, unless the Tribunal finds that the interests of a disputing party would be prejudiced thereby.

4. An investment may not make a claim under this Section.

#### **Article 1118: Settlement of a Claim through Consultation and Negotiation**

The disputing parties should first attempt to settle a claim through consultation or negotiation.

#### **Article 1119: Notice of Intent to Submit a Claim to Arbitration**

The disputing investor shall deliver to the disputing Party written notice of its intention to submit a claim to arbitration at least 90 days before the claim is submitted, which notice shall specify:

- (a) the name and address of the disputing investor and, where a claim is made under Article 1117, the name and address of the enterprise;
- (b) the provisions of this Agreement alleged to have been breached and any other relevant provisions;
- (c) the issues and the factual basis for the claim; and
- (d) the relief sought and the approximate amount of damages claimed.

**Article 1120: Submission of a Claim to Arbitration**

1. Except as provided in Annex 1120.1, and provided that six months have elapsed since the events giving rise to a claim, a disputing investor may submit the claim to arbitration under:
  - (a) the ICSID Convention, provided that both the disputing Party and the Party of the investor are parties to the Convention;
  - (b) the Additional Facility Rules of ICSID, provided that either the disputing Party or the Party of the investor, but not both, is a party to the ICSID Convention; or
  - (c) the UNCITRAL Arbitration Rules.
2. The applicable arbitration rules shall govern the arbitration except to the extent modified by this Section.

**Article 1121: Conditions Precedent to Submission of a Claim to Arbitration**

1. A disputing investor may submit a claim under Article 1116 to arbitration only if:
  - (a) the investor consents to arbitration in accordance with the procedures set out in this Agreement; and
  - (b) the investor and, where the claim is for loss or damage to an interest in an enterprise of another Party that is a juridical person that the investor owns or controls directly or indirectly, the enterprise, waive their right to initiate or continue before any administrative tribunal or court under the law of any Party, or other dispute settlement procedures, any proceedings with respect to the measure of the disputing Party that is alleged to be a breach referred to in Article 1116, except for proceedings for injunctive, declaratory or other extraordinary relief, not involving the payment of damages, before an administrative tribunal or court under the law of the disputing Party.
2. A disputing investor may submit a claim under Article 1117 to arbitration only if both the investor and the enterprise:
  - (a) consent to arbitration in accordance with the procedures set out in this Agreement; and

- (b) waive their right to initiate or continue before any administrative tribunal, court under the law of any Party, or other dispute settlement procedures, any proceedings with respect to the measure of the disputing Party that is alleged to be a breach referred to in Article 1117, except for proceedings for injunctive, declaratory or other extraordinary relief, not involving the payment of damages, before an administrative tribunal or court under the law of the disputing Party.

3. A consent and waiver required by this Article shall be in writing, shall be delivered to the disputing Party and shall be included in the submission of a claim to arbitration.

4. Only where a disputing Party has deprived a disputing investor of control of an enterprise:

- (a) a waiver from the enterprise under paragraph 1(b) or 2(b) shall not be required; and
- (b) Annex 1120.1(b) shall not apply.

#### Article 1122: Consent to Arbitration

1. Each Party consents to the submission of a claim to arbitration in accordance with the procedures set out in this Agreement.

2. The consent given by paragraph 1 and the submission by a disputing investor of a claim to arbitration shall satisfy the requirement of:

- (a) Chapter II of the ICSID Convention (Jurisdiction of the Centre) and the Additional Facility Rules for written consent of the parties;
- (b) Article II of the New York Convention for an agreement in writing; and
- (c) Article I of the Inter-American Convention for an agreement.

#### Article 1123: Number of Arbitrators and Method of Appointment

Except in respect of a Tribunal established under Article 1126, and unless the disputing parties otherwise agree, the Tribunal shall comprise three arbitrators, one arbitrator appointed by each of the disputing parties and the third, who shall be the presiding arbitrator, appointed by agreement of the disputing parties.

**Article 1124: Constitution of a Tribunal When a Party Fails to Appoint an Arbitrator or the Disputing Parties Are Unable to Agree on a Presiding Arbitrator**

1. The Secretary-General shall serve as appointing authority for an arbitration under this Section.
2. If a Tribunal, other than a Tribunal established under Article 1126, has not been constituted within 90 days from the date that a claim is submitted to arbitration, the Secretary-General, on the request of either disputing party, shall appoint, in his discretion, the arbitrator or arbitrators not yet appointed, except that the presiding arbitrator shall be appointed in accordance with paragraph 3.
3. The Secretary-General shall appoint the presiding arbitrator from the roster of presiding arbitrators referred to in paragraph 4, provided that the presiding arbitrator shall not be a national of the disputing Party or a national of the Party of the disputing investor. In the event that no such presiding arbitrator is available to serve, the Secretary-General shall appoint, from the ICSID Panel of Arbitrators, a presiding arbitrator who is not a national of any of the Parties.
4. On the date of entry into force of this Agreement, the Parties shall establish, and thereafter maintain, a roster of 45 presiding arbitrators meeting the qualifications of the Convention and rules referred to in Article 1120 and experienced in international law and investment matters. The roster members shall be appointed by consensus and without regard to nationality.

**Article 1125: Agreement to Appointment of Arbitrators**

For purposes of Article 39 of the ICSID Convention and Article 7 of Schedule C to the ICSID Additional Facility Rules, and without prejudice to an objection to an arbitrator based on Article 1124(3) or on a ground other than nationality:

- (a) the disputing Party agrees to the appointment of each individual member of a Tribunal established under the ICSID Convention or the ICSID Additional Facility Rules;
- (b) a disputing investor referred to in Article 1116 may submit a claim to arbitration, or continue a claim, under the ICSID Convention or the ICSID Additional Facility Rules, only on condition that the disputing investor agrees in writing to the appointment of each individual member of the Tribunal; and

- (c) a disputing investor referred to in Article 1117(1) may submit a claim to arbitration, or continue a claim, under the ICSID Convention or the ICSID Additional Facility Rules, only on condition that the disputing investor and the enterprise agree in writing to the appointment of each individual member of the Tribunal.

### Article 1126: Consolidation

1. A Tribunal established under this Article shall be established under the UNCITRAL Arbitration Rules and shall conduct its proceedings in accordance with those Rules, except as modified by this Section.

2. Where a Tribunal established under this Article is satisfied that claims have been submitted to arbitration under Article 1120 that have a question of law or fact in common, the Tribunal may, in the interests of fair and efficient resolution of the claims, and after hearing the disputing parties, by order:

- (a) assume jurisdiction over, and hear and determine together, all or part of the claims; or
- (b) assume jurisdiction over, and hear and determine one or more of the claims, the determination of which it believes would assist in the resolution of the others.

3. A disputing party that seeks an order under paragraph 2 shall request the Secretary-General to establish a Tribunal and shall specify in the request:

- (a) the name of the disputing Party or disputing investors against which the order is sought;
- (b) the nature of the order sought; and
- (c) the grounds on which the order is sought.

4. The disputing party shall deliver to the disputing Party or disputing investors against which the order is sought a copy of the request.

5. Within 60 days of receipt of the request, the Secretary-General shall establish a Tribunal comprising three arbitrators. The Secretary-General shall appoint the presiding arbitrator from the roster referred to in Article 1124(4). In the event that no such presiding arbitrator is available to serve, the Secretary-General shall appoint, from the ICSID Panel of Arbitrators, a presiding arbitrator who is not a national of any of the



Parties. The Secretary-General shall appoint the two other members from the roster referred to in Article 1124(4), and to the extent not available from that roster, from the ICSID Panel of Arbitrators, and to the extent not available from that Panel, in the discretion of the Secretary-General. One member shall be a national of the disputing Party and one member shall be a national of a Party of the disputing investors.

6. Where a Tribunal has been established under this Article, a disputing investor that has submitted a claim to arbitration under Article 1116 or 1117 and that has not been named in a request made under paragraph 3 may make a written request to the Tribunal that it be included in an order made under paragraph 2, and shall specify in the request:

- (a) the name and address of the disputing investor;
- (b) the nature of the order sought; and
- (c) the grounds on which the order is sought.

7. A disputing investor referred to in paragraph 6 shall deliver a copy of its request to the disputing parties named in a request made under paragraph 3.

8. A Tribunal established under Article 1120 shall not have jurisdiction to decide a claim, or a part of a claim, over which a Tribunal established under this Article has assumed jurisdiction.

9. On application of a disputing party, a Tribunal established under this Article, pending its decision under paragraph 2, may order that the proceedings of a Tribunal established under Article 1120 be stayed, unless the latter Tribunal has already adjourned its proceedings.

10. A disputing Party shall deliver to the Secretariat, within 15 days of receipt by the disputing Party, a copy of:

- (a) a request for arbitration made under paragraph (1) of Article 36 of the ICSID Convention;
- (b) a notice of arbitration made under Article 2 of Schedule C of the ICSID Additional Facility Rules; or
- (c) a notice of arbitration given under the UNCITRAL Arbitration Rules.

11. A disputing Party shall deliver to the Secretariat a copy of a request made under paragraph 3:

- (a) within 15 days of receipt of the request, in the case of a request made by a disputing investor;
- (b) within 15 days of making the request, in the case of a request made by the disputing Party.

12. A disputing Party shall deliver to the Secretariat a copy of a request made under paragraph 6 within 15 days of receipt of the request.

13. The Secretariat shall maintain a public register of the documents referred to in paragraphs 10, 11 and 12.

**Article 1127: Notice**

A disputing Party shall deliver to the other Parties:

- (a) written notice of a claim that has been submitted to arbitration no later than 30 days after the date that the claim is submitted; and
- (b) copies of all pleadings filed in the arbitration.

**Article 1128: Participation by a Party**

On written notice to the disputing parties, a Party may make submissions to a Tribunal on a question of interpretation of this Agreement.

**Article 1129: Documents**

1. A Party shall be entitled to receive from the disputing Party, at the cost of the requesting Party a copy of:

- (a) the evidence that has been tendered to the Tribunal; and
- (b) the written argument of the disputing parties.

2. A Party receiving information pursuant to paragraph 1 shall treat the information as if it were a disputing Party.

made by: **Article 1130: Place of Arbitration**

Unless the disputing parties agree otherwise, a Tribunal shall hold an arbitration in the territory of a Party that is a party to the New York Convention, selected in accordance with:

- (a) the ICSID Additional Facility Rules if the arbitration is under those Rules or the ICSID Convention; or
- (b) the UNCITRAL Arbitration Rules if the arbitration is under those Rules.

**Article 1131: Governing Law**

1. A Tribunal established under this Section shall decide the issues in dispute in accordance with this Agreement and applicable rules of international law.
2. An interpretation by the Commission of a provision of this Agreement shall be binding on a Tribunal established under this Section.

**Article 1132: Interpretation of Annexes**

1. Where a disputing Party asserts as a defense that the measure alleged to be a breach is within the scope of a reservation or exception set out in Annex I, Annex II, Annex III or Annex IV, on request of the disputing Party, the Tribunal shall request the interpretation of the Commission on the issue. The Commission, within 60 days of delivery of the request, shall submit in writing its interpretation to the Tribunal.
2. Further to Article 1131(2), a Commission interpretation submitted under paragraph 1 shall be binding on the Tribunal. If the Commission fails to submit an interpretation within 60 days, the Tribunal shall decide the issue.

**Article 1133: Expert Reports**

Without prejudice to the appointment of other kinds of experts where authorized by the applicable arbitration rules, a Tribunal, at the request of a disputing party or, unless the disputing parties disapprove, on its own initiative, may appoint one or more experts to report to it in writing on any factual issue concerning environmental, health, safety or other scientific matters raised by a disputing party in a proceeding, subject to such terms and conditions as the disputing parties may agree.

## Article 1134: Interim Measures of Protection

A Tribunal may order an interim measure of protection to preserve the rights of a disputing party, or to ensure that the Tribunal's jurisdiction is made fully effective, including an order to preserve evidence in the possession or control of a disputing party to protect the Tribunal's jurisdiction. A Tribunal may not order attachment or enjoin the application of the measure alleged to constitute a breach referred to in Article 1116 or 1117. For purposes of this paragraph, an order includes a recommendation.

## Article 1135: Final Award

1. Where a Tribunal makes a final award against a Party, the Tribunal may award separately or in combination, only:

- (a) monetary damages and any applicable interest;
- (b) restitution of property, in which case the award shall provide that the disputing Party may pay monetary damages and any applicable interest in lieu of restitution.

A tribunal may also award costs in accordance with the applicable arbitration rules.

2. Subject to paragraph 1, where a claim is made under Article 1117(1):

- (a) an award of restitution of property shall provide that restitution be made to the enterprise;
- (b) an award of monetary damages and any applicable interest shall provide that the sum be paid to the enterprise; and
- (c) the award shall provide that it is made without prejudice to any right that any person may have in the relief under applicable domestic law.

3. A Tribunal may not order a Party to pay punitive damages.

## Article 1136: Finality and Enforcement of an Award

1. An award made by a Tribunal shall have no binding force except between the disputing parties and in respect of the particular case.

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2. Subject to paragraph 3 and the applicable review procedure for an interim award, a disputing party shall abide by and comply with an award without delay.

3. A disputing party may not seek enforcement of a final award until:

(a) in the case of a final award made under the ICSID Convention

(i) 120 days have elapsed from the date the award was rendered and no disputing party has requested revision or annulment of the award, or

(ii) revision or annulment proceedings have been completed; and

(b) in the case of a final award under the ICSID Additional Facility Rules or the UNCITRAL Arbitration Rules

(i) three months have elapsed from the date the award was rendered and no disputing party has commenced a proceeding to revise, set aside or annul the award, or

(ii) a court has dismissed or allowed an application to revise, set aside or annul the award and there is no further appeal.

4. Each Party shall provide for the enforcement of an award in its territory.

5. If a disputing Party fails to abide by or comply with a final award, the Commission, on delivery of a request by a Party whose investor was a party to the arbitration, shall establish a panel under Article 2008 (Request for an Arbitral Panel). The requesting Party may seek in such proceedings:

(a) a determination that the failure to abide by or comply with the final award is inconsistent with the obligations of this Agreement; and

(b) a recommendation that the Party abide by or comply with the final award.

6. A disputing investor may seek enforcement of an arbitration award under the ICSID Convention, the New York Convention or the Inter-American Convention regardless of whether proceedings have been taken under paragraph 5.

7. A claim that is submitted to arbitration under this Section shall be considered to arise out of a commercial relationship or transaction for purposes of Article I of the New York Convention and Article I of the Inter-American Convention.

## Article 1137: General

### *Time when a Claim is Submitted to Arbitration*

1. A claim is submitted to arbitration under this Section when:
  - (a) the request for arbitration under paragraph (1) of Article 36 of the ICSID Convention has been received by the Secretary-General;
  - (b) the notice of arbitration under Article 2 of Schedule C of the ICSID Additional Facility Rules has been received by the Secretary-General; or
  - (c) the notice of arbitration given under the UNCITRAL Arbitration Rules is received by the disputing Party.

### *Service of Documents*

2. Delivery of notice and other documents on a Party shall be made to the place named for that Party in Annex 1137.2.

### *Receipts under Insurance or Guarantee Contracts*

3. In an arbitration under this Section, a Party shall not assert, as a defense, counterclaim, right of setoff or otherwise, that the disputing investor has received or will receive, pursuant to an insurance or guarantee contract, indemnification or other compensation for all or part of its alleged damages.

### *Publication of an Award*

4. Annex 1137.4 applies to the Parties specified in that Annex with respect to publication of an award.

## Article 1138: Exclusions

1. Without prejudice to the applicability or non-applicability of the dispute settlement provisions of this Section or of Chapter Twenty (Institutional Arrangements and Dispute Settlement Procedures) to other actions taken by a Party pursuant to Article 2102 (National Security), a decision by a Party to prohibit or restrict the acquisition of an investment in its territory by an investor of another Party, or its investment, pursuant to that Article shall not be subject to such provisions.

2. The dispute settlement provisions of this Section and of Chapter Twenty shall not apply to the matters referred to in Annex 1138.2.

### Section C - Definitions

#### Article 1139: Definitions

For purposes of this Chapter:

**disputing investor** means an investor that makes a claim under Section B;

**disputing parties** means the disputing investor and the disputing Party;

**disputing party** means the disputing investor or the disputing Party;

**disputing Party** means a Party against which a claim is made under Section B;

**enterprise** means an "enterprise" as defined in Article 201 (Definitions of General Application), and a branch of an enterprise;

**enterprise of a Party** means an enterprise constituted or organized under the law of a Party, and a branch located in the territory of a Party and carrying out business activities there.

**equity or debt securities** includes voting and non-voting shares, bonds, convertible debentures, stock options and warrants;

**G7 Currency** means the currency of Canada, France, Germany, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland or the United States;

**ICSID** means the International Centre for Settlement of Investment Disputes;

**ICSID Convention** means the *Convention on the Settlement of Investment Disputes between States and Nationals of other States*, done at Washington, March 18, 1965;

**Inter-American Convention** means the *Inter-American Convention on International Commercial Arbitration*, done at Panama, January 30, 1975;

**investment means:**

- (a) an enterprise;
- (b) an equity security of an enterprise;
- (c) a debt security of an enterprise
  - (i) where the enterprise is an affiliate of the investor, or
  - (ii) where the original maturity of the debt security is at least three years,but does not include a debt security, regardless of original maturity, of a state enterprise;
- (d) a loan to an enterprise
  - (i) where the enterprise is an affiliate of the investor, or
  - (ii) where the original maturity of the loan is at least three years,but does not include a loan, regardless of original maturity, to a state enterprise;
- (e) an interest in an enterprise that entitles the owner to share in income or profits of the enterprise;
- (f) an interest in an enterprise that entitles the owner to share in the assets of that enterprise on dissolution, other than a debt security or a loan excluded from subparagraph (c) or (d);
- (g) real estate or other property, tangible or intangible, acquired in the expectation or used for the purpose of economic benefit or other business purposes; and
- (h) interests arising from the commitment of capital or other resources in the territory of a Party to economic activity in such territory, such as under
  - (i) contracts involving the presence of an investor's property in the territory of the Party, including turnkey or construction contracts, concessions, or



- (ii) contracts where remuneration depends substantially on the production, revenues or profits of an enterprise;

but investment does not mean,

- (i) claims to money that arise solely from
  - (i) commercial contracts for the sale of goods or services by a national or enterprise in the territory of a Party to an enterprise in the territory of another Party, or
  - (ii) the extension of credit in connection with a commercial transaction, such as trade financing, other than a loan covered by subparagraph (d); or
- (j) any other claims to money,

that do not involve the kinds of interests set out in subparagraphs (a) through (h);

**investment of an investor of a Party** means an investment owned or controlled directly or indirectly by an investor of such Party;

**investor of a Party** means a Party or state enterprise thereof, or a national or an enterprise of such Party, that seeks to make, is making or has made an investment;

**investor of a non-Party** means an investor other than an investor of a Party, that seeks to make, is making or has made an investment;

**New York Convention** means the *United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards*, done at New York, June 10, 1958;

**Secretary-General** means the Secretary-General of ICSID;

**transfers** means transfers and international payments;

**Tribunal** means an arbitration tribunal established under Article 1120 or 1126; and

**UNCITRAL Arbitration Rules** means the arbitration rules of the United Nations Commission on International Trade Law, approved by the United Nations General Assembly on December 15, 1976.

**Annex 1120.1**

**Submission of a Claim to Arbitration**

**Mexico**

With respect to the submission of a claim to arbitration:

- (a) an investor of another Party may not allege that Mexico has breached an obligation under:
  - (i) Section A or Article 1503(2) (State Enterprises), or
  - (ii) Article 1502(3)(a) (Monopolies and State Enterprises) where the monopoly has acted in a manner inconsistent with the Party's obligations under Section A,

both in an arbitration under this Section and in proceedings before a Mexican court or administrative tribunal; and

- (b) where an enterprise of Mexico that is a juridical person that an investor of another Party owns or controls directly or indirectly alleges in proceedings before a Mexican court or administrative tribunal that Mexico has breached an obligation under:
  - (i) Section A or Article 1503(2) (State Enterprises), or
  - (ii) Article 1502(3)(a) (Monopolies and State Enterprises) where the monopoly has acted in a manner inconsistent with the Party's obligations under Section A,

the investor may not allege the breach in an arbitration under this Section

**Annex 1137.2**

**Service of Documents on a Party Under Section B**

Each Party shall set out in this Annex and publish in its official journal by January 1, 1994, the place for delivery of notice and other documents under this Section.

**Annex 1137.4**

**Publication of an Award**

**Canada**

Where Canada is the disputing Party, either Canada or a disputing investor that is a party to the arbitration may make an award public.

**Mexico**

Where Mexico is the disputing Party, the applicable arbitration rules apply to the publication of an award.

**United States**

Where the United States is the disputing Party, either the United States or a disputing investor that is a party to the arbitration may make an award public.

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**Annex 1138.2**

**Exclusions from Dispute Settlement**

**Canada**

A decision by Canada following a review under the *Investment Canada Act*, with respect to whether or not to permit an acquisition that is subject to review, shall not be subject to the dispute settlement provisions of Section B or of Chapter Twenty (Institutional Arrangements and Dispute Settlement Procedures).

**Mexico**

A decision by the National Commission on Foreign Investment ("Comisión Nacional de Inversiones Extranjeras") following a review pursuant to Annex I, page I-M-4, with respect to whether or not to permit an acquisition that is subject to review, shall not be subject to the dispute settlement provisions of Section B or of Chapter Twenty.

## Chapter Twelve

### Cross-Border Trade in Services

#### Article 1201: Scope and Coverage

1. This Chapter applies to measures adopted or maintained by a Party relating to cross-border trade in services by service providers of another Party, including measures respecting:
  - (a) the production, distribution, marketing, sale and delivery of a service;
  - (b) the purchase or use of, or payment for, a service;
  - (c) the access to and use of distribution and transportation systems in connection with the provision of a service;
  - (d) the presence in its territory of a service provider of another Party; and
  - (e) the provision of a bond or other form of financial security as a condition for the provision of a service.
2. This Chapter does not apply to:
  - (a) financial services, as defined in Chapter Fourteen (Financial Services);
  - (b) air services, including domestic and international air transportation services, whether scheduled or non-scheduled, and related services in support of air services, other than
    - (i) aircraft repair and maintenance services during which an aircraft is withdrawn from service, and
    - (ii) specialty air services;
  - (c) procurement by a Party or a state enterprise; or
  - (d) subsidies or grants provided by a Party or a state enterprise, including government-supported loans, guarantees and insurance.

3. Nothing in this Chapter shall be construed to:

- (a) impose any obligation on a Party with respect to a national of another Party seeking access to its employment market, or employed on a permanent basis in its territory, or to confer any right on that national with respect to that access or employment; or
- (b) prevent a Party from providing a service or performing a function such as law enforcement, correctional services, income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care, in a manner that is not inconsistent with this Chapter.

#### Article 1202: National Treatment

1. Each Party shall accord to service providers of another Party treatment no less favorable than that it accords, in like circumstances, to its own service providers.

2. The treatment accorded by a Party under paragraph 1 means, with respect to a state or province, treatment no less favorable than the most favorable treatment accorded in like circumstances, by that state or province to service providers of the Party of which it forms a part.

#### Article 1203: Most-Favored-Nation Treatment

Each Party shall accord to service providers of another Party treatment no less favorable than that it accords, in like circumstances, to service providers of any other Party or of a non-Party.

#### Article 1204: Standard of Treatment

Each Party shall accord to service providers of any other Party the better of the treatment required by Articles 1202 and 1203.

#### Article 1205: Local Presence

No Party may require a service provider of another Party to establish or maintain a representative office or any form of enterprise, or to be resident, in its territory as a condition for the cross-border provision of a service.

**Article 1206: Reservations**

1. Articles 1202, 1203 and 1205 do not apply to:
  - (a) any existing non-conforming measure that is maintained by
    - (i) a Party at the federal level, as set out in its Schedule to Annex I,
    - (ii) a state or province, for two years after the date of entry into force of this Agreement, and thereafter as set out by a Party in its Schedule to Annex I in accordance with paragraph 2, or
    - (iii) a local government;
  - (b) the continuation or prompt renewal of any non-conforming measure referred to in subparagraph (a); or
  - (c) an amendment to any non-conforming measure referred to in subparagraph (a) to the extent that the amendment does not decrease the conformity of the measure, as it existed immediately before the amendment, with Articles 1202, 1203 and 1205.
2. Each Party may set out in its Schedule to Annex I, within two years of the date of entry into force of this Agreement, any existing non-conforming measure maintained by a state or province, not including a local government.
3. Articles 1202, 1203 and 1205 do not apply to any measure that a Party adopts or maintains with respect to sectors, subsectors or activities, as set out in its Schedule to Annex II.

**Article 1207: Quantitative Restrictions**

1. Each Party shall set out in its Schedule to Annex V any quantitative restriction that it maintains at the federal level.
2. Within one year of the date of entry into force of this Agreement, each Party shall set out in its Schedule to Annex V any quantitative restriction maintained by a state or province, not including a local government.



3. Each Party shall notify the other Parties of any quantitative restriction that it adopts, other than at the local government level, after the date of entry into force of this Agreement and shall set out the restriction in its Schedule to Annex V.

4. The Parties shall periodically, but in any event at least every two years, endeavor to negotiate the liberalization or removal of the quantitative restrictions set out in Annex I pursuant to paragraphs 1 through 3.

#### Article 1208: Liberalization of Non-Discriminatory Measures

Each Party shall set out in its Schedule to Annex VI its commitments to liberalize quantitative restrictions, licensing requirements, performance requirements or other non-discriminatory measures.

#### Article 1209: Procedures

The Commission shall establish procedures for:

- (a) a Party to notify and include in its relevant Schedule
  - (i) state or provincial measures in accordance with Article 1206(2),
  - (ii) quantitative restrictions in accordance with Article 1207(2) and (3),
  - (iii) commitments pursuant to Article 1208, and
  - (iv) amendments of measures referred to in Article 1206(1)(c); and
- (b) consultations on reservations, quantitative restrictions or commitments with a view to further liberalization.

#### Article 1210: Licensing and Certification

1. With a view to ensuring that any measure adopted or maintained by a Party relating to the licensing or certification of nationals of another Party does not constitute an unnecessary barrier to trade, each Party shall endeavor to ensure that any such measure

- (a) is based on objective and transparent criteria, such as competence and the ability to provide a service;

- (b) is not more burdensome than necessary to ensure the quality of a service; and
- (c) does not constitute a disguised restriction on the cross-border provision of a service.

2. Where a Party recognizes, unilaterally or by agreement, education, experience, licenses or certifications obtained in the territory of another Party or of a non-Party:

- (a) nothing in Article 1203 shall be construed to require the Party to accord such recognition to education, experience, licenses or certifications obtained in the territory of another Party; and
- (b) the Party shall afford another Party an adequate opportunity to demonstrate that education, experience, licenses or certifications obtained in that other Party's territory should also be recognized or to conclude an agreement or arrangement of comparable effect.

3. Each Party shall, within two years of the date of entry into force of this Agreement, eliminate any citizenship or permanent residency requirement set out in its Schedule to Annex I that it maintains for the licensing or certification of professional service providers of another Party. Where a Party does not comply with this obligation with respect to a particular sector, any other Party may, in the same sector and for such period as the non-complying Party maintains its requirement, solely have recourse to maintaining an equivalent requirement set out in its Schedule to Annex I or reinstating:

- (a) any such requirement at the federal level that it eliminated pursuant to this Article; or
- (b) on notification to the non-complying Party, any such requirement at the state or provincial level existing on the date of entry into force of this Agreement.

4. The Parties shall consult periodically with a view to determining the feasibility of removing any remaining citizenship or permanent residency requirement for the licensing or certification of each other's service providers.

5. Annex 1210.5 applies to measures adopted or maintained by a Party relating to the licensing or certification of professional service providers.

## Article 1211: Denial of Benefits

1. A Party may deny the benefits of this Chapter to a service provider of another Party where the Party establishes that:

- (a) the service is being provided by an enterprise owned or controlled by nationals of a non-Party, and
  - (i) the denying Party does not maintain diplomatic relations with the non-Party, or
  - (ii) the denying Party adopts or maintains measures with respect to the non-Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of this Chapter were accorded to the enterprise; or
- (b) the cross-border provision of a transportation service covered by this Chapter is provided using equipment not registered by any Party.

2. Subject to prior notification and consultation in accordance with Articles 1803 (Notification and Provision of Information) and 2006 (Consultations), a Party may deny the benefits of this Chapter to a service provider of another Party where the Party establishes that the service is being provided by an enterprise that is owned or controlled by persons of a non-Party and that has no substantial business activities in the territory of any Party.

## Article 1212: Sectoral Annex

Annex 1212 applies to specific sectors.

## Article 1213: Definitions

1. For purposes of this Chapter, a reference to a federal, state or provincial government includes any non-governmental body in the exercise of any regulatory, administrative or other governmental authority delegated to it by that government.

2. For purposes of this Chapter:

cross-border provision of a service or cross-border trade in services means the provision of a service;

- (a) from the territory of a Party into the territory of another Party,
- (b) in the territory of a Party by a person of that Party to a person of another Party, or
- (c) by a national of a Party in the territory of another Party,

but does not include the provision of a service in the territory of a Party by an investment, as defined in Article 1139 (Investment - Definitions), in that territory;

**enterprise** means an "enterprise" as defined in Article 201 (Definitions of General Application), and a branch of an enterprise;

**enterprise of a Party** means an enterprise constituted or organized under the law of a Party, and a branch located in the territory of a Party and carrying out business activities there;

**professional services** means services, the provision of which requires specialized post-secondary education, or equivalent training or experience, and for which the right to practice is granted or restricted by a Party, but does not include services provided by trades-persons or vessel and aircraft crew members;

**quantitative restriction** means a non-discriminatory measure that imposes limitations on:

- (a) the number of service providers, whether in the form of a quota, a monopoly or an economic needs test, or by any other quantitative means; or
- (b) the operations of any service provider, whether in the form of a quota or an economic needs test, or by any other quantitative means;

**service provider of a Party** means a person of a Party that seeks to provide or provides a service; and

**specialty air services** means aerial mapping, aerial surveying, aerial photography, forest fire management, fire fighting, aerial advertising, glider towing, parachute jumping, aerial construction, heli-logging, aerial sightseeing, flight training, aerial inspection and surveillance, and aerial spraying services.

**Annex 1210.5**

**Professional Services**

**Section A - General Provisions**

*Processing of Applications for Licenses and Certifications*

1. Each Party shall ensure that its competent authorities, within a reasonable time after the submission by a national of another Party of an application for a license or certification:
  - (a) where the application is complete, make a determination on the application and inform the applicant of that determination; or
  - (b) where the application is not complete, inform the applicant without undue delay of the status of the application and the additional information that is required under the Party's law.

*Development of Professional Standards*

2. The Parties shall encourage the relevant bodies in their respective territories to develop mutually acceptable standards and criteria for licensing and certification of professional service providers and to provide recommendations on mutual recognition to the Commission.
3. The standards and criteria referred to in paragraph 2 may be developed with respect to the following matters:
  - (a) education - accreditation of schools or academic programs;
  - (b) examinations - qualifying examinations for licensing, including alternative methods of assessment such as oral examinations and interviews;
  - (c) experience - length and nature of experience required for licensing;
  - (d) conduct and ethics - standards of professional conduct and the nature of disciplinary action for non-conformity with those standards;

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- (e) professional development and re-certification - continuing education and ongoing requirements to maintain professional certification;
- (f) scope of practice - extent of, or limitations on, permissible activities;
- (g) local knowledge - requirements for knowledge of such matters as local laws, regulations, language, geography or climate; and
- (h) consumer protection - alternatives to residency requirements, including bonding, professional liability insurance and client restitution funds, to provide for the protection of consumers.

4. On receipt of a recommendation referred to in paragraph 2, the Commission shall review the recommendation within a reasonable time to determine whether it is consistent with this Agreement. Based on the Commission's review, each Party shall encourage its respective competent authorities, where appropriate, to implement the recommendation within a mutually agreed time.

*Temporary Licensing*

5. Where the Parties agree, each Party shall encourage the relevant bodies in its territory to develop procedures for the temporary licensing of professional service providers of another Party.

*Review*

6. The Commission shall periodically, and at least once every three years, review the implementation of this Section.

**Section B - Foreign Legal Consultants**

1. Each Party shall, in implementing its obligations and commitments regarding foreign legal consultants as set out in its relevant Schedules and subject to any reservations therein, ensure that a national of another Party is permitted to practice or advise on the law of any country in which that national is authorized to practice as a lawyer.

*Consultations With Professional Bodies*

2. Each Party shall consult with its relevant professional bodies to obtain their recommendations on:

- (a) the form of association or partnership between lawyers authorized to practice in its territory and foreign legal consultants;
- (b) the development of standards and criteria for the authorization of foreign legal consultants in conformity with Article 1210; and
- (c) other matters relating to the provision of foreign legal consultancy services

3. Prior to initiation of consultations under paragraph 7, each Party shall encourage its relevant professional bodies to consult with the relevant professional bodies designated by each of the other Parties regarding the development of joint recommendations on the matters referred to in paragraph 2.

*Future Liberalization*

4. Each Party shall establish a work program to develop common procedures throughout its territory for the authorization of foreign legal consultants.

5. Each Party shall promptly review any recommendation referred to in paragraphs 2 and 3 to ensure its consistency with this Agreement. If the recommendation is consistent with this Agreement, each Party shall encourage its competent authorities to implement the recommendation within one year.

6. Each Party shall report to the Commission within one year of the date of entry into force of this Agreement, and each year thereafter, on its progress in implementing the work program referred to in paragraph 4.

7. The Parties shall meet within one year of the date of entry into force of this Agreement with a view to:

- (a) assessing the implementation of paragraphs 2 through 5;
- (b) amending or removing, where appropriate, reservations on foreign legal consultancy services; and

- (c) assessing further work that may be appropriate regarding foreign legal consultancy services.

### Section C - Temporary Licensing of Engineers

1. The Parties shall meet within one year of the date of entry into force of this Agreement to establish a work program to be undertaken by each Party, in conjunction with its relevant professional bodies, to provide for the temporary licensing in its territory of nationals of another Party who are licensed as engineers in the territory of that other Party.
2. To this end, each Party shall consult with its relevant professional bodies to obtain their recommendations on:
  - (a) the development of procedures for the temporary licensing of such engineers to permit them to practice their engineering specialties in each jurisdiction in its territory;
  - (b) the development of model procedures for adoption by the competent authorities throughout its territory to facilitate the temporary licensing of such engineers;
  - (c) the engineering specialties to which priority should be given in developing temporary licensing procedures; and
  - (d) other matters relating to the temporary licensing of engineers identified by the Party in such consultations.
3. Each Party shall request its relevant professional bodies to make recommendations on the matters referred to in paragraph 2 within two years of the date of entry into force of this Agreement.
4. Each Party shall encourage its relevant professional bodies to meet at the earliest opportunity with the relevant professional bodies of the other Parties with a view to cooperating in the development of joint recommendations on the matters referred to in paragraph 2 within two years of the date of entry into force of this Agreement. Each Party shall request an annual report from its relevant professional bodies on the progress achieved in developing those recommendations.



5. The Parties shall promptly review any recommendation referred to in paragraph 3 or 4 to ensure its consistency with this Agreement. If the recommendation is consistent with this Agreement, each Party shall encourage its competent authorities to implement the recommendation within one year.
6. The Commission shall review the implementation of this Section within two years of the date of entry into force of this Section.
7. Appendix 1210.5-C applies to the Parties specified therein.

#### Appendix 1210.5 - C

##### Civil Engineers

The rights and obligations of Section C of Annex 1210.5 apply to Mexico with respect to civil engineers ("ingenieros civiles") and to such other engineering specialties that Mexico may designate.

Annex 1212

Land Transportation

Contact Points

1. Further to Article 1801 (Contact Points), each Party shall designate by January 1, 1994 contact points to provide information published by that Party relating to land transportation services regarding operating authority, safety requirements, taxation, data, studies and technology, and to provide assistance in contacting its relevant government agencies.

Review Process

2. The Commission shall, during the fifth year after the date of entry into force of this Agreement and during every second year thereafter until the liberalization for bus and truck transportation set out in the Parties' Schedules to Annex I is complete, receive and consider a report from the Parties that assesses progress respecting liberalization, including:

- (a) the effectiveness of the liberalization;
- (b) specific problems for, or unanticipated effects on, each Party's bus and truck transportation industries arising from liberalization; and
- (c) modifications to the period for liberalization.

The Commission shall endeavor to resolve any matter arising from its consideration of a report.

3. The Parties shall consult, no later than seven years after the date of entry into force of this Agreement, to consider further liberalization commitments.

## Chapter Thirteen

### Telecommunications

#### Article 1301: Scope and Coverage

1. This Chapter applies to:
  - (a) measures adopted or maintained by a Party relating to access to and use of public telecommunications transport networks or services by persons of another Party, including access and use by such persons operating private networks;
  - (b) measures adopted or maintained by a Party relating to the provision of enhanced or value-added services by persons of another Party in the territory, or across the borders, of a Party; and
  - (c) standards-related measures relating to attachment of terminal or other equipment to public telecommunications transport networks.
2. Except to ensure that persons operating broadcast stations and cable systems have continued access to and use of public telecommunications transport networks and services, this Chapter does not apply to any measure adopted or maintained by a Party relating to broadcast or cable distribution of radio or television programming.
3. Nothing in this Chapter shall be construed to:
  - (a) require a Party to authorize a person of another Party to establish, construct, acquire, lease, operate or provide telecommunications transport networks or telecommunications transport services;
  - (b) require a Party, or require a Party to compel any person, to establish, construct, acquire, lease, operate or provide telecommunications transport networks or telecommunications transport services not offered to the public generally;
  - (c) prevent a Party from prohibiting persons operating private networks from using their networks to provide public telecommunications transport networks or services to third persons; or

- (d) require a Party to compel any person engaged in the broadcast or cable distribution of radio or television programming to make available its cable or broadcast facilities as a public telecommunications transport network.

**Article 1302: Access to and Use of Public Telecommunications Transport Networks and Services**

1. Each Party shall ensure that persons of another Party have access to and use of its public telecommunications transport network or service, including private leased circuits, offered in its territory or across its borders for the conduct of their business, on reasonable and non-discriminatory terms and conditions, including as set out in paragraphs 2 through 8.

2. Subject to paragraphs 6 and 7, each Party shall ensure that such persons are permitted to:

- (a) purchase or lease, and attach terminal or other equipment that interfaces with the public telecommunications transport network;
- (b) interconnect private leased or owned circuits with public telecommunications transport networks in the territory, or across the borders, of that Party, including for use in providing dial-up access to and from their customers or users, or with circuits leased or owned by another person on terms and conditions mutually agreed by those persons;
- (c) perform switching, signalling and processing functions; and
- (d) use operating protocols of their choice.

3. Each Party shall ensure that:

- (a) the pricing of public telecommunications transport services reflects economic costs directly related to providing the services; and
- (b) private leased circuits are available on a flat-rate pricing basis.

Nothing in this paragraph shall be construed to prevent cross-subsidization between public telecommunications transport services.

4. Each Party shall ensure that persons of another Party may use public telecommunications transport networks or services for the movement of information in its territory or across its borders, including for intracorporate communications, and for access

to information contained in data bases or otherwise stored in machine-readable form in the territory of any Party.

5. Further to Article 2101 (General Exceptions), nothing in this Chapter shall be construed to prevent a Party from adopting or enforcing any measure necessary to:

- (a) ensure the security and confidentiality of messages; or
- (b) protect the privacy of subscribers to public telecommunications transport networks or services.

6. Each Party shall ensure that no condition is imposed on access to and use of public telecommunications transport networks or services, other than that necessary to:

- (a) safeguard the public service responsibilities of providers of public telecommunications transport networks or services, in particular their ability to make their networks or services available to the public generally; or
- (b) protect the technical integrity of public telecommunications transport networks or services.

7. Provided that conditions for access to and use of public telecommunications transport networks or services satisfy the criteria set out in paragraph 6, such conditions may include:

- (a) a restriction on resale or shared use of such services;
- (b) a requirement to use specified technical interfaces, including interface protocols, for interconnection with such networks or services;
- (c) a restriction on interconnection of private leased or owned circuits with such networks or services or with circuits leased or owned by another person, where the circuits are used in the provision of public telecommunications transport networks or services; and
- (d) a licensing, permit, registration or notification procedure which, if adopted or maintained, is transparent and applications filed thereunder are processed expeditiously.

8. For purposes of this Article, "non-discriminatory" means on terms and conditions no less favorable than those accorded to any other customer or user of like public telecommunications transport networks or services in like circumstances.

**Article 1303: Conditions for the Provision of Enhanced or Value-Added Services**

1. Each Party shall ensure that:
  - (a) any licensing, permit, registration or notification procedure that it adopts or maintains relating to the provision of enhanced or value-added services is transparent and non-discriminatory, and that applications filed thereunder are processed expeditiously; and
  - (b) information required under such procedures is limited to that necessary to demonstrate that the applicant has the financial solvency to begin providing services or to assess conformity of the applicant's terminal or other equipment with the Party's applicable standards or technical regulations.
2. No Party may require a person providing enhanced or value-added services to:
  - (a) provide those services to the public generally;
  - (b) cost-justify its rates;
  - (c) file a tariff;
  - (d) interconnect its networks with any particular customer or network; or
  - (e) conform with any particular standard or technical regulation for interconnection other than for interconnection to a public telecommunications transport network.
3. Notwithstanding paragraph 2(c), a Party may require the filing of a tariff by:
  - (a) such provider to remedy a practice of that provider that the Party has found in a particular case to be anticompetitive under its law; or
  - (b) a monopoly to which Article 1305 applies.

**Article 1304: Standards-Related Measures**

1. Further to Article 904(4) (Unnecessary Obstacles), each Party shall ensure that standards-related measures relating to the attachment of terminal or other equipment to public telecommunications transport networks, including those measures relating to the of testing and measuring equipment for conformity assessment procedures, are adopted and maintained only to the extent necessary to:

- (a) prevent technical damage to public telecommunications transport networks;
- (b) prevent technical interference with, or degradation of, public telecommunications transport services;
- (c) prevent electromagnetic interference, and ensure compatibility, with other uses of the electromagnetic spectrum;
- (d) prevent billing equipment malfunction; or
- (e) ensure users' safety and access to public telecommunications transport networks or services.

2. A Party may require approval for the attachment to the public telecommunications transport network of terminal or other equipment that is not authorized, provided that the criteria for that approval are consistent with paragraph 1.

3. Each Party shall ensure that the network termination points for its public telecommunications transport networks are defined on a reasonable and transparent basis.

4. No Party may require separate authorization for equipment that is connected on the customer's side of authorized equipment that serves as a protective device fulfilling the criteria of paragraph 1.

5. Further to Article 904(3) (Non-Discriminatory Treatment), each Party shall:

- (a) ensure that its conformity assessment procedures are transparent and non-discriminatory and that applications filed thereunder are processed expeditiously;
- (b) permit any technically qualified entity to perform the testing required under the Party's conformity assessment procedures for terminal or other equipment to be attached to the public telecommunications transport network, subject to the Party's right to review the accuracy and completeness of the test results; and
- (c) ensure that any measure that it adopts or maintains requiring persons to be authorized to act as agents for suppliers of telecommunications equipment before the Party's relevant conformity assessment bodies is non-discriminatory.

6. No later than one year after the date of entry into force of this Agreement, each Party shall adopt, as part of its conformity assessment procedures, provisions necessary to

accept the test results from laboratories or testing facilities in the territory of another Party for tests performed in accordance with the accepting Party's standards-related measures and procedures.

7. The Telecommunications Standards Subcommittee established under Article 913(5) (Committee on Standards-Related Measures) shall perform the functions set out in Annex 913.5.a-2.

### Article 1305: Monopolies

1. Where a Party maintains or designates a monopoly to provide public telecommunications transport networks or services, and the monopoly, directly or through an affiliate, competes in the provision of enhanced or value-added services or other telecommunications-related services or telecommunications-related goods, the Party shall ensure that the monopoly does not use its monopoly position to engage in anticompetitive conduct in those markets, either directly or through its dealings with its affiliates, in such a manner as to affect adversely a person of another Party. Such conduct may include cross-subsidization, predatory conduct and the discriminatory provision of access to public telecommunications transport networks or services.

2. To prevent such anticompetitive conduct, each Party shall adopt or maintain effective measures, such as:

- (a) accounting requirements;
- (b) requirements for structural separation;
- (c) rules to ensure that the monopoly accords its competitors access to and use of its public telecommunications transport networks or services on terms and conditions no less favorable than those it accords to itself or its affiliates; or
- (d) rules to ensure the timely disclosure of technical changes to public telecommunications transport networks and their interfaces.

### Article 1306: Transparency

Further to Article 1802 (Publication), each Party shall make publicly available measures relating to access to and use of public telecommunications transport networks and services, including measures relating to:



- other Part  
measures
- Article 913(b)  
in Annex
- (a) tariffs and other terms and conditions of service;
  - (b) specifications of technical interfaces with the networks or services;
  - (c) information on bodies responsible for the preparation and adoption of standards-related measures affecting such access and use;
  - (d) conditions applying to attachment of terminal or other equipment to the networks; and
  - (e) notification, permit, registration or licensing requirements.

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**Article 1307: Relation to Other Chapters**

In the event of any inconsistency between this Chapter and another Chapter, this Chapter shall prevail to the extent of the inconsistency.

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**Article 1308: Relation to International Organizations and Agreements**

The Parties recognize the importance of international standards for global compatibility and interoperability of telecommunication networks or services and undertake to promote those standards through the work of relevant international bodies, including the International Telecommunication Union and the International Organization for Standardization.

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**Article 1309: Technical Cooperation and Other Consultations**

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1. To encourage the development of interoperable telecommunications transport services infrastructure, the Parties shall cooperate in the exchange of technical information, the development of government-to-government training programs and other related activities. In implementing this obligation, the Parties shall give special emphasis to existing exchange programs.
  2. The Parties shall consult with a view to determining the feasibility of further liberalizing trade in all telecommunications services, including public telecommunications transport networks and services.
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## Article 1310: Definitions

For purposes of this Chapter:

**authorized equipment** means terminal or other equipment that has been approved for attachment to the public telecommunications transport network in accordance with a Party's conformity assessment procedures;

**conformity assessment procedure** means "conformity assessment procedure" as defined in Article 915 (Standards-Related Measures - Definitions), and includes the procedures referred to in Annex 1310;

**enhanced or value-added services** means those telecommunications services employing computer processing applications that:

- (a) act on the format, content, code, protocol or similar aspects of a customer transmitted information;
- (b) provide a customer with additional, different or restructured information;
- (c) involve customer interaction with stored information;

**flat-rate pricing basis** means pricing on the basis of a fixed charge per period of time regardless of the amount of use;

**intracorporate communications** means telecommunications through which an enterprise communicates:

- (a) internally or with or among its subsidiaries, branches or affiliates, as defined by each Party, or
- (b) on a non-commercial basis with other persons that are fundamental to the economic activity of the enterprise and that have a continuing contractual relationship with it,

but does not include telecommunications services provided to persons other than those described herein;

**network termination point** means the final demarcation of the public telecommunications transport network at the customer's premises;

**private network** means a telecommunications transport network that is used exclusively for intracorporate communications;

**protocol** means a set of rules and formats that govern the exchange of information between two peer entities for purposes of transferring signaling or data information;

**public telecommunications transport network** means public telecommunications infrastructure that permits telecommunications between defined network termination points;

**public telecommunications transport networks or services** means public telecommunications transport networks or public telecommunications transport services;

**public telecommunications transport service** means any telecommunications transport service required by a Party, explicitly or in effect, to be offered to the public generally, including telegraph, telephone, telex and data transmission, that typically involves the real-time transmission of customer-supplied information between two or more points without any end-to-end change in the form or content of the customer's information;

**standards-related measure** means a "standards-related measure" as defined in Article 915;

**telecommunications** means the transmission and reception of signals by any electromagnetic means; and

**terminal equipment** means any digital or analog device capable of processing, receiving, switching, signaling or transmitting signals by electromagnetic means and that is connected by radio or wire to a public telecommunications transport network at a termination point.

Annex 1310

Conformity Assessment Procedures

For Canada:

Department of Communications, Terminal Attachment Program  
Certification Procedures (CP-01)

*Department of Communications Act*, R.S.C. 1985, c. C-35

*Railway Act*, R.S.C. 1985, c. R-3

*Radiocommunication Act*, R.S.C. 1985, c. R-2, as amended by S.C. 1989, c. 11

*Telecommunications Act* (Bill C-62)

For Mexico:

Secretaría de Comunicaciones y Transportes  
Subsecretaría de Comunicaciones y Desarrollo Tecnológico

*Reglamento de Telecomunicaciones*, Capítulo X

For the United States:

Part 15 and Part 68 of the *Federal Communications Commission's Rules*, Title 47 of the  
*Code of Federal Regulations*

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Annex 13

## Chapter Fourteen

### Financial Services

#### Article 1401: Scope and Coverage

1. This Chapter applies to measures adopted or maintained by a Party relating to:
  - (a) financial institutions of another Party;
  - (b) investors of another Party, and investments of such investors, in financial institutions in the Party's territory; and
  - (c) cross-border trade in financial services.
2. Articles 1109 through 1111, 1113, 1114 and 1211 are hereby incorporated into and made a part of this Chapter. Articles 1115 through 1138 are hereby incorporated into and made a part of this Chapter solely for breaches by a Party of Articles 1109 through 1111, 1113 and 1114, as incorporated into this Chapter.
3. Nothing in this Chapter shall be construed to prevent a Party, including its public entities, from exclusively conducting or providing in its territory:
  - (a) activities or services forming part of a public retirement plan or statutory system of social security; or
  - (b) activities or services for the account or with the guarantee or using the financial resources of the Party, including its public entities.
4. Annex 1401.4 applies to the Parties specified in that Annex.

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#### Article 1402: Self-Regulatory Organizations

Where a Party requires a financial institution or a cross-border financial service provider of another Party to be a member of, participate in, or have access to, a self-regulatory organization to provide a financial service in or into the territory of that Party, the Party shall ensure observance of the obligations of this Chapter by such self-regulatory organization.

### Article 1403: Establishment of Financial Institutions

1. The Parties recognize the principle that an investor of another Party should be permitted to establish a financial institution in the territory of a Party in the juridical form chosen by such investor.

2. The Parties also recognize the principle that an investor of another Party should be permitted to participate widely in a Party's market through the ability of such investor to:

- (a) provide in that Party's territory a range of financial services through separate financial institutions as may be required by that Party;
- (b) expand geographically in that Party's territory; and
- (c) own financial institutions in that Party's territory without being subject to ownership requirements specific to foreign financial institutions.

3. Subject to Annex 1403.3, at such time as the United States permits commercial banks of another Party located in its territory to expand through subsidiaries or direct branches into substantially all of the United States market, the Parties shall review and assess market access provided by each Party in relation to the principles in paragraphs 1 and 2 with a view to adopting arrangements permitting investors of another Party to choose the juridical form of establishment of commercial banks.

4. Each Party shall permit an investor of another Party that does not own or control a financial institution in the Party's territory to establish a financial institution in that territory. A Party may:

- (a) require an investor of another Party to incorporate under the Party's law any financial institution it establishes in the Party's territory; or
- (b) impose terms and conditions on establishment that are consistent with Article 1405.

5. For purposes of this Article, "investor of another Party" means an investor of another Party engaged in the business of providing financial services in the territory of that Party.

### Article 1404: Cross-Border Trade

1. No Party may adopt any measure restricting any type of cross-border trade in financial services by cross-border financial service providers of another Party that the

Party permits on the date of entry into force of this Agreement, except to the extent set out in Section B of the Party's Schedule to Annex VII.

2. Each Party shall permit persons located in its territory, and its nationals wherever located, to purchase financial services from cross-border financial service providers of another Party located in the territory of that other Party or of another Party. This obligation does not require a Party to permit such providers to do business or solicit in its territory. Subject to paragraph 1, each Party may define "doing business" and "solicitation" for purposes of this obligation.

3. Without prejudice to other means of prudential regulation of cross-border trade in financial services, a Party may require the registration of cross-border financial service providers of another Party and of financial instruments.

4. The Parties shall consult on future liberalization of cross-border trade in financial services as set out in Annex 1404.4.

#### Article 1405: National Treatment

1. Each Party shall accord to investors of another Party treatment no less favorable than that it accords to its own investors, in like circumstances, with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of financial institutions and investments in financial institutions in its territory.

2. Each Party shall accord to financial institutions of another Party and to investments of investors of another Party in financial institutions treatment no less favorable than that it accords to its own financial institutions and to investments of its own investors in financial institutions, in like circumstances, with respect to the establishment, acquisition, expansion, management, conduct, operation, and sale or other disposition of financial institutions and investments.

3. Subject to Article 1404, where a Party permits the cross-border provision of a financial service it shall accord to the cross-border financial service providers of another Party treatment no less favorable than that it accords to its own financial service providers, in like circumstances, with respect to the provision of such service.

4. The treatment that a Party is required to accord under paragraphs 1, 2 and 3 means, with respect to a measure of any state or province:

- (a) in the case of an investor of another Party with an investment in a financial institution, an investment of such investor in a financial institution, or a financial institution of such investor, located in a state or province,

treatment no less favorable than the treatment accorded to an investor of the Party in a financial institution, an investment of such investor in a financial institution, or a financial institution of such investor, located in that state or province, in like circumstances; and

- (b) in any other case, treatment no less favorable than the most favorable treatment accorded to an investor of the Party in a financial institution, its financial institution or its investment in a financial institution, in like circumstances.

For greater certainty, in the case of an investor of another Party with investments in financial institutions or financial institutions of such investor, located in more than one state or province, the treatment required under subparagraph (a) means:

- (c) treatment of the investor that is no less favorable than the most favorable treatment accorded to an investor of the Party with an investment located in such states or provinces, in like circumstances; and
- (d) with respect to an investment of the investor in a financial institution or a financial institution of such investor, located in a state or province, treatment no less favorable than that accorded to an investment of an investor of the Party, or a financial institution of such investor, located in that state or province, in like circumstances.

5. A Party's treatment of financial institutions and cross-border financial service providers of another Party, whether different or identical to that accorded to its own institutions or providers in like circumstances, is consistent with paragraphs 1 through 3 if the treatment affords equal competitive opportunities.

6. A Party's treatment affords equal competitive opportunities if it does not disadvantage financial institutions and cross-border financial services providers of another Party in their ability to provide financial services as compared with the ability of the Party's own financial institutions and financial services providers to provide such services in like circumstances.

7. Differences in market share, profitability or size do not in themselves establish a denial of equal competitive opportunities, but such differences may be used as evidence regarding whether a Party's treatment affords equal competitive opportunities.



## Article 1406: Most-Favored-Nation Treatment

1. Each Party shall accord to investors of another Party, financial institutions of another Party, investments of investors in financial institutions and cross-border financial service providers of another Party treatment no less favorable than that it accords to the investors, financial institutions, investments of investors in financial institutions and cross-border financial service providers of any other Party or of a non-Party, in like circumstances.
2. A Party may recognize prudential measures of another Party or of a non-Party in the application of measures covered by this Chapter. Such recognition may be:
  - (a) accorded unilaterally;
  - (b) achieved through harmonization or other means; or
  - (c) based upon an agreement or arrangement with the other Party or non-Party.
3. A Party according recognition of prudential measures under paragraph 2 shall provide adequate opportunity to another Party to demonstrate that circumstances exist in which there are or would be equivalent regulation, oversight, implementation of regulation, and if appropriate, procedures concerning the sharing of information between the Parties.
4. Where a Party accords recognition of prudential measures under paragraph 2(c) and the circumstances set out in paragraph 3 exist, the Party shall provide adequate opportunity to another Party to negotiate accession to the agreement or arrangement, or to negotiate a comparable agreement or arrangement.

## Article 1407: New Financial Services and Data Processing

1. Each Party shall permit a financial institution of another Party to provide any new financial service of a type similar to those services that the Party permits its own financial institutions, in like circumstances, to provide under its domestic law. A Party may determine the institutional and juridical form through which the service may be provided and may require authorization for the provision of the service. Where such authorization is required, a decision shall be made within a reasonable time and the authorization may only be refused for prudential reasons.
2. Each Party shall permit a financial institution of another Party to transfer information in electronic or other form, into and out of the Party's territory, for data

processing where such processing is required in the ordinary course of business of such institution.

#### Article 1408: Senior Management and Boards of Directors

1. No Party may require financial institutions of another Party to engage individuals of any particular nationality as senior managerial or other essential personnel.
2. No Party may require that more than a simple majority of the board of directors of a financial institution of another Party be composed of nationals of the Party, persons residing in the territory of the Party, or a combination thereof.

#### Article 1409: Reservations and Specific Commitments

1. Articles 1403 through 1408 do not apply to:
  - (a) any existing non-conforming measure that is maintained by
    - (i) a Party at the federal level, as set out in Section A of its Schedule to Annex VII,
    - (ii) a state or province, for the period ending on the date specified in Annex 1409.1 for that state or province, and thereafter as described by the Party in Section A of its Schedule to Annex VII in accordance with Annex 1409.1, or
    - (iii) a local government;
  - (b) the continuation or prompt renewal of any non-conforming measure referred to in subparagraph (a); or
  - (c) an amendment to any non-conforming measure referred to in subparagraph (a) to the extent that the amendment does not decrease the conformity of the measure, as it existed immediately before the amendment, with Articles 1403 through 1408.
2. Articles 1403 through 1408 do not apply to any non-conforming measure that a Party adopts or maintains in accordance with Section B of its Schedule to Annex VII.
3. Section C of each Party's Schedule to Annex VII sets out certain specific commitments by that Party.

4. Where a Party has set out a reservation to Article 1102, 1103, 1202 or 1203 in its Schedule to Annex I, II, III or IV, the reservation shall be deemed to constitute a reservation to Article 1405 or 1406, as the case may be, to the extent that the measure, sector, subsector or activity set out in the reservation is covered by this Chapter.

#### Article 1410: Exceptions

1. Nothing in this Part shall be construed to prevent a Party from adopting or maintaining reasonable measures for prudential reasons, such as:

- (a) the protection of investors, depositors, financial market participants, policyholders, policy-claimants, or persons to whom a fiduciary duty is owed by a financial institution or cross-border financial service provider;
- (b) the maintenance of the safety, soundness, integrity or financial responsibility of financial institutions or cross-border financial service providers; and
- (c) ensuring the integrity and stability of a Party's financial system.

2. Nothing in this Part applies to non-discriminatory measures of general application taken by any public entity in pursuit of monetary and related credit policies or exchange rate policies. This paragraph shall not affect a Party's obligations under Article 1106 (Performance Requirements) with respect to measures covered by Chapter Eleven (Investment) or Article 1109 (Transfers).

3. Article 1405 shall not apply to the granting by a Party to a financial institution of an exclusive right to provide a financial service referred to in Article 1401(3)(a).

4. Notwithstanding Article 1109(1), (2) and (3), as incorporated into this Chapter, and without limiting the applicability of Article 1109(4), as incorporated into this Chapter, a Party may prevent or limit transfers by a financial institution or cross-border financial services provider to, or for the benefit of, an affiliate of or person related to such institution or provider, through the equitable, non-discriminatory and good faith application of measures relating to maintenance of the safety, soundness, integrity or financial responsibility of financial institutions or cross-border financial service providers. This paragraph does not prejudice any other provision of this Agreement that permits a Party to restrict transfers.

## Article 1411: Transparency

1. In lieu of Article 1802(2) (Publication), each Party shall, to the extent practicable, provide in advance to all interested persons any measure of general application that the Party proposes to adopt in order to allow an opportunity for such persons to comment on the measure. Such measure shall be provided:

- (a) by means of official publication;
- (b) in other written form; or
- (c) in such other form as permits an interested person to make informed comments on the proposed measure.

2. Each Party's regulatory authorities shall make available to interested persons their requirements for completing applications relating to the provision of financial services.

3. On the request of an applicant, the regulatory authority shall inform the applicant of the status of its application. If such authority requires additional information from the applicant, it shall notify the applicant without undue delay.

4. A regulatory authority shall make an administrative decision on a completed application of an investor in a financial institution, a financial institution or a cross-border financial service provider of another Party relating to the provision of a financial service within 120 days, and shall promptly notify the applicant of the decision. An application shall not be considered complete until all relevant hearings are held and all necessary information is received. Where it is not practicable for a decision to be made within 120 days, the regulatory authority shall notify the applicant without undue delay and shall endeavor to make the decision within a reasonable time thereafter.

5. Nothing in this Chapter requires a Party to furnish or allow access to:

- (a) information related to the financial affairs and accounts of individual customers of financial institutions or cross-border financial service providers; or
- (b) any confidential information, the disclosure of which would impede law enforcement or otherwise be contrary to the public interest or prejudice legitimate commercial interests of particular enterprises.

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6. Each Party shall maintain or establish one or more inquiry points no later than 180 days after the date of entry into force of this Agreement, to respond in writing as soon as practicable, to all reasonable inquiries from interested persons regarding measures of general application covered by this Chapter.

**Article 1412: Financial Services Committee**

1. The Parties hereby establish the Financial Services Committee. The principal representative of each Party shall be an official of the Party's authority responsible for financial services set out in Annex 1412.1.
2. Subject to Article 2001(2)(d) (Free Trade Commission), the Committee shall:
  - (a) supervise the implementation of this Chapter and its further elaboration;
  - (b) consider issues regarding financial services that are referred to it by a Party; and
  - (c) participate in the dispute settlement procedures in accordance with Article 1415.
3. The Committee shall meet annually to assess the functioning of this Agreement as it applies to financial services. The Committee shall inform the Commission of the results of each annual meeting.

**Article 1413: Consultations**

1. A Party may request consultations with another Party regarding any matter arising under this Agreement that affects financial services. The other Party shall give sympathetic consideration to the request. The consulting Parties shall report the results of their consultations to the Committee at its annual meeting.
2. Consultations under this Article shall include officials of the authorities specified in Annex 1412.1.
3. A Party may request that regulatory authorities of another Party participate in consultations under this Article regarding that other Party's measures of general application which may affect the operations of financial institutions or cross-border financial service providers in the requesting Party's territory.

4. Nothing in this Article shall be construed to require regulatory authorities participating in consultations under paragraph 3 to disclose information or take any action that would interfere with individual regulatory, supervisory, administrative or enforcement matters.

5. Where a Party requires information for supervisory purposes concerning a financial institution in another Party's territory or a cross-border financial service provider in another Party's territory, the Party may approach the competent regulatory authority in the other Party's territory to seek the information.

6. Annex 1413.6 shall apply to further consultations and arrangements.

#### Article 1414: Dispute Settlement

1. Section B of Chapter Twenty (Institutional Arrangements and Dispute Settlement Procedures) applies as modified by this Article to the settlement of disputes arising under this Chapter.

2. The Parties shall establish by January 1, 1994 and maintain a roster of up to 15 individuals who are willing and able to serve as financial services panelists. Financial services roster members shall be appointed by consensus for terms of three years, and may be reappointed.

3. Financial services roster members shall:

- (a) have expertise or experience in financial services law or practice, which may include the regulation of financial institutions;
- (b) be chosen strictly on the basis of objectivity, reliability and sound judgment; and
- (c) meet the qualifications set out in Article 2009(2)(b) and (c) (Roster).

4. Where a Party claims that a dispute arises under this Chapter, Article 2011 (Panel Selection) shall apply, except that:

- (a) where the disputing Parties so agree, the panel shall be composed entirely of panelists meeting the qualifications in paragraph 3; and
- (b) in any other case,

- (i) each disputing Party may select panelists meeting the qualifications set out in paragraph 3 or in Article 2010(1) (Qualifications of Panelists), and
- (ii) if the Party complained against invokes Article 1410, the chair of the panel shall meet the qualifications set out in paragraph 3.

5. In any dispute where a panel finds a measure to be inconsistent with the obligations of this Agreement and the measure affects:

- (a) only the financial services sector, the complaining Party may suspend benefits only in the financial services sector;
- (b) the financial services sector and any other sector, the complaining Party may suspend benefits in the financial services sector that have an effect equivalent to the effect of the measure in the Party's financial services sector; or
- (c) only a sector other than the financial services sector, the complaining Party may not suspend benefits in the financial services sector.

**Article 1415: Investment Disputes in Financial Services**

1. Where an investor of another Party submits a claim under Article 1116 or 1117 to arbitration under Section B of Chapter Eleven (Investment - Settlement of Disputes between a Party and an Investor of Another Party) against a Party and the disputing Party invokes Article 1410, on request of the disputing Party, the Tribunal shall refer the matter in writing to the Committee for a decision. The Tribunal may not proceed pending receipt of a decision or report under this Article.

2. In a referral pursuant to paragraph 1, the Committee shall decide the issue of whether and to what extent Article 1410 is a valid defense to the claim of the investor. The Committee shall transmit a copy of its decision to the Tribunal and to the Commission. The decision shall be binding on the Tribunal.

3. Where the Committee has not decided the issue within 60 days of the receipt of the referral under paragraph 1, the disputing Party or the Party of the disputing investor may request the establishment of an arbitral panel under Article 2008 (Request for an Arbitral Panel). The panel shall be constituted in accordance with Article 1414. Further to Article 2017 (Final Report), the panel shall transmit its final report to the Committee and to the Tribunal. The report shall be binding on the Tribunal.

4. Where no request for the establishment of a panel pursuant to paragraph 3 has been made within 10 days of the expiration of the 60-day period referred to in paragraph 3, the Tribunal may proceed to decide the matter.

#### Article 1416: Definitions

For purposes of this Chapter:

**cross-border financial service provider of a Party** means a person of a Party that is engaged in the business of providing a financial service within the territory of the Party and that seeks to provide or provides financial services through the cross-border provision of such services;

**cross-border provision of a financial service or cross-border trade in financial services** means the provision of a financial service:

- (a) from the territory of a Party into the territory of another Party,
- (b) in the territory of a Party by a person of that Party to a person of another Party, or
- (c) by a national of a Party in the territory of another Party,

but does not include the provision of a service in the territory of a Party by an investor in that territory;

**financial institution** means any financial intermediary or other enterprise that is authorized to do business and regulated or supervised as a financial institution under the law of the Party in whose territory it is located;

**financial institution of another Party** means a financial institution, including a branch, located in the territory of a Party that is controlled by persons of another Party;

**financial service** means a service of a financial nature, including insurance, and a service incidental or auxiliary to a service of a financial nature;

**financial service provider of a Party** means a person of a Party that is engaged in the business of providing a financial service within the territory of that Party;

**investment** means "investment" as defined in Article 1139 (Investment - Definitions), except that, with respect to "loans" and "debt securities" referred to in that Article;



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- (a) a loan to or debt security issued by a financial institution is an investment only where it is treated as regulatory capital by the Party in whose territory the financial institution is located; and
  - (b) a loan granted by or debt security owned by a financial institution, other than a loan to or debt security of a financial institution referred to in subparagraph (a), is not an investment;

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- (c) a loan to, or debt security issued by, a Party or a state enterprise thereof is not an investment; and
  - (d) a loan granted by or debt security owned by a cross-border financial service provider, other than a loan to or debt security issued by a financial institution, is an investment if such loan or debt security meets the criteria for investments set out in Article 1139;

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**investor of a Party** means a Party or state enterprise thereof, or a person of that Party, that seeks to make, makes, or has made an investment;

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**new financial service** means a financial service not provided in the Party's territory that is provided within the territory of another Party, and includes any new form of delivery of a financial service or the sale of a financial product that is not sold in the Party's territory;

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**person of a Party** means "person of a Party" as defined in Chapter Two (General Definitions) and, for greater certainty, does not include a branch of an enterprise of a non-Party;

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**public entity** means a central bank or monetary authority of a Party, or any financial institution owned or controlled by a Party; and

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**self-regulatory organization** means any non-governmental body, including any securities or futures exchange or market, clearing agency, or other organization or association, that exercises its own or delegated regulatory or supervisory authority over financial service providers or financial institutions.

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**Annex 1401.4**

**Country-Specific Commitments**

For Canada and the United States, Article 1702(1) and (2) of the *Canada - United States Free Trade Agreement* is hereby incorporated into and made a part of this Agreement.

**Annex 1403.3**

**Review of Market Access**

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The review of market access referred to in Article 1403(3) shall not include the market access limitations specified in Section B of the Schedule of Mexico to Annex VII.

**Annex 1404.4**

**Consultations on Liberalization of Cross-Border Trade**

No later than January 1, 2000, the Parties shall consult on further liberalization of cross-border trade in financial services. In such consultations the Parties shall, with respect to insurance:

- (a) consider the possibility of allowing a wider range of insurance services to be provided on a cross-border basis in or into their respective territories; and
- (b) determine whether the limitations on cross-border insurance services specified in Section A of the Schedule of Mexico to Annex VII shall be maintained, modified or eliminated.

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**Annex 1409.1**

**Provincial and State Reservations**

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1. Canada may set out in Section A of its Schedule to Annex VII by the date of entry into force of this Agreement any existing non-conforming measure maintained at the provincial level.
2. The United States may set out in Section A of its Schedule to Annex VII by the date of entry into force of this Agreement any existing non-conforming measures maintained by California, Florida, Illinois, New York, Ohio and Texas. Existing non-conforming state measures of all other states may be set out by January 1, 1995.

**Annex 1412.1**

**Authorities Responsible for Financial Services**

The authority of each Party responsible for financial services shall be:

- (a) for Canada, the Department of Finance of Canada;
- (b) for Mexico, the Secretaría de Hacienda y Crédito Público; and
- (c) for the United States, the Department of the Treasury for banking and other financial services and the Department of Commerce for insurance services

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## Annex 1413.6

## Further Consultations and Arrangements

*Section A - Limited Scope Financial Institutions*

Three years after the date of entry into force of this Agreement, the Parties shall consult on the aggregate limit on limited scope financial institutions described in paragraph 8 of Section B of the Schedule of Mexico to Annex VII.

*Section B - Payments System Protection*

1. If the sum of the authorized capital of foreign commercial bank affiliates (as such term is defined in the Schedule of Mexico to Annex VII), measured as a percentage of the aggregate capital of all commercial banks in Mexico, reaches 25 percent, Mexico may request consultations with the other Parties on the potential adverse effects arising from the presence of commercial banks of the other Parties in the Mexican market and the possible need for remedial action, including further temporary limitations on market participation. The consultations shall be completed expeditiously.
2. In considering the potential adverse effects, the Parties shall take into account:
  - (a) the threat that the Mexican payments system may be controlled by non-Mexican persons;
  - (b) the effects foreign commercial banks established in Mexico may have on Mexico's ability to conduct monetary and exchange-rate policy effectively; and
  - (c) the adequacy of this Chapter in protecting the Mexican payments system.
3. If no consensus is reached on the matters referred to in paragraph 1, any Party may request the establishment of an arbitral panel under Article 1414 or Article 2008 (Request for an Arbitral Panel). The panel proceedings shall be conducted in accordance with the Model Rules of Procedure established under Article 2012 (Rules of Procedure). The Panel shall present its determination within 60 days after the last panelist is selected or such other period as the Parties to the proceeding may agree. Article 2018 (Implementation of Final Report) and 2019 (Non-Implementation -- Suspension of Benefits) shall not apply in such proceedings.

## Chapter Fifteen

### Competition Policy, Monopolies and State Enterprises

#### Article 1501: Competition Law

1. Each Party shall adopt or maintain measures to proscribe anti-competitive business conduct and take appropriate action with respect thereto, recognizing that such measures will enhance the fulfillment of the objectives of this Agreement. To this end the Parties shall consult from time to time about the effectiveness of measures undertaken by each Party.
2. Each Party recognizes the importance of cooperation and coordination among their authorities to further effective competition law enforcement in the free trade area. The Parties shall cooperate on issues of competition law enforcement policy, including mutual legal assistance, notification, consultation and exchange of information relating to the enforcement of competition laws and policies in the free trade area.
3. No Party may have recourse to dispute settlement under this Agreement for any matter arising under this Article.

#### Article 1502: Monopolies and State Enterprises

1. Nothing in this Agreement shall be construed to prevent a Party from designating a monopoly.
2. Where a Party intends to designate a monopoly and the designation may affect the interests of persons of another Party, the Party shall:
  - (a) wherever possible, provide prior written notification to the other Party of the designation; and
  - (b) endeavor to introduce at the time of the designation such conditions on the operation of the monopoly as will minimize or eliminate any nullification or impairment of benefits in the sense of Annex 2004 (Nullification and Impairment).
3. Each Party shall ensure, through regulatory control, administrative supervision or the application of other measures, that any privately-owned monopoly that it designates and any government monopoly that it maintains or designates:



- (a) acts in a manner that is not inconsistent with the Party's obligations under this Agreement wherever such a monopoly exercises any regulatory, administrative or other governmental authority that the Party has delegated to it in connection with the monopoly good or service, such as the power to grant import or export licenses, approve commercial transactions or impose quotas, fees or other charges;
- (b) except to comply with any terms of its designation that are not inconsistent with subparagraph (c) or (d), acts solely in accordance with commercial considerations in its purchase or sale of the monopoly good or service in the relevant market, including with regard to price, quality, availability, marketability, transportation and other terms and conditions of purchase or sale;
- (c) provides non-discriminatory treatment to investments of investors, to goods and to service providers of another Party in its purchase or sale of the monopoly good or service in the relevant market; and
- (d) does not use its monopoly position to engage, either directly or indirectly, including through its dealings with its parent, its subsidiary or other enterprise with common ownership, in anticompetitive practices in a non-monopolized market in its territory that adversely affect an investment of an investor of another Party, including through the discriminatory provision of the monopoly good or service, cross-subsidization or predatory conduct.

4. Paragraph 3 does not apply to procurement by governmental agencies of goods or services for governmental purposes and not with a view to commercial resale or with a view to use in the production of goods or the provision of services for commercial sale.

5. For purposes of this Article "maintain" means designate prior to the date of entry into force of this Agreement and existing on January 1, 1994.

### Article 1503: State Enterprises

1. Nothing in this Agreement shall be construed to prevent a Party from maintaining or establishing a state enterprise.

2. Each Party shall ensure, through regulatory control, administrative supervision or the application of other measures, that any state enterprise that it maintains or establishes acts in a manner that is not inconsistent with the Party's obligations under Chapters Eleven (Investment) and Fourteen (Financial Services) wherever such enterprise exercises any regulatory, administrative or other governmental authority that the Party has delegated

to it, such as the power to expropriate, grant licenses, approve commercial transactions or impose quotas, fees or other charges.

3. Each Party shall ensure that any state enterprise that it maintains or establishes accords non-discriminatory treatment in the sale of its goods or services to investments in the Party's territory of investors of another Party.

#### Article 1504: Working Group on Trade and Competition

The Commission shall establish a Working Group on Trade and Competition, comprising representatives of each Party, to report, and to make recommendations on further work as appropriate, to the Commission within five years of the date of entry into force of this Agreement on relevant issues concerning the relationship between competition laws and policies and trade in the free trade area.

#### Article 1505: Definitions

For purposes of this Chapter:

**designate** means to establish, designate or authorize, or to expand the scope of a monopoly to cover an additional good or service, after the date of entry into force of this Agreement;

**discriminatory provision** includes treating:

- (a) a parent, a subsidiary or other enterprise with common ownership more favorably than an unaffiliated enterprise, or
- (b) one class of enterprises more favorably than another,

in like circumstances;

**government monopoly** means a monopoly that is owned, or controlled through ownership interests, by the federal government of a Party or by another such monopoly;

**in accordance with commercial considerations** means consistent with normal business practices of privately-held enterprises in the relevant business or industry;

**market** means the geographic and commercial market for a good or service;

**monopoly** means an entity, including a consortium or government agency, that in any relevant market in the territory of a Party is designated as the sole provider or purchaser of a good or service, but does not include an entity that has been granted an exclusive intellectual property right solely by reason of such grant;

**non-discriminatory treatment** means the better of national treatment and most-favored-nation treatment, as set out in the relevant provisions of this Agreement; and

**state enterprise** means, except as set out in Annex 1505, an enterprise owned, or controlled through ownership interests, by a Party.

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Annex 1505

Country-Specific Definitions of State Enterprises

For purposes of Article 1503(3), "state enterprise":

- (a) with respect to Canada, means a Crown corporation within the meaning of the *Financial Administration Act* (Canada), a Crown corporation within the meaning of any comparable provincial law or equivalent entity that is incorporated under other applicable provincial law; and
- (b) with respect to Mexico, does not include, the *Compañía Nacional de Subsistencias Populares* (National Company for Basic Commodities) and its existing affiliates, or any successor enterprise or its affiliates, for purposes of sales of maize, beans and powdered milk.

## Chapter Sixteen

### Temporary Entry for Business Persons

#### Article 1601: General Principles

Further to Article 102 (Objectives), this Chapter reflects the preferential trading relationship between the Parties, the desirability of facilitating temporary entry on a reciprocal basis and of establishing transparent criteria and procedures for temporary entry, and the need to ensure border security and to protect the domestic labor force and permanent employment in their respective territories.

#### Article 1602: General Obligations

1. Each Party shall apply its measures relating to the provisions of this Chapter in accordance with Article 1601 and, in particular, shall apply expeditiously those measures so as to avoid unduly impairing or delaying trade in goods or services or conduct of investment activities under this Agreement.

2. The Parties shall endeavor to develop and adopt common criteria, definitions and interpretations for the implementation of this Chapter.

#### Article 1603: Grant of Temporary Entry

1. Each Party shall grant temporary entry to business persons who are otherwise qualified for entry under applicable measures relating to public health and safety and national security, in accordance with this Chapter, including the provisions of Annex 1603.

2. A Party may refuse to issue an immigration document authorizing employment to a business person where the temporary entry of that person might affect adversely:

- (a) the settlement of any labor dispute that is in progress at the place or intended place of employment; or
- (b) the employment of any person who is involved in such dispute.

3. When a Party refuses pursuant to paragraph 2 to issue an immigration document authorizing employment, it shall:

- (a) inform in writing the business person of the reasons for the refusal; and
- (b) promptly notify in writing the Party whose business person has been refused entry of the reasons for the refusal.

4. Each Party shall limit any fees for processing applications for temporary entry of business persons to the approximate cost of services rendered.

#### Article 1604: Provision of Information

1. Further to Article 1802 (Publication), each Party shall:

- (a) provide to the other Parties such materials as will enable them to become acquainted with its measures relating to this Chapter; and
- (b) no later than one year after the date of entry into force of this Agreement, prepare, publish and make available in its own territory, and in the territories of the other Parties, explanatory material in a consolidated document regarding the requirements for temporary entry under this Chapter in such a manner as will enable business persons of the other Parties to become acquainted with them.

2. Subject to Annex 1604.2, each Party shall collect and maintain, and make available to the other Parties in accordance with its domestic law, data respecting the granting of temporary entry under this Chapter to business persons of the other Parties who have been issued immigration documentation, including data specific to each occupation, profession or activity.

#### Article 1605: Working Group

1. The Parties hereby establish a Temporary Entry Working Group, comprising representatives of each Party, including immigration officials.

2. The Working Group shall meet at least once each year to consider:

- (a) the implementation and administration of this Chapter;
- (b) the development of measures to further facilitate temporary entry of business persons on a reciprocal basis;

- (c) the waiving of labor certification tests or procedures of similar effect for spouses of business persons who have been granted temporary entry for more than one year under Section B, C or D of Annex 1603; and
- (d) proposed modifications of or additions to this Chapter.

#### **Article 1606: Dispute Settlement**

1. A Party may not initiate proceedings under Article 2007 (Commission - Good Offices, Conciliation and Mediation) regarding a refusal to grant temporary entry under this Chapter or a particular case arising under Article 1602(1) unless:

- (a) the matter involves a pattern of practice; and
- (b) the business person has exhausted the available administrative remedies regarding the particular matter.

2. The remedies referred to in paragraph (1)(b) shall be deemed to be exhausted if a final determination in the matter has not been issued by the competent authority within one year of the institution of an administrative proceeding, and the failure to issue a determination is not attributable to delay caused by the business person.

#### **Article 1607: Relation to Other Chapters**

Except for this Chapter, Chapters One (Objectives), Two (General Definitions), Twenty (Institutional Arrangements and Dispute Settlement Procedures) and Twenty-Two (Final Provisions) and Articles 1801 (Contact Points), 1802 (Publication), 1803 (Notification and Provision of Information) and 1804 (Administrative Proceedings), no provision of this Agreement shall impose any obligation on a Party regarding its immigration measures.

#### **Article 1608: Definitions**

For purposes of this Chapter:

**business person** means a citizen of a Party who is engaged in trade in goods, the provision of services or the conduct of investment activities;

**citizen** means "citizen" as defined in Annex 1608 for the Parties specified in that Annex;

**existing** means "existing" as defined in Annex 1608 for the Parties specified in that Annex; and

**temporary entry** means entry into the territory of a Party by a business person of a Party without the intent to establish permanent residence.

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Annex 1603

Temporary Entry for Business Persons

Section A - Business Visitors

1. Each Party shall grant temporary entry to a business person seeking to engage in a business activity set out in Appendix 1603.A.1, without requiring that person to obtain an employment authorization, provided that the business person otherwise complies with existing immigration measures applicable to temporary entry, on presentation of:

- (a) proof of citizenship of a Party;
- (b) documentation demonstrating that the business person will be so engaged and describing the purpose of entry; and
- (c) evidence demonstrating that the proposed business activity is international in scope and that the business person is not seeking to enter the local labor market.

2. Each Party shall provide that a business person may satisfy the requirements of paragraph 1(c) by demonstrating that:

- (a) the primary source of remuneration for the proposed business activity is outside the territory of the Party granting temporary entry; and
- (b) the business person's principal place of business and the actual place of accrual of profits, at least predominantly, remain outside such territory.

A Party shall normally accept an oral declaration as to the principal place of business and the actual place of accrual of profits. Where the Party requires further proof, it shall normally consider a letter from the employer attesting to these matters as sufficient proof.

3. Each Party shall grant temporary entry to a business person seeking to engage in a business activity other than those set out in Appendix 1603.A.1, without requiring that person to obtain an employment authorization, on a basis no less favorable than that provided under the existing provisions of the measures set out in Appendix 1603.A.3, provided that the business person otherwise complies with existing immigration measures applicable to temporary entry.

4. No Party may:

- (a) as a condition for temporary entry under paragraph 1 or 3, require prior approval procedures, petitions, labor certification tests or other procedures of similar effect; or
- (b) impose or maintain any numerical restriction relating to temporary entry under paragraph 1 or 3.

5. Notwithstanding paragraph 4, a Party may require a business person seeking temporary entry under this Section to obtain a visa or its equivalent prior to entry. Before imposing a visa requirement, the Party shall consult with a Party whose business persons would be affected with a view to avoiding the imposition of the requirement. With respect to an existing visa requirement, a Party shall consult, on request, with a Party whose business persons are subject to the requirement with a view to its removal.

**Section B - Traders and Investors**

1. Each Party shall grant temporary entry and provide confirming documentation to a business person seeking to:

- (a) carry on substantial trade in goods or services principally between the territory of the Party of which the business person is a citizen and the territory of the Party into which entry is sought, or
- (b) establish, develop, administer or provide advice or key technical services in the operation of an investment to which the business person or the business person's enterprise has committed, or is in the process of committing, a substantial amount of capital,

in a capacity that is supervisory, executive or involves essential skills, provided that the business person otherwise complies with existing immigration measures applicable to temporary entry.

2. No Party may:

- (a) as a condition for temporary entry under paragraph 1, require labor certification tests or other procedures of similar effect; or

- (b) impose or maintain any numerical restriction relating to temporary entry under paragraph 1.

3. Notwithstanding paragraph 2, a Party may require a business person seeking temporary entry under this Section to obtain a visa or its equivalent prior to entry.

**Section C - Intra-Company Transferees**

1. Each Party shall grant temporary entry and provide confirming documentation to a business person employed by an enterprise who seeks to render services to that enterprise or a subsidiary or affiliate thereof, in a capacity that is managerial, executive or involves specialized knowledge, provided that the business person otherwise complies with existing immigration measures applicable to temporary entry. A Party may require the business person to have been employed continuously by the enterprise for one year within the three-year period immediately preceding the date of the application for admission.

2. No Party may:

- (a) as a condition for temporary entry under paragraph 1, require labor certification tests or other procedures of similar effect; or
- (b) impose or maintain any numerical restriction relating to temporary entry under paragraph 1.

3. Notwithstanding paragraph 2, a Party may require a business person seeking temporary entry under this Section to obtain a visa or its equivalent prior to entry. Before imposing a visa requirement, the Party shall consult with a Party whose business persons would be affected with a view to avoiding the imposition of the requirement. With respect to an existing visa requirement, a Party shall consult, on request, with a Party whose business persons are subject to the requirement with a view to its removal.

**Section D - Professionals**

1. Each Party shall grant temporary entry and provide confirming documentation to a business person seeking to engage in a business activity at a professional level in a profession set out in Appendix 1603.D.1, if the business person otherwise complies with existing immigration measures applicable to temporary entry, on presentation of:

- (a) proof of citizenship of a Party; and
- (b) documentation demonstrating that the business person will be so engaged and describing the purpose of entry.

2. No Party may:

- (a) as a condition for temporary entry under paragraph 1, require prior approval procedures, petitions, labor certification tests or other procedures of similar effect; or
- (b) impose or maintain any numerical restriction relating to temporary entry under paragraph 1.

3. Notwithstanding paragraph 2, a Party may require a business person seeking temporary entry under this Section to obtain a visa or its equivalent prior to entry. By imposing a visa requirement, the Party shall consult with a Party whose business persons would be affected with a view to avoiding the imposition of the requirement. With respect to an existing visa requirement, a Party shall consult, on request, with a Party whose business persons are subject to the requirement with a view to its removal.

4. Notwithstanding paragraphs 1 and 2, a Party may establish an annual numerical limit, which shall be set out in Appendix 1603.D.4, regarding temporary entry of business persons of another Party seeking to engage in business activities at a professional level a profession set out in Appendix 1603.D.1, if the Parties concerned have not agreed otherwise prior to the date of entry into force of this Agreement for those Parties. In establishing such a limit, the Party shall consult with the other Party concerned.

5. A Party establishing a numerical limit pursuant to paragraph 4, unless the Parties concerned agree otherwise:

- (a) shall, for each year after the first year after the date of entry into force of this Agreement, consider increasing the numerical limit set out in Appendix 1603.D.4 by an amount to be established in consultation with the other Party concerned, taking into account the demand for temporary entry under this Section;
- (b) shall not apply its procedures established pursuant to paragraph 1 to the temporary entry of a business person subject to the numerical limit, but

may require the business person to comply with its other procedures applicable to the temporary entry of professionals; and

- (c) may, in consultation with the other Party concerned, grant temporary entry under paragraph 1 to a business person who practices in a profession where accreditation, licensing, and certification requirements are mutually recognized by those Parties.

6. Nothing in paragraph 4 or 5 shall be construed to limit the ability of a business person to seek temporary entry under a Party's applicable immigration measures relating to the entry of professionals other than those adopted or maintained pursuant to paragraph 1.

7. Three years after a Party establishes a numerical limit pursuant to paragraph 4, it shall consult with the other Party concerned with a view to determining a date after which the limit shall cease to apply.

## Appendix 1603.A.1

### Business Visitors

#### Research and Design

- Technical, scientific and statistical researchers conducting independent research or research for an enterprise located in the territory of another Party.

#### Growth, Manufacture and Production

- Harvester owner supervising a harvesting crew admitted under applicable law.
- Purchasing and production management personnel conducting commercial transactions for an enterprise located in the territory of another Party.

#### Marketing

- Market researchers and analysts conducting independent research or analysis or research or analysis for an enterprise located in the territory of another Party.
- Trade fair and promotional personnel attending a trade convention.

#### Sales

- Sales representatives and agents taking orders or negotiating contracts for goods or services for an enterprise located in the territory of another Party but not delivering goods or providing services.
- Buyers purchasing for an enterprise located in the territory of another Party.

#### Distribution

- Transportation operators transporting goods or passengers to the territory of a Party from the territory of another Party or loading and transporting goods or

passengers from the territory of a Party, with no unloading in that territory, to the territory of another Party.

With respect to temporary entry into the territory of the United States, Canadian customs brokers performing brokerage duties relating to the export of goods from the territory of the United States to or through the territory of Canada.

With respect to temporary entry into the territory of Canada, United States customs brokers performing brokerage duties relating to the export of goods from the territory of Canada to or through the territory of the United States.

Customs brokers providing consulting services regarding the facilitation of the import or export of goods.

**After-Sales Service**

Installers, repair and maintenance personnel, and supervisors, possessing specialized knowledge essential to a seller's contractual obligation, performing services or training workers to perform services, pursuant to a warranty or other service contract incidental to the sale of commercial or industrial equipment or machinery, including computer software, purchased from an enterprise located outside the territory of the Party into which temporary entry is sought, during the life of the warranty or service agreement.

**General Service**

Professionals engaging in a business activity at a professional level in a profession set out in Appendix 1603.D.1.

Management and supervisory personnel engaging in a commercial transaction for an enterprise located in the territory of another Party.

Financial services personnel (insurers, bankers or investment brokers) engaging in commercial transactions for an enterprise located in the territory of another Party.

Public relations and advertising personnel consulting with business associates, or attending or participating in conventions.

- Tourism personnel (tour and travel agents, tour guides or tour operators) attending or participating in conventions or conducting a tour that has begun in the territory of another Party.
- Tour bus operators entering the territory of a Party:
  - (a) with a group of passengers on a bus tour that has begun in, and will return to, the territory of another Party;
  - (b) to meet a group of passengers on a bus tour that will end, and the predominant portion of which will take place, in the territory of another Party; or
  - (c) with a group of passengers on a bus tour to be unloaded in the territory of the Party into which temporary entry is sought, and returning with no passengers or reloading with the group for transportation to the territory of another Party.
- Translators or interpreters performing services as employees of an enterprise located in the territory of another Party.

### Definitions

For purposes of this Appendix:

**territory of another Party** means the territory of a Party other than the territory of the Party into which temporary entry is sought;

**tour bus operator** means a natural person, including relief personnel accompanying or following to join, necessary for the operation of a tour bus for the duration of a trip;

**transportation operator** means a natural person, other than a tour bus operator, including relief personnel accompanying or following to join, necessary for the operation of a vehicle for the duration of a trip.



Appendix 1603.A.3

Existing Immigration Measures

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In the case of Canada, subsection 19(1) of the *Immigration Regulations, 1978*, SOR/78-172, as amended, made under the *Immigration Act*, R.S.C. 1985, c. I-2, as amended.

In the case of the United States, section 101(a)(15)(B) of the *Immigration and Nationality Act*, 1952, as amended.

In the case of Mexico, Chapter III of the *General Demography Law* ("Ley General de Poblacion"), 1974, as amended.

## Appendix 1603.D.1

## Professionals

PROFESSION <sup>1</sup>	MINIMUM EDUCATION REQUIREMENTS AND ALTERNATIVE CREDENTIALS
<b>General</b>	
Accountant	Baccalaureate or Licenciatura Degree; or C.P.A. C.A., C.G.A. or C.M.A.
Architect	Baccalaureate or Licenciatura Degree; or state/provincial license <sup>2</sup>
Computer Systems Analyst	Baccalaureate or Licenciatura Degree; or Post-Secondary Diploma <sup>3</sup> or Post-Secondary Certificate and three years experience
Disaster Relief Insurance Claims Adjuster (claims adjuster employed by an insurance company located in the territory of a Party, or an independent claims adjuster)	Baccalaureate or Licenciatura Degree, and successful completion of training in the appropriate areas of insurance adjustment pertaining to disaster relief claims; or three years experience in claims adjustment and successful completion of training in the appropriate areas of insurance adjustment pertaining to disaster relief claims
Economist	Baccalaureate or Licenciatura Degree
Engineer	Baccalaureate or Licenciatura Degree; or state/provincial license

<sup>1</sup> A business person seeking temporary entry under this Appendix may also perform training functions relating to the profession, including conducting seminars.

<sup>2</sup> "State/provincial license" and "state/provincial/federal license" mean any document issued by a state, provincial or federal government, as the case may be, or under its authority, but not by a local government, that permits a person to engage in a regulated activity or profession.

<sup>3</sup> "Post-Secondary Diploma" means a credential issued, on completion of two or more years of post-secondary education, by an accredited academic institution in Canada or the United States.

<sup>4</sup> "Post-Secondary Certificate" means a certificate issued, on completion of two or more years of post-secondary education at an academic institution, by the federal government of Mexico or a state government in Mexico, an academic institution recognized by the federal government or a state government or an academic institution created by federal or state law.

REQUIREMENTS  
QUALIFICATIONS

Degree; or C.P.A.

Degree; or

Degree; or Post-Secondary Certificate

Degree, and success in appropriate areas of disaster relief

in claims adjustment

Degree

Degree; or

training function

issued by a local

years of post

more years of

for a state or state government

Forester

Graphic Designer

Hotel Manager

Industrial Designer

Interior Designer

Land Surveyor

Landscape Architect

Lawyer (including Notary in the Province of Quebec)

Librarian

Management Consultant

Mathematician (including Statistician)

Range Manager/  
Range Conservationist

Research Assistant  
(working in a post-secondary educational institution)

Baccalaureate or Licenciatura Degree; or state/provincial license

Baccalaureate or Licenciatura Degree; or Post-Secondary Diploma or Post-Secondary Certificate, and three years experience

Baccalaureate or Licenciatura Degree in hotel/restaurant management; or Post-Secondary Diploma or Post-Secondary Certificate in hotel/restaurant management, and three years experience in hotel/restaurant management

Baccalaureate or Licenciatura Degree; or Post-Secondary Diploma or Post-Secondary Certificate, and three years experience

Baccalaureate or Licenciatura Degree; or Post-Secondary Diploma or Post-Secondary Certificate, and three years experience

Baccalaureate or Licenciatura Degree; or state/provincial/federal license

Baccalaureate or Licenciatura Degree

LL.B., J.D., LL.L., B.C.L. or Licenciatura Degree (five years); or membership in a state/provincial bar

M.L.S. or B.L.S. (for which another Baccalaureate or Licenciatura Degree was a prerequisite)

Baccalaureate or Licenciatura Degree; or equivalent professional experience as established by statement or professional credential attesting to five years experience as a management consultant, or five years experience in a field of specialty related to the consulting agreement

Baccalaureate or Licenciatura Degree

Baccalaureate or Licenciatura Degree

Baccalaureate or Licenciatura Degree

Scientific Technician/Technologist <sup>1</sup>	Possession of (a) theoretical knowledge of any of the following disciplines: agricultural sciences, astronomy, biology, chemistry, engineering, forestry, geology, geophysics, meteorology or physics; and (b) the ability to solve practical problems in any of those disciplines, or the ability to apply principles of any of those disciplines to basic or applied research
Social Worker	Baccalaureate or Licenciatura Degree
Sylviculturist (including Forestry Specialist)	Baccalaureate or Licenciatura Degree
Technical Publications Writer	Baccalaureate or Licenciatura Degree; or Post-Secondary Diploma or Post-Secondary Certificate and three years experience
Urban Planner (including Geographer)	Baccalaureate or Licenciatura Degree
Vocational Counsellor	Baccalaureate or Licenciatura Degree
<b>Medical/Allied Professional</b>	
Dentist	D.D.S., D.M.D., Doctor en Odontologia or Doctor en Cirugia Dental; or state/provincial license
Dietitian	Baccalaureate or Licenciatura Degree; or state/provincial license
Medical Laboratory Technologist (Canada)/Medical Technologist (Mexico and the United States) <sup>2</sup>	Baccalaureate or Licenciatura Degree; or Post-Secondary Diploma or Post-Secondary Certificate and three years experience
Nutritionist	Baccalaureate or Licenciatura Degree
Occupational Therapist	Baccalaureate or Licenciatura Degree; or state/provincial license
Pharmacist	Baccalaureate or Licenciatura Degree; or state/provincial license

<sup>1</sup> A business person in this category must be seeking temporary entry to work in direct support of professionals in agricultural sciences, astronomy, biology, chemistry, engineering, forestry, geology, geophysics, meteorology or physics.

<sup>2</sup> A business person in this category must be seeking temporary entry to perform in a laboratory chemical, biological, hematological, immunologic, microscopic or bacteriological tests and analyses for diagnosis, treatment or prevention of disease.

Knowledge of any of the sciences, engineering, meteorology or other practical sciences, or the ability to apply these disciplines to knowledge	Physician (teaching or research only)	M.D. or Doctor en Medicina; or state/provincial license
degree	Physiotherapist/Physical Therapist	Baccalaureate or Licenciatura Degree; or state/provincial license
degree	Psychologist	State/provincial license; or Licenciatura Degree
degree; or Post-Secondary Certificate	Recreational Therapist	Baccalaureate or Licenciatura Degree
degree	Registered Nurse	State/provincial license; or Licenciatura Degree
degree; or Post-Secondary Certificate	Veterinarian	D.V.M., D.M.V. or Doctor en Veterinaria; or state/provincial license
degree	Scientist	
degree	Agriculturist (including Agronomist)	Baccalaureate or Licenciatura Degree
ontology or Doctoral license	Animal Breeder	Baccalaureate or Licenciatura Degree
degree; or	Animal Scientist	Baccalaureate or Licenciatura Degree
degree; or Post-Secondary Certificate	Apiculturist	Baccalaureate or Licenciatura Degree
degree	Astronomer	Baccalaureate or Licenciatura Degree
degree; or	Biochemist	Baccalaureate or Licenciatura Degree
degree; or Post-Secondary Certificate	Biologist	Baccalaureate or Licenciatura Degree
degree	Chemist	Baccalaureate or Licenciatura Degree
degree; or	Dairy Scientist	Baccalaureate or Licenciatura Degree
degree; or	Entomologist	Baccalaureate or Licenciatura Degree
degree; or	Epidemiologist	Baccalaureate or Licenciatura Degree
direct support of geology,	Geneticist	Baccalaureate or Licenciatura Degree
a laboratory analyses for	Geologist	Baccalaureate or Licenciatura Degree
	Geochemist	Baccalaureate or Licenciatura Degree
	Geophysicist (including Oceanographer in Mexico and the United States)	Baccalaureate or Licenciatura Degree
	Horticulturist	Baccalaureate or Licenciatura Degree
	Meteorologist	Baccalaureate or Licenciatura Degree

Pharmacologist	Baccalaureate or Licenciatura Degree
Physicist (including Oceanographer in Canada)	Baccalaureate or Licenciatura Degree
Plant Breeder	Baccalaureate or Licenciatura Degree
Poultry Scientist	Baccalaureate or Licenciatura Degree
Soil Scientist	Baccalaureate or Licenciatura Degree
Zoologist	Baccalaureate or Licenciatura Degree
Teacher	
College	Baccalaureate or Licenciatura Degree
Seminary	Baccalaureate or Licenciatura Degree
University	Baccalaureate or Licenciatura Degree

Appendix 1603.D.4

United States

1. Beginning on the date of entry into force of this Agreement as between the United States and Mexico, the United States shall annually approve as many as 5,500 initial petitions of business persons of Mexico seeking temporary entry under Section D of Annex 1603 to engage in a business activity at a professional level in a profession set out in Appendix 1603.D.1.

2. For purposes of paragraph 1, the United States shall not take into account:

- (a) the renewal of a period of temporary entry;
- (b) the entry of a spouse or children accompanying or following to join the principal business person;
- (c) an admission under section 101(a)(15)(H)(i)(b) of the *Immigration and Nationality Act*, 1952, as may be amended, including the worldwide numerical limit established by section 214(g)(1)(A) of that Act; or
- (d) an admission under any other provision of section 101(a)(15) of that Act relating to the entry of professionals.

3. Paragraphs 4 and 5 of Section D of Annex 1603 shall apply as between the United States and Mexico for no longer than:

- (a) the period that such paragraphs or similar provisions may apply as between the United States and any other Party other than Canada or any non-Party; or
- (b) 10 years after the date of entry into force of this Agreement as between such Parties,

whichever period is shorter.

**Annex 1604.2**

**Provision of Information**

The obligations under Article 1604(2) shall take effect with respect to Mexico one year after the date of entry into force of this Agreement.

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**Annex 1608**

**Country - Specific Definitions**

Mexico of

For purposes of this Chapter:

citizen means, with respect to Mexico, a national or a citizen according to the existing provisions of Articles 30 and 34, respectively, of the Mexican Constitution; and

existing means, as between:

- (a) Canada and Mexico, and Mexico and the United States, in effect on the date of entry into force of this Agreement; and
- (b) Canada and the United States, in effect on January 1, 1989.

## PART SIX INTELLECTUAL PROPERTY

### Chapter Seventeen

### Intellectual Property

#### Article 1701: Nature and Scope of Obligations

1. Each Party shall provide in its territory to the nationals of another Party adequate and effective protection and enforcement of intellectual property rights, while ensuring that measures to enforce intellectual property rights do not themselves become barriers to legitimate trade.

2. To provide adequate and effective protection and enforcement of intellectual property rights, each Party shall, at a minimum, give effect to this Chapter and to the substantive provisions of:

- (a) the *Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms*, 1971 (Geneva Convention);
- (b) the *Berne Convention for the Protection of Literary and Artistic Works*, 1971 (Berne Convention);
- (c) the *Paris Convention for the Protection of Industrial Property*, 1967 (Paris Convention); and
- (d) the *International Convention for the Protection of New Varieties of Plants*, 1978 (UPOV Convention), or the *International Convention for the Protection of New Varieties of Plants*, 1991 (UPOV Convention).

If a Party has not acceded to the specified text of any such Conventions on or before the date of entry into force of this Agreement, it shall make every effort to accede.

3. Annex 1701.3 applies to the Parties specified in that Annex.

## Article 1702: More Extensive Protection

A Party may implement in its domestic law more extensive protection of intellectual property rights than is required under this Agreement, provided that such protection is not inconsistent with this Agreement.

## Article 1703: National Treatment

1. Each Party shall accord to nationals of another Party treatment no less favorable than that it accords to its own nationals with regard to the protection and enforcement of all intellectual property rights. In respect of sound recordings, each Party shall provide such treatment to producers and performers of another Party, except that a Party may limit rights of performers of another Party in respect of secondary uses of sound recordings to those rights its nationals are accorded in the territory of such other Party.

2. No Party may, as a condition of according national treatment under this Article, require right holders to comply with any formalities or conditions in order to acquire rights in respect of copyright and related rights.

3. A Party may derogate from paragraph 1 in relation to its judicial and administrative procedures for the protection or enforcement of intellectual property rights including any procedure requiring a national of another Party to designate for service of process an address in the Party's territory or to appoint an agent in the Party's territory, provided that such derogation is consistent with the relevant Convention listed in Article 1701(2),

(a) is necessary to secure compliance with measures that are not inconsistent with this Chapter; and

(b) is not applied in a manner that would constitute a disguised restriction on trade.

4. No Party shall have any obligation under this Article with respect to procedures provided in multilateral agreements concluded under the auspices of the World Intellectual Property Organization relating to the acquisition or maintenance of intellectual property rights.

## Article 1704: Control of Abusive or Anticompetitive Practices or Conditions

Nothing in this Chapter shall prevent a Party from specifying in its domestic law licensing practices or conditions that may in particular cases constitute an abuse of

intellectual property rights having an adverse effect on competition in the relevant market. A Party may adopt or maintain, consistent with the other provisions of this Agreement, appropriate measures to prevent or control such practices or conditions.

### Article 1705: Copyright

1. Each Party shall protect the works covered by Article 2 of the Berne Convention, including any other works that embody original expression within the meaning of that Convention. In particular:

- (a) all types of computer programs are literary works within the meaning of the Berne Convention and each Party shall protect them as such; and
- (b) compilations of data or other material, whether in machine readable or other form, which by reason of the selection or arrangement of their contents constitute intellectual creations, shall be protected as such.

The protection a Party provides under subparagraph (b) shall not extend to the data or material itself, or prejudice any copyright subsisting in that data or material.

2. Each Party shall provide to authors and their successors in interest those rights enumerated in the Berne Convention in respect of works covered by paragraph 1, including the right to authorize or prohibit:

- (a) the importation into the Party's territory of copies of the work made without the right holder's authorization;
- (b) the first public distribution of the original and each copy of the work by sale, rental or otherwise;
- (c) the communication of a work to the public; and
- (d) the commercial rental of the original or a copy of a computer program.

Subparagraph (d) shall not apply where the copy of the computer program is not itself an essential object of the rental. Each Party shall provide that putting the original or a copy of a computer program on the market with the right holder's consent shall not exhaust the rental right.

3. Each Party shall provide that for copyright and related rights:

- (a) any person acquiring or holding economic rights may freely and separately transfer such rights by contract for purposes of their exploitation and enjoyment by the transferee; and
- (b) any person acquiring or holding such economic rights by virtue of a contract, including contracts of employment underlying the creation of works and sound recordings, shall be able to exercise those rights in its own name and enjoy fully the benefits derived from those rights.

4. Each Party shall provide that, where the term of protection of a work, other than a photographic work or a work of applied art, is to be calculated on a basis other than the life of a natural person, the term shall be not less than 50 years from the end of the calendar year of the first authorized publication of the work or, failing such authorized publication within 50 years from the making of the work, 50 years from the end of the calendar year of making.

5. Each Party shall confine limitations or exceptions to the rights provided for in this Article to certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.

6. No Party may grant translation and reproduction licenses permitted under the Appendix to the Berne Convention where legitimate needs in that Party's territory for copies or translations of the work could be met by the right holder's voluntary actions and for obstacles created by the Party's measures.

7. Annex 1705.7 applies to the Parties specified in that Annex.

#### Article 1706: Sound Recordings

1. Each Party shall provide to the producer of a sound recording the right to authorize or prohibit:

- (a) the direct or indirect reproduction of the sound recording;
- (b) the importation into the Party's territory of copies of the sound recording made without the producer's authorization;
- (c) the first public distribution of the original and each copy of the sound recording by sale, rental or otherwise; and

- (d) the commercial rental of the original or a copy of the sound recording, except where expressly otherwise provided in a contract between the producer of the sound recording and the authors of the works fixed therein.

Each Party shall provide that putting the original or a copy of a sound recording on the market with the right holder's consent shall not exhaust the rental right.

2. Each Party shall provide a term of protection for sound recordings of at least 50 years from the end of the calendar year in which the fixation was made.
3. Each Party shall confine limitations or exceptions to the rights provided for in this Article to certain special cases that do not conflict with a normal exploitation of the sound recording and do not unreasonably prejudice the legitimate interests of the right holder.

#### Article 1707: Protection of Encrypted Program-Carrying Satellite Signals

Within one year from the date of entry into force of this Agreement, each Party shall make it:

- (a) a criminal offense to manufacture, import, sell, lease or otherwise make available a device or system that is primarily of assistance in decoding an encrypted program-carrying satellite signal without the authorization of the lawful distributor of such signal; and
- (b) a civil offense to receive, in connection with commercial activities, or further distribute, an encrypted program-carrying satellite signal that has been decoded without the authorization of the lawful distributor of the signal or to engage in any activity prohibited under subparagraph (a).

Each Party shall provide that any civil offense established under subparagraph (b) shall be actionable by any person that holds an interest in the content of such signal.

#### Article 1708: Trademarks

1. For purposes of this Agreement, a trademark consists of any sign, or any combination of signs, capable of distinguishing the goods or services of one person from those of another, including personal names, designs, letters, numerals, colors, figurative elements, or the shape of goods or of their packaging. Trademarks shall include service marks and collective marks, and may include certification marks. A Party may require, as a condition for registration, that a sign be visually perceptible.

2. Each Party shall provide to the owner of a registered trademark the right to prevent all persons not having the owner's consent from using in commerce identical or similar signs for goods or services that are identical or similar to those goods or services in respect of which the owner's trademark is registered, where such use would result in a likelihood of confusion. In the case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any prior rights, nor shall they affect the possibility of a Party making rights available on the basis of use.

3. A Party may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. No Party may refuse an application solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application for registration.

4. Each Party shall provide a system for the registration of trademarks, which shall include:

- (a) examination of applications;
- (b) notice to be given to an applicant of the reasons for the refusal to register a trademark;
- (c) a reasonable opportunity for the applicant to respond to the notice;
- (d) publication of each trademark either before or promptly after it is registered; and
- (e) a reasonable opportunity for interested persons to petition to cancel the registration of a trademark.

A Party may provide for a reasonable opportunity for interested persons to oppose the registration of a trademark.

5. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to the registration of the trademark.

6. Article 6<sup>bis</sup> of the Paris Convention shall apply, with such modifications as may be necessary, to services. In determining whether a trademark is well-known, account shall be taken of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Party's territory obtained as a result of the promotion of the trademark. No Party may require that the reputation of the trademark extend beyond the sector of the public that normally deals with the relevant goods or services.

7. Each Party shall provide that the initial registration of a trademark be for a term of at least 10 years and that the registration be indefinitely renewable for terms of not less than 10 years when conditions for renewal have been met.

8. Each Party shall require the use of a trademark to maintain a registration. The registration may be canceled for the reason of non-use only after an uninterrupted period of at least two years of non-use, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner. Each Party shall recognize, as valid reasons for non-use, circumstances arising independently of the will of the trademark owner that constitute an obstacle to the use of the trademark, such as import restrictions or other government requirements for, goods or services identified by the trademark.

9. Each Party shall recognize use of a trademark by a person other than the trademark owner, where such use is subject to the owner's control, as use of the trademark for purposes of maintaining the registration.

10. No Party may encumber the use of a trademark in commerce by special requirements, such as a use that reduces the trademark's function as an indication of source or a use with another trademark.

11. A Party may determine conditions on the licensing and assignment of trademarks, it being understood that the compulsory licensing of trademarks shall not be permitted and that the owner of a registered trademark shall have the right to assign its trademark with or without the transfer of the business to which the trademark belongs.

12. A Party may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take into account the legitimate interests of the trademark owner and of other persons.

13. Each Party shall prohibit the registration as a trademark of words, at least in English, French or Spanish, that generically designate goods or services or types of goods or services to which the trademark applies.

14. Each Party shall refuse to register trademarks that consist of or comprise immoral, deceptive or scandalous matter, or matter that may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs or any Party's national symbols, or bring them into contempt or disrepute.

**Article 1709: Patents**

1. Subject to paragraphs 2 and 3, each Party shall make patents available for any inventions, whether products or processes, in all fields of technology, provided that such



inventions are new, result from an inventive step and are capable of industrial application. For purposes of this Article, a Party may deem the terms "inventive step" and "capable of industrial application" to be synonymous with the terms "non-obvious" and "useful", respectively.

2. A Party may exclude from patentability inventions if preventing in its territory the commercial exploitation of the inventions is necessary to protect ordre public or morality including to protect human, animal or plant life or health or to avoid serious prejudice to nature or the environment, provided that the exclusion is not based solely on the ground that the Party prohibits commercial exploitation in its territory of the subject matter of the patent.

3. A Party may also exclude from patentability:

- (a) diagnostic, therapeutic and surgical methods for the treatment of humans or animals;
- (b) plants and animals other than microorganisms; and
- (c) essentially biological processes for the production of plants or animals, other than non-biological and microbiological processes for such products.

Notwithstanding subparagraph (b), each Party shall provide for the protection of plant varieties through patents, an effective scheme of sui generis protection, or both.

4. If a Party has not made available product patent protection for pharmaceutical or agricultural chemicals commensurate with paragraph 1:

- (a) as of January 1, 1992, for subject matter that relates to naturally occurring substances prepared or produced by, or significantly derived from, microbiological processes and intended for food or medicine, and
- (b) as of July 1, 1991, for any other subject matter,

that Party shall provide to the inventor of any such product or its assignee the means to obtain product patent protection for such product for the unexpired term of the patent for such product granted in another Party, as long as the product has not been marketed in that Party providing protection under this paragraph and the person seeking such protection makes a timely request.

5. Each Party shall provide that:

(a) where the subject matter of a patent is a product, the patent shall confer on the patent owner the right to prevent other persons from making, using or selling the subject matter of the patent, without the patent owner's consent; and

(b) where the subject matter of a patent is a process, the patent shall confer on the patent owner the right to prevent other persons from using that process and from using, selling, or importing at least the product obtained directly by that process, without the patent owner's consent.

6. A Party may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking into account the legitimate interests of other persons.

7. Subject to paragraphs 2 and 3, patents shall be available and patent rights enjoyable without discrimination as to the field of technology, the territory of the Party where the invention was made and whether products are imported or locally produced.

8. A Party may revoke a patent only when:

(a) grounds exist that would have justified a refusal to grant the patent; or

(b) the grant of a compulsory license has not remedied the lack of exploitation of the patent.

9. Each Party shall permit patent owners to assign and transfer by succession their patents, and to conclude licensing contracts.

10. Where the law of a Party allows for use of the subject matter of a patent, other than that use allowed under paragraph 6, without the authorization of the right holder, including use by the government or other persons authorized by the government, the Party shall respect the following provisions:

(a) authorization of such use shall be considered on its individual merits;

(b) such use may only be permitted if, prior to such use, the proposed user has made efforts to obtain authorization from the right holder on reasonable commercial terms and conditions and such efforts have not been successful within a reasonable period of time. The requirement to make such efforts may be waived by a Party in the case of a national emergency or other circumstances of extreme urgency or in cases of public non-commercial use. In situations of national emergency or other circumstances of extreme

urgency, the right holder shall, nevertheless, be notified as soon as reasonably practicable. In the case of public non-commercial use, where the government or contractor, without making a patent search, knows or has demonstrable grounds to know that a valid patent is or will be used by or for the government, the right holder shall be informed promptly;

- (c) the scope and duration of such use shall be limited to the purpose for which it was authorized;
- (d) such use shall be non-exclusive;
- (e) such use shall be non-assignable, except with that part of the enterprise or goodwill that enjoys such use;
- (f) any such use shall be authorized predominantly for the supply of the Party's domestic market;
- (g) authorization for such use shall be liable, subject to adequate protection of the legitimate interests of the persons so authorized, to be terminated if and when the circumstances that led to it cease to exist and are unlikely to recur. The competent authority shall have the authority to review, on motivated request, the continued existence of these circumstances;
- (h) the right holder shall be paid adequate remuneration in the circumstances of each case, taking into account the economic value of the authorization;
- (i) the legal validity of any decision relating to the authorization shall be subject to judicial or other independent review by a distinct higher authority;
- (j) any decision relating to the remuneration provided in respect of such use shall be subject to judicial or other independent review by a distinct higher authority;
- (k) the Party shall not be obliged to apply the conditions set out in subparagraphs (b) and (f) where such use is permitted to remedy a practice determined after judicial or administrative process to be anticompetitive. The need to correct anticompetitive practices may be taken into account in determining the amount of remuneration in such cases. Competent authorities shall have the authority to refuse termination of authorization if and when the conditions that led to such authorization are likely to recur.

- (l) the Party shall not authorize the use of the subject matter of a patent to permit the exploitation of another patent except as a remedy for an adjudicated violation of domestic laws regarding anticompetitive practices.

11. Where the subject matter of a patent is a process for obtaining a product, each Party shall, in any infringement proceeding, place on the defendant the burden of establishing that the allegedly infringing product was made by a process other than the patented process in one of the following situations:

- (a) the product obtained by the patented process is new; or
- (b) a substantial likelihood exists that the allegedly infringing product was made by the process and the patent owner has been unable through reasonable efforts to determine the process actually used.

In the gathering and evaluation of evidence, the legitimate interests of the defendant in protecting its trade secrets shall be taken into account.

12. Each Party shall provide a term of protection for patents of at least 20 years from the date of filing or 17 years from the date of grant. A Party may extend the term of patent protection, in appropriate cases, to compensate for delays caused by regulatory approval processes.

#### Article 1710: Layout Designs of Semiconductor Integrated Circuits

1. Each Party shall protect layout designs (topographies) of integrated circuits ("layout designs") in accordance with Articles 2 through 7, 12 and 16(3), other than Article 6(3), of the *Treaty on Intellectual Property in Respect of Integrated Circuits* as opened for signature on May 26, 1989.

2. Subject to paragraph 3, each Party shall make it unlawful for any person without the right holder's authorization to import, sell or otherwise distribute for commercial purposes any of the following:

- (a) a protected layout design;
- (b) an integrated circuit in which a protected layout design is incorporated; or
- (c) an article incorporating such an integrated circuit, only insofar as it continues to contain an unlawfully reproduced layout design.

3. No Party may make unlawful any of the acts referred to in paragraph 2 performed in respect of an integrated circuit that incorporates an unlawfully reproduced layout design, or any article that incorporates such an integrated circuit, where the person performing those acts or ordering those acts to be done did not know and had no reasonable ground to know, when it acquired the integrated circuit or article incorporating such an integrated circuit, that it incorporated an unlawfully reproduced layout design.

4. Each Party shall provide that, after the person referred to in paragraph 3 has received sufficient notice that the layout design was unlawfully reproduced, such person may perform any of the acts with respect to the stock on hand or ordered before such notice, but shall be liable to pay the right holder for doing so an amount equivalent to a reasonable royalty such as would be payable under a freely negotiated license in respect of such a layout design.

5. No Party may permit the compulsory licensing of layout designs of integrated circuits.

6. Any Party that requires registration as a condition for protection of a layout design shall provide that the term of protection shall not end before the expiration of a period of 10 years counted from the date of:

- (a) filing of the application for registration; or
- (b) the first commercial exploitation of the layout design, wherever in the world it occurs.

7. Where a Party does not require registration as a condition for protection of a layout design, the Party shall provide a term of protection of not less than 10 years from the date of the first commercial exploitation of the layout design, wherever in the world it occurs.

8. Notwithstanding paragraphs 6 and 7, a Party may provide that the protection shall lapse 15 years after the creation of the layout design.

9. Annex 1710.9 applies to the Parties specified in that Annex.

### Article 1711: Trade Secrets

1. Each Party shall provide the legal means for any person to prevent trade secrets from being disclosed to, acquired by, or used by others without the consent of the person lawfully in control of the information in a manner contrary to honest commercial practices, in so far as:

- (a) the information is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons that normally deal with the kind of information in question;
- (b) the information has actual or potential commercial value because it is secret; and
- (c) the person lawfully in control of the information has taken reasonable steps under the circumstances to keep it secret.

2. A Party may require that to qualify for protection a trade secret must be evidenced in documents, electronic or magnetic means, optical discs, microfilms, films or other similar instruments.

3. No Party may limit the duration of protection for trade secrets, so long as the conditions in paragraph 1 exist.

4. No Party may discourage or impede the voluntary licensing of trade secrets by imposing excessive or discriminatory conditions on such licenses or conditions that dilute the value of the trade secrets.

5. If a Party requires, as a condition for approving the marketing of pharmaceutical or agricultural chemical products that utilize new chemical entities, the submission of undisclosed test or other data necessary to determine whether the use of such products is safe and effective, the Party shall protect against disclosure of the data of persons making such submissions, where the origination of such data involves considerable effort, except where the disclosure is necessary to protect the public or unless steps are taken to ensure that the data is protected against unfair commercial use.

6. Each Party shall provide that for data subject to paragraph 5 that are submitted to the Party after the date of entry into force of this Agreement, no person other than the person that submitted them may, without the latter's permission, rely on such data in support of an application for product approval during a reasonable period of time after their submission. For this purpose, a reasonable period shall normally mean not less than five years from the date on which the Party granted approval to the person that produced the data for approval to market its product, taking account of the nature of the data and the person's efforts and expenditures in producing them. Subject to this provision, there shall be no limitation on any Party to implement abbreviated approval procedures for such products on the basis of bioequivalence and bioavailability studies.

7. Where a Party relies on a marketing approval granted by another Party, the reasonable period of exclusive use of the data submitted in connection with obtaining the approval relied on shall begin with the date of the first marketing approval relied on.

## Article 1712: Geographical Indications

1. Each Party shall provide, in respect of geographical indications, the legal means for interested persons to prevent:

- (a) the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a territory, region or locality other than the true place of origin, in a manner that misleads the public as to the geographical origin of the good;
- (b) any use that constitutes an act of unfair competition within the meaning of Article 10<sup>bis</sup> of the Paris Convention.

2. Each Party shall, on its own initiative if its domestic law so permits or at the request of an interested person, refuse to register, or invalidate the registration of, a trademark containing or consisting of a geographical indication with respect to goods that do not originate in the indicated territory, region or locality, if use of the indication in the trademark for such goods is of such a nature as to mislead the public as to the geographical origin of the good.

3. Each Party shall also apply paragraphs 1 and 2 to a geographical indication that, although correctly indicating the territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory, region or locality.

4. Nothing in this Article shall be construed to require a Party to prevent continued and similar use of a particular geographical indication of another Party in connection with goods or services by any of its nationals or domiciliaries who have used that geographical indication in a continuous manner with regard to the same or related goods or services in that Party's territory, either:

- (a) for at least 10 years, or
- (b) in good faith,

before the date of signature of this Agreement.

5. Where a trademark has been applied for or registered in good faith, or where rights to a trademark have been acquired through use in good faith, either:

- (a) before the date of application of these provisions in that Party, or
- (b) before the geographical indication is protected in its Party of origin,

no Party may adopt any measure to implement this Article that prejudices eligibility for, or the validity of, the registration of a trademark, or the right to use a trademark, on the basis that such a trademark is identical with, or similar to, a geographical indication.

6. No Party shall be required to apply this Article to a geographical indication if it is identical to the customary term in common language in that Party's territory for the goods or services to which the indication applies.

7. A Party may provide that any request made under this Article in connection with the use or registration of a trademark must be presented within five years after the adverse use of the protected indication has become generally known in that Party or after the date of registration of the trademark in that Party, provided that the trademark has been published by that date, if such date is earlier than the date on which the adverse use became generally known in that Party, provided that the geographical indication is not used or registered in bad faith.

8. No Party shall adopt any measure implementing this Article that would prejudice any person's right to use, in the course of trade, its name or the name of its predecessor in business, except where such name forms all or part of a valid trademark in existence before the geographical indication became protected and with which there is a likelihood of confusion, or such name is used in such a manner as to mislead the public.

9. Nothing in this Chapter shall be construed to require a Party to protect a geographical indication that is not protected, or has fallen into disuse, in the Party of origin.

### Article 1713: Industrial Designs

1. Each Party shall provide for the protection of independently created industrial designs that are new or original. A Party may provide that:

- (a) designs are not new or original if they do not significantly differ from known designs or combinations of known design features; and



- (b) such protection shall not extend to designs dictated essentially by technical or functional considerations.

2. Each Party shall ensure that the requirements for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not unreasonably impair a person's opportunity to seek and obtain such protection. A Party may comply with this obligation through industrial design law or copyright law.

3. Each Party shall provide the owner of a protected industrial design the right to prevent other persons not having the owner's consent from making or selling articles bearing or embodying a design that is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes.

4. A Party may provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking into account the legitimate interests of other persons.

5. Each Party shall provide a term of protection for industrial designs of at least 10 years.

#### **Article 1714: Enforcement of Intellectual Property Rights: General Provisions**

1. Each Party shall ensure that enforcement procedures, as specified in this Article and Articles 1715 through 1718, are available under its domestic law so as to permit effective action to be taken against any act of infringement of intellectual property rights covered by this Chapter, including expeditious remedies to prevent infringements and remedies to deter further infringements. Such enforcement procedures shall be applied as to avoid the creation of barriers to legitimate trade and to provide for safeguards against abuse of the procedures.

2. Each Party shall ensure that its procedures for the enforcement of intellectual property rights are fair and equitable, are not unnecessarily complicated or costly, and do not entail unreasonable time-limits or unwarranted delays.

3. Each Party shall provide that decisions on the merits of a case in judicial and administrative enforcement proceedings shall:

- (a) preferably be in writing and preferably state the reasons on which the decisions are based;

- (b) be made available at least to the parties in a proceeding without undue delay; and
- (c) be based only on evidence in respect of which such parties were offered the opportunity to be heard.

4. Each Party shall ensure that parties in a proceeding have an opportunity to have final administrative decisions reviewed by a judicial authority of that Party and, subject to jurisdictional provisions in its domestic laws concerning the importance of a case, to have reviewed at least the legal aspects of initial judicial decisions on the merits of a case. Notwithstanding the above, no Party shall be required to provide for judicial review of acquittals in criminal cases.

5. Nothing in this Article or Articles 1715 through 1718 shall be construed to require a Party to establish a judicial system for the enforcement of intellectual property rights distinct from that Party's system for the enforcement of laws in general.

6. For the purposes of Articles 1715 through 1718, the term "right holder" includes federations and associations having legal standing to assert such rights.

**Article 1715: Specific Procedural and Remedial Aspects of Civil and Administrative Procedures**

1. Each Party shall make available to right holders civil judicial procedures for the enforcement of any intellectual property right provided in this Chapter. Each Party shall provide that:

- (a) defendants have the right to written notice that is timely and contains sufficient detail, including the basis of the claims;
- (b) parties in a proceeding are allowed to be represented by independent legal counsel;
- (c) the procedures do not include imposition of overly burdensome requirements concerning mandatory personal appearances;
- (d) all parties in a proceeding are duly entitled to substantiate their claims and to present relevant evidence; and
- (e) the procedures include a means to identify and protect confidential information.

2. Each Party shall provide that its judicial authorities shall have the authority:

- (a) where a party in a proceeding has presented reasonably available evidence sufficient to support its claims and has specified evidence relevant to the substantiation of its claims that is within the control of the opposing party to order the opposing party to produce such evidence, subject in appropriate cases to conditions that ensure the protection of confidential information;
- (b) where a party in a proceeding voluntarily and without good reason refuses access to, or otherwise does not provide relevant evidence under that party's control within a reasonable period, or significantly impedes a proceeding relating to an enforcement action, to make preliminary and final determinations, affirmative or negative, on the basis of the evidence presented, including the complaint or the allegation presented by the party adversely affected by the denial of access to evidence, subject to providing the parties an opportunity to be heard on the allegations or evidence;
- (c) to order a party in a proceeding to desist from an infringement, including prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, which order shall be enforceable at least immediately after customs clearance of such goods;
- (d) to order the infringer of an intellectual property right to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of the infringement where the infringer knew or had reasonable grounds to know that it was engaged in an infringing activity;
- (e) to order an infringer of an intellectual property right to pay the right holder's expenses, which may include appropriate attorney's fees; and
- (f) to order a party in a proceeding at whose request measures were taken who has abused enforcement procedures to provide adequate compensation to any party wrongfully enjoined or restrained in the proceeding for the injury suffered because of such abuse and to pay that party's expenses, which may include appropriate attorney's fees.

3. With respect to the authority referred to in subparagraph 2(c), no Party shall be obliged to provide such authority in respect of protected subject matter that is acquired or ordered by a person before that person knew or had reasonable grounds to know that dealing in that subject matter would entail the infringement of an intellectual property right.

4. With respect to the authority referred to in subparagraph 2(d), a Party may, at least with respect to copyrighted works and sound recordings, authorize the judicial authorities to order recovery of profits or payment of pre-established damages, or both, even where the infringer did not know or had no reasonable grounds to know that it was engaged in an infringing activity.

5. Each Party shall provide that, in order to create an effective deterrent to infringement, its judicial authorities shall have the authority to order that:

- (a) goods that they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any injury caused to the right holder or, unless this would be contrary to existing constitutional requirements, destroyed; and
- (b) materials and implements the predominant use of which has been in the creation of the infringing goods be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements.

In considering whether to issue such an order, judicial authorities shall take into account the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of other persons. In regard to counterfeit goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce.

6. In respect of the administration of any law pertaining to the protection or enforcement of intellectual property rights, each Party shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith in the course of the administration of such laws.

7. Notwithstanding the other provisions of Articles 1714 through 1718, where a Party is sued with respect to an infringement of an intellectual property right as a result of its use of that right or use on its behalf, that Party may limit the remedies available against it to the payment to the right holder of adequate remuneration in the circumstances of each case, taking into account the economic value of the use.

8. Each Party shall provide that, where a civil remedy can be ordered as a result of administrative procedures on the merits of a case, such procedures shall conform to principles equivalent in substance to those set out in this Article.

## Article 1716: Provisional Measures

1. Each Party shall provide that its judicial authorities shall have the authority to order prompt and effective provisional measures:

- (a) to prevent an infringement of any intellectual property right, and in particular to prevent the entry into the channels of commerce in their jurisdiction of allegedly infringing goods, including measures to prevent the entry of imported goods at least immediately after customs clearance; and
- (b) to preserve relevant evidence in regard to the alleged infringement.

2. Each Party shall provide that its judicial authorities shall have the authority to require any applicant for provisional measures to provide to the judicial authorities any evidence reasonably available to that applicant that the judicial authorities consider necessary to enable them to determine with a sufficient degree of certainty whether:

- (a) the applicant is the right holder;
- (b) the applicant's right is being infringed or such infringement is imminent; and
- (c) any delay in the issuance of such measures is likely to cause irreparable harm to the right holder, or there is a demonstrable risk of evidence being destroyed.

Each Party shall provide that its judicial authorities shall have the authority to require the applicant to provide a security or equivalent assurance sufficient to protect the interests of the defendant and to prevent abuse.

3. Each Party shall provide that its judicial authorities shall have the authority to require an applicant for provisional measures to provide other information necessary for the identification of the relevant goods by the authority that will execute the provisional measures.

4. Each Party shall provide that its judicial authorities shall have the authority to order provisional measures on an ex parte basis, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.

5. Each Party shall provide that where provisional measures are adopted by that Party's judicial authorities on an ex parte basis:

- (a) a person affected shall be given notice of those measures without delay but in any event no later than immediately after the execution of the measures;
- (b) a defendant shall, on request, have those measures reviewed by that Party's judicial authorities for the purpose of deciding, within a reasonable period after notice of those measures is given, whether the measures shall be modified, revoked or confirmed, and shall be given an opportunity to be heard in the review proceedings.

6. Without prejudice to paragraph 5, each Party shall provide that, on the request of the defendant, the Party's judicial authorities shall revoke or otherwise cease to apply the provisional measures taken on the basis of paragraphs 1 and 4 if proceedings leading to a decision on the merits are not initiated:

- (a) within a reasonable period as determined by the judicial authority ordering the measures where the Party's domestic law so permits; or
- (b) in the absence of such a determination, within a period of no more than 20 working days or 31 calendar days, whichever is longer.

7. Each Party shall provide that, where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where the judicial authorities subsequently find that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, on request of the defendant, to provide the defendant appropriate compensation for any injury caused by these measures.

8. Each Party shall provide that, where a provisional measure can be ordered as a result of administrative procedures, such procedures shall conform to principles equivalent in substance to those set out in this Article.

**Article 1717: Criminal Procedures and Penalties**

1. Each Party shall provide criminal procedures and penalties to be applied at least in cases of willful trademark counterfeiting or copyright piracy on a commercial scale. Each Party shall provide that penalties available include imprisonment or monetary fines, or both, sufficient to provide a deterrent, consistent with the level of penalties applied for crimes of a corresponding gravity.

2. Each Party shall provide that, in appropriate cases, its judicial authorities may order the seizure, forfeiture and destruction of infringing goods and of any materials and implements the predominant use of which has been in the commission of the offense.

3. A Party may provide criminal procedures and penalties to be applied in cases of infringement of intellectual property rights, other than those in paragraph 1, where they are committed wilfully and on a commercial scale.

### Article 1718: Enforcement of Intellectual Property Rights at the Border

1. Each Party shall, in conformity with this Article, adopt procedures to enable a right holder, who has valid grounds for suspecting that the importation of counterfeit trademark goods or pirated copyright goods may take place, to lodge an application in writing with its competent authorities, whether administrative or judicial, for the suspension by the customs administration of the release of such goods into free circulation. No Party shall be obligated to apply such procedures to goods in transit. A Party may permit such an application to be made in respect of goods that involve other infringements of intellectual property rights, provided that the requirements of this Article are met. A Party may also provide for corresponding procedures concerning the suspension by the customs administration of the release of infringing goods destined for exportation from its territory.

2. Each Party shall require any applicant who initiates procedures under paragraph 1 to provide adequate evidence:

- (a) to satisfy that Party's competent authorities that, under the domestic laws of the country of importation, there is prima facie an infringement of its intellectual property right; and
- (b) to supply a sufficiently detailed description of the goods to make them readily recognizable by the customs administration.

The competent authorities shall inform the applicant within a reasonable period whether they have accepted the application and, if so, the period for which the customs administration will take action.

3. Each Party shall provide that its competent authorities shall have the authority to require an applicant under paragraph 1 to provide a security or equivalent assurance sufficient to protect the defendant and the competent authorities and to prevent abuse. Such security or equivalent assurance shall not unreasonably deter recourse to these procedures.

4. Each Party shall provide that, where pursuant to an application under paragraph 1 adopted pursuant to this Article, its customs administration suspends the release of goods involving industrial designs, patents, integrated circuits or trade secrets into free circulation on the basis of a decision other than by a judicial or other independent

authority, and the period provided for in paragraphs 6 through 8 has expired without the granting of provisional relief by the duly empowered authority, and provided that all other conditions for importation have been complied with, the owner, importer or consignee of such goods shall be entitled to their release on the posting of a security in an amount sufficient to protect the right holder against any infringement. Payment of such security shall not prejudice any other remedy available to the right holder, it being understood that the security shall be released if the right holder fails to pursue its right of action within a reasonable period of time.

5. Each Party shall provide that its customs administration shall promptly notify the importer and the applicant when the customs administration suspends the release of goods pursuant to paragraph 1.

6. Each Party shall provide that its customs administration shall release goods from suspension if, within a period not exceeding 10 working days after the applicant under paragraph 1 has been served notice of the suspension, the customs administration has not been informed that:

- (a) a party other than the defendant has initiated proceedings leading to a decision on the merits of the case, or
- (b) a competent authority has taken provisional measures prolonging the suspension,

provided that all other conditions for importation or exportation have been met. Each Party shall provide that, in appropriate cases, the customs administration may extend the suspension by another 10 working days.

7. Each Party shall provide that if proceedings leading to a decision on the merits of the case have been initiated, a review, including a right to be heard, shall take place on request of the defendant with a view to deciding, within a reasonable period, whether these measures shall be modified, revoked or confirmed.

8. Notwithstanding paragraphs 6 and 7, where the suspension of the release of goods is carried out or continued in accordance with a provisional judicial measure, Article 1716(6) shall apply.

9. Each Party shall provide that its competent authorities shall have the authority to order the applicant under paragraph 1 to pay the importer, the consignee and the owner of the goods appropriate compensation for any injury caused to them through the wrongful detention of goods or through the detention of goods released pursuant to paragraph 6.



10. Without prejudice to the protection of confidential information, each Party shall provide that its competent authorities shall have the authority to give the right holder sufficient opportunity to have any goods detained by the customs administration inspected in order to substantiate the right holder's claims. Each Party shall also provide that its competent authorities have the authority to give the importer an equivalent opportunity to have any such goods inspected. Where the competent authorities have made a positive determination on the merits of a case, a Party may provide the competent authorities the authority to inform the right holder of the names and addresses of the consignor, the importer and the consignee, and of the quantity of the goods in question.

11. Where a Party requires its competent authorities to act on their own initiative as to suspend the release of goods in respect of which they have acquired prima facie evidence that an intellectual property right is being infringed:

- (a) the competent authorities may at any time seek from the right holder any information that may assist them to exercise these powers;
- (b) the importer and the right holder shall be promptly notified of the suspension by the Party's competent authorities, and where the importer lodges an appeal against the suspension with competent authorities, the suspension shall be subject to the conditions, with such modifications as may be necessary, set out in paragraphs 6 through 8; and
- (c) the Party shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith.

12. Without prejudice to other rights of action open to the right holder and subject to the defendant's right to seek judicial review, each Party shall provide that its competent authorities shall have the authority to order the destruction or disposal of infringing goods in accordance with the principles set out in Article 1715(5). In regard to counterfeit goods, the authorities shall not allow the re-exportation of the infringing goods in an unaltered state or subject them to a different customs procedure, other than in exceptional circumstances.

13. A Party may exclude from the application of paragraphs 1 through 12 small quantities of goods of a non-commercial nature contained in travellers' personal luggage or sent in small consignments that are not repetitive.

14. Annex 1718.14 applies to the Parties specified in that Annex.

**Article 1719: Cooperation and Technical Assistance**

1. The Parties shall provide each other on mutually agreed terms with technical assistance and shall promote cooperation between their competent authorities. Such cooperation shall include the training of personnel.
2. The Parties shall cooperate with a view to eliminating trade in goods that infringe intellectual property rights. For this purpose, each Party shall establish and notify the other Parties by January 1, 1994 of contact points in its federal government and shall exchange information concerning trade in infringing goods.

**Article 1720: Protection of Existing Subject Matter**

1. Except as required under Article 1705(7), this Agreement does not give rise to obligations in respect of acts that occurred before the date of application of the relevant provisions of this Agreement for the Party in question.
2. Except as otherwise provided for in this Agreement, each Party shall apply this Agreement to all subject matter existing on the date of application of the relevant provisions of this Agreement for the Party in question and that is protected in a Party on such date, or that meets or subsequently meets the criteria for protection under the terms of this Chapter. In respect of this paragraph and paragraphs 3 and 4, a Party's obligations with respect to existing works shall be solely determined under Article 18 of the Berne Convention and with respect to the rights of producers of sound recordings in existing sound recordings shall be determined solely under Article 18 of that Convention, as made applicable under this Agreement.
3. Except as required under Article 1705(7), and notwithstanding the first sentence of paragraph 2, no Party may be required to restore protection to subject matter that, on the date of application of the relevant provisions of this Agreement for the Party in question, has fallen into the public domain in its territory.
4. In respect of any acts relating to specific objects embodying protected subject matter that become infringing under the terms of laws in conformity with this Agreement, and that were begun or in respect of which a significant investment was made, before the date of entry into force of this Agreement for that Party, any Party may provide for a limitation of the remedies available to the right holder as to the continued performance of such acts after the date of application of this Agreement for that Party. In such cases, the Party shall, however, at least provide for payment of equitable remuneration.

5. No Party shall be obliged to apply Article 1705(2)(d) or 1706(1)(d) with respect to originals or copies purchased prior to the date of application of the relevant provisions of this Agreement for that Party.

6. No Party shall be required to apply Article 1709(10), or the requirement in Article 1709(7) that patent rights shall be enjoyable without discrimination as to the field of technology, to use without the authorization of the right holder where authorization for such use was granted by the government before the text of the Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations became known.

7. In the case of intellectual property rights for which protection is conditional on registration, applications for protection that are pending on the date of application of the relevant provisions of this Agreement for the Party in question shall be permitted to be amended to claim any enhanced protection provided under this Agreement. Such amendments shall not include new matter.

#### Article 1721: Definitions

1. For purposes of this Chapter:

**confidential information** includes trade secrets, privileged information and other materials exempted from disclosure under the Party's domestic law.

2. For purposes of this Agreement:

**encrypted program-carrying satellite signal** means a program-carrying satellite signal that is transmitted in a form whereby the aural or visual characteristics, or both, are modified or altered for the purpose of preventing the unauthorized reception, by persons without the authorized equipment that is designed to eliminate the effects of such modification or alteration, of a program carried in that signal;

**geographical indication** means any indication that identifies a good as originating in the territory of a Party, or a region or locality in that territory, where a particular quality, reputation or other characteristic of the good is essentially attributable to its geographical origin;

**in a manner contrary to honest commercial practices** means at least practices such as breach of contract, breach of confidence and inducement to breach, and includes the acquisition of undisclosed information by other persons who knew, or were grossly negligent in failing to know, that such practices were involved in the acquisition;

**intellectual property rights** refers to copyright and related rights, trademark rights, patent rights, rights in layout designs of semiconductor integrated circuits, trade secret rights, plant breeders' rights, rights in geographical indications and industrial design rights;

**nationals of another Party** means, in respect of the relevant intellectual property right, persons who would meet the criteria for eligibility for protection provided for in the Paris Convention (1967), the Berne Convention (1971), the Geneva Convention (1971), the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (1961), the UPOV Convention (1978), the UPOV Convention (1991) or the *Treaty on Intellectual Property in Respect of Integrated Circuits*, as if each Party were a party to those Conventions, and with respect to intellectual property rights that are not the subject of these Conventions, "nationals of another Party" shall be understood to be at least individuals who are citizens or permanent residents of that Party and also includes any other natural person referred to in Annex 201.1 (Country-Specific Definitions);

**public** includes, with respect to rights of communication and performance of works provided for under Articles 11, 11<sup>bis</sup>(1) and 14(1)(ii) of the Berne Convention, with respect to dramatic, dramatico-musical, musical and cinematographic works, at least, any aggregation of individuals intended to be the object of, and capable of perceiving, communications or performances of works, regardless of whether they can do so at the same or different times or in the same or different places, provided that such an aggregation is larger than a family and its immediate circle of acquaintances or is not a group comprising a limited number of individuals having similarly close ties that has not been formed for the principal purpose of receiving such performances and communications of works; and

**secondary uses of sound recordings** means the use directly for broadcasting or for any other public communication of a sound recording.

**Annex 1701.3**

**Intellectual Property Conventions**

1. Mexico shall:

- (a) make every effort to comply with the substantive provisions of the 1978 or 1991 UPOV Convention as soon as possible and shall do so no later than two years after the date of signature of this Agreement; and
- (b) accept from the date of entry into force of this Agreement applications from plant breeders for varieties in all plant genera and species and grant protection, in accordance with such substantive provisions, promptly after complying with subparagraph (a).

2. Notwithstanding Article 1701(2)(b), this Agreement confers no rights and imposes no obligations on the United States with respect to Article 6<sup>bis</sup> of the Berne Convention, or the rights derived from that Article.

**Annex 1705.7**

**Copyright**

The United States shall provide protection to motion pictures produced in another Party's territory that have been declared to be in the public domain pursuant to 17 U.S.C. section 405. This obligation shall apply to the extent that it is consistent with the Constitution of the United States, and is subject to budgetary considerations.

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**Annex 1710.9**

**Layout Designs**

Mexico shall make every effort to implement the requirements of Article 1710 as soon as possible, and shall do so no later than four years after the date of entry into force of this Agreement.

**Annex 1718.14**

**Enforcement of Intellectual Property Rights**

Article 1710 as  
incorporated into force

Mexico shall make every effort to comply with the requirements of Article 1718 as soon as possible and shall do so no later than three years after the date of signature of this Agreement.



**PART SEVEN  
ADMINISTRATIVE AND INSTITUTIONAL PROVISIONS**

**Chapter Eighteen**

**Publication, Notification and Administration of Laws**

**Article 1801: Contact Points**

Each Party shall designate a contact point to facilitate communications between the Parties on any matter covered by this Agreement. On the request of another Party, the contact point shall identify the office or official responsible for the matter and assist, as necessary, in facilitating communication with the requesting Party.

**Article 1802: Publication**

1. Each Party shall ensure that its laws, regulations, procedures and administrative rulings of general application respecting any matter covered by this Agreement are promptly published or otherwise made available in such a manner as to enable interested persons and Parties to become acquainted with them.
2. To the extent possible, each Party shall:
  - (a) publish in advance any such measure that it proposes to adopt; and
  - (b) provide interested persons and Parties a reasonable opportunity to comment on such proposed measures.

**Article 1803: Notification and Provision of Information**

1. To the maximum extent possible, each Party shall notify any other Party with an interest in the matter of any proposed or actual measure that the Party considers might materially affect the operation of this Agreement or otherwise substantially affect that other Party's interests under this Agreement.
2. On request of another Party, a Party shall promptly provide information and respond to questions pertaining to any actual or proposed measure, whether or not that other Party has been previously notified of that measure.

3. Any notification or information provided under this Article shall be without prejudice as to whether the measure is consistent with this Agreement.

#### **Article 1804: Administrative Proceedings**

With a view to administering in a consistent, impartial and reasonable manner all measures of general application affecting matters covered by this Agreement, each Party shall ensure that in its administrative proceedings applying measures referred to in Article 1802 to particular persons, goods or services of another Party in specific cases that:

- (a) wherever possible, persons of another Party that are directly affected by a proceeding are provided reasonable notice, in accordance with domestic procedures, when a proceeding is initiated, including a description of the nature of the proceeding, a statement of the legal authority under which the proceeding is initiated and a general description of any issues in controversy;
- (b) such persons are afforded a reasonable opportunity to present facts and arguments in support of their positions prior to any final administrative action, when time, the nature of the proceeding and the public interest permit; and
- (c) its procedures are in accordance with domestic law.

#### **Article 1805: Review and Appeal**

1. Each Party shall establish or maintain judicial, quasi-judicial or administrative tribunals or procedures for the purpose of the prompt review and, where warranted, correction of final administrative actions regarding matters covered by this Agreement. Such tribunals shall be impartial and independent of the office or authority entrusted with administrative enforcement and shall not have any substantial interest in the outcome of the matter.

2. Each Party shall ensure that, in any such tribunals or procedures, the parties to the proceeding are provided with the right to:

- (a) a reasonable opportunity to support or defend their respective positions;

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- (b) a decision based on the evidence and submissions of record or, where required by domestic law, the record compiled by the administrative authority.

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3. Each Party shall ensure, subject to appeal or further review as provided in its domestic law, that such decisions shall be implemented by, and shall govern the practice of, the offices or authorities with respect to the administrative action at issue.

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### Article 1806: Definitions

For purposes of this Chapter:

administrative ruling of general application means an administrative ruling or interpretation that applies to all persons and fact situations that fall generally within its ambit and that establishes a norm of conduct but does not include:

- facts and  
administrative  
e interest
- (a) a determination or ruling made in an administrative or quasi-judicial proceeding that applies to a particular person, good or service of another Party in a specific case; or
  - (b) a ruling that adjudicates with respect to a particular act or practice.

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## Chapter Nineteen

### Review and Dispute Settlement in Antidumping and Countervailing Duty Matters

#### Article 1901: General Provisions

1. Article 1904 applies only with respect to goods that the competent investigating authority of the importing Party, applying the importing Party's antidumping or countervailing duty law to the facts of a specific case, determines are goods of another Party.
2. For purposes of Articles 1903 and 1904, panels shall be established in accordance with Annex 1901.2.
3. Except for Article 2203 (Entry into Force), no provision of any other Chapter of this Agreement shall be construed as imposing obligations on a Party with respect to the Party's antidumping law or countervailing duty law.

#### Article 1902: Retention of Domestic Antidumping Law and Countervailing Duty Law

1. Each Party reserves the right to apply its antidumping law and countervailing duty law to goods imported from the territory of any other Party. Antidumping law and countervailing duty law include, as appropriate for each Party, relevant statutes, legislative history, regulations, administrative practice and judicial precedents.
2. Each Party reserves the right to change or modify its antidumping law or countervailing duty law, provided that in the case of an amendment to a Party's antidumping or countervailing duty statute:
  - (a) such amendment shall apply to goods from another Party only if the amending statute specifies that it applies to goods from that Party or from the Parties to this Agreement;
  - (b) the amending Party notifies in writing the Parties to which the amendment applies of the amending statute as far in advance as possible of the date of enactment of such statute;

- (c) following notification, the amending Party, on request of any Party to which the amendment applies, consults with that Party prior to the enactment of the amending statute; and
- (d) such amendment, as applicable to that other Party, is not inconsistent with
  - (i) the *General Agreement on Tariffs and Trade* (GATT), the *Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade* (the Antidumping Code) or the *Agreement on the Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade* (the Subsidies Code), or any successor agreement to which all the original signatories to this Agreement are party, or
  - (ii) the object and purpose of this Agreement and this Chapter, which is to establish fair and predictable conditions for the progressive liberalization of trade between the Parties to this Agreement while maintaining effective and fair disciplines on unfair trade practices, such object and purpose to be ascertained from the provisions of this Agreement, its preamble and objectives, and the practices of the Parties.

### Article 1903: Review of Statutory Amendments

1. A Party to which an amendment of another Party's antidumping or countervailing duty statute applies may request in writing that such amendment be referred to a binational panel for a declaratory opinion as to whether:
  - (a) the amendment does not conform to Article 1902(2)(d)(i) or (ii); or
  - (b) such amendment has the function and effect of overturning a prior decision of a panel made pursuant to Article 1904 and does not conform to Article 1902(2)(d)(i) or (ii).

Such declaratory opinion shall have force or effect only as provided in this Article.

2. The panel shall conduct its review in accordance with the procedures of Annex 1903.2.
3. In the event that the panel recommends modifications to the amending statute to remedy a non-conformity that it has identified in its opinion:

- (a) the two Parties shall immediately begin consultations and shall seek to achieve a mutually satisfactory solution to the matter within 90 days of the issuance of the panel's final declaratory opinion. Such solution may include seeking corrective legislation with respect to the statute of the amending Party;
- (b) if corrective legislation is not enacted within nine months from the end of the 90-day consultation period referred to in subparagraph (a) and no other mutually satisfactory solution has been reached, the Party that requested the panel may
  - (i) take comparable legislative or equivalent executive action, or
  - (ii) terminate this Agreement with regard to the amending Party on 60-day written notice to that Party.

**Article 1904: Review of Final Antidumping and Countervailing Duty Determinations**

1. As provided in this Article, each Party shall replace judicial review of final antidumping and countervailing duty determinations with binational panel review.
2. An involved Party may request that a panel review, based on the administrative record, a final antidumping or countervailing duty determination of a competent investigating authority of an importing Party to determine whether such determination is in accordance with the antidumping or countervailing duty law of the importing Party. For this purpose, the antidumping or countervailing duty law consists of the relevant statutes, legislative history, regulations, administrative practice and judicial precedents to the extent that a court of the importing Party would rely on such materials in reviewing a final determination of the competent investigating authority. Solely for purposes of the panel review provided for in this Article, the antidumping and countervailing duty statutes of the Parties, as those statutes may be amended from time to time, are incorporated into and made a part of this Agreement.
3. The panel shall apply the standard of review set out in Annex 1911 and the general legal principles that a court of the importing Party otherwise would apply to a review of a determination of the competent investigating authority.
4. A request for a panel shall be made in writing to the other involved Party within 30 days following the date of publication of the final determination in question in the official journal of the importing Party. In the case of final determinations that are not published in the official journal of the importing Party, the importing Party shall immediately notify the other involved Party of such final determination where it involves

goods from the other involved Party, and the other involved Party may request a panel within 30 days of receipt of such notice. Where the competent investigating authority of the importing Party has imposed provisional measures in an investigation, the other involved Party may provide notice of its intention to request a panel under this Article, and the Parties shall begin to establish a panel at that time. Failure to request a panel within the time specified in this paragraph shall preclude review by a panel.

5. An involved Party on its own initiative may request review of a final determination by a panel and shall, on request of a person who would otherwise be entitled under the law of the importing Party to commence domestic procedures for judicial review of that final determination, request such review.

6. The panel shall conduct its review in accordance with the procedures established by the Parties pursuant to paragraph 14. Where both involved Parties request a panel to review a final determination, a single panel shall review that determination.

7. The competent investigating authority that issued the final determination in question shall have the right to appear and be represented by counsel before the panel. Each Party shall provide that other persons who, pursuant to the law of the importing Party, otherwise would have had the right to appear and be represented in a domestic judicial review proceeding concerning the determination of the competent investigating authority, shall have the right to appear and be represented by counsel before the panel.

8. The panel may uphold a final determination, or remand it for action not inconsistent with the panel's decision. Where the panel remands a final determination, the panel shall establish as brief a time as is reasonable for compliance with the remand, taking into account the complexity of the factual and legal issues involved and the nature of the panel's decision. In no event shall the time permitted for compliance with a remand exceed an amount of time equal to the maximum amount of time (counted from the date of the filing of a petition, complaint or application) permitted by statute for the competent investigating authority in question to make a final determination in an investigation. If review of the action taken by the competent investigating authority on remand is needed, such review shall be before the same panel, which shall normally issue a final decision within 90 days of the date on which such remand action is submitted to it.

9. The decision of a panel under this Article shall be binding on the involved Parties with respect to the particular matter between the Parties that is before the panel.

10. This Agreement shall not affect:

- (a) the judicial review procedures of any Party, or
- (b) cases appealed under those procedures,

with respect to determinations other than final determinations.

11. A final determination shall not be reviewed under any judicial review procedures of the importing Party if an involved Party requests a panel with respect to that determination within the time limits set out in this Article. No Party may provide in its domestic legislation for an appeal from a panel decision to its domestic courts.

12. This Article shall not apply where:

- (a) neither involved Party seeks panel review of a final determination;
- (b) a revised final determination is issued as a direct result of judicial review of the original final determination by a court of the importing Party in cases where neither involved Party sought panel review of that original final determination; or
- (c) a final determination is issued as a direct result of judicial review that was commenced in a court of the importing Party before the date of entry into force of this Agreement.

13. Where, within a reasonable time after the panel decision is issued, an involved Party alleges that:

- (a)
  - (i) a member of the panel was guilty of gross misconduct, bias, or a serious conflict of interest, or otherwise materially violated the rules of conduct,
  - (ii) the panel seriously departed from a fundamental rule of procedure, or
  - (iii) the panel manifestly exceeded its powers, authority or jurisdiction set out in this Article, for example by failing to apply the appropriate standard of review, and
- (b) any of the actions set out in subparagraph (a) has materially affected the panel's decision and threatens the integrity of the binational panel review process,

that Party may avail itself of the extraordinary challenge procedure set out in Annex 1904.13.

14. To implement this Article, the Parties shall adopt rules of procedure by January 1, 1994. Such rules shall be based, where appropriate, on judicial rules of appellate



procedure, and shall include rules concerning: the content and service of requests for panels; a requirement that the competent investigating authority transmit to the panel the administrative record of the proceeding; the protection of business proprietary, government classified, and other privileged information (including sanctions against persons participating before panels for improper release of such information); participation by private persons; limitations on panel review to errors alleged by the Parties or private persons; filing and service; computation and extensions of time; the form and content of briefs and other papers; pre- and post-hearing conferences; motions; oral argument; requests for rehearing; and voluntary terminations of panel reviews. The rules shall be designed to result in final decisions within 315 days of the date on which a request for a panel is made, and shall allow:

- (a) 30 days for the filing of the complaint;
- (b) 30 days for designation or certification of the administrative record and its filing with the panel;
- (c) 60 days for the complainant to file its brief;
- (d) 60 days for the respondent to file its brief;
- (e) 15 days for the filing of reply briefs;
- (f) 15 to 30 days for the panel to convene and hear oral argument; and
- (g) 90 days for the panel to issue its written decision.

15. In order to achieve the objectives of this Article, the Parties shall amend their antidumping and countervailing duty statutes and regulations with respect to antidumping or countervailing duty proceedings involving goods of the other Parties, and other statutes and regulations to the extent that they apply to the operation of the antidumping and countervailing duty laws. In particular, without limiting the generality of the foregoing, each Party shall:

- (a) amend its statutes or regulations to ensure that existing procedures concerning the refund, with interest, of antidumping or countervailing duties operate to give effect to a final panel decision that a refund is due;
- (b) amend its statutes or regulations to ensure that its courts shall give full force and effect, with respect to any person within its jurisdiction, to all sanctions imposed pursuant to the laws of the other Parties to enforce provisions of any protective order or undertaking that such other Party has promulgated or accepted in order to permit access for purposes of panel

review or of the extraordinary challenge procedure to confidential, personal, business proprietary or other privileged information;

- (c) amend its statutes or regulations to ensure that
  - (i) domestic procedures for judicial review of a final determination may not be commenced until the time for requesting a panel under paragraph 4 has expired, and
  - (ii) as a prerequisite to commencing domestic judicial review procedures to review a final determination, a Party or other person intending to commence such procedures shall provide notice of such intent to the Parties concerned and to other persons entitled to commence such review procedures of the same final determination no later than 10 days prior to the latest date on which a panel may be requested; and
- (d) make the further amendments set out in its Schedule to Annex 1904.15.

#### Article 1905: Safeguarding the Panel Review System

1. Where a Party alleges that the application of another Party's domestic law:

- (a) has prevented the establishment of a panel requested by the complaining Party;
- (b) has prevented a panel requested by the complaining Party from rendering a final decision;
- (c) has prevented the implementation of the decision of a panel requested by the complaining Party or denied it binding force and effect with respect to the particular matter that was before the panel; or
- (d) has resulted in a failure to provide opportunity for review of a final determination by a panel or court of competent jurisdiction that is independent of the competent investigating authorities, that examines the basis for the competent investigating authority's determination and whether the competent investigating authority properly applied domestic antidumping and countervailing duty law in reaching the challenged determination, and that employs the relevant standard of review identified in Article 1911,

the Party may request in writing consultations with the other Party regarding the allegations. The consultations shall begin within 15 days of the date of the request.

2. If the matter has not been resolved within 45 days of the request for consultations, or such other period as the consulting Parties may agree, the complaining Party may request the establishment of a special committee.

3. Unless otherwise agreed by the disputing Parties, the special committee shall be established within 15 days of a request and perform its functions in a manner consistent with this Chapter.

4. The roster for special committees shall be that established under Annex 1904.13.

5. The special committee shall comprise three members selected in accordance with the procedures set out in Annex 1904.13.

6. The Parties shall establish rules of procedure in accordance with the principles set out in Annex 1905.6.

7. Where the special committee makes an affirmative finding with respect to one of the grounds specified in paragraph 1, the complaining Party and the Party complained against shall begin consultations within 10 days thereafter and shall seek to achieve a mutually satisfactory solution within 60 days of the issuance of the committee's report.

8. If, within the 60-day period, the Parties are unable to reach a mutually satisfactory solution to the matter, or the Party complained against has not demonstrated to the satisfaction of the special committee that it has corrected the problem or problems with respect to which the committee has made an affirmative finding, the complaining Party may suspend:

- (a) the operation of Article 1904 with respect to the Party complained against or
- (b) the application to the Party complained against of such benefits under this Agreement as may be appropriate under the circumstances.

If the complaining Party decides to take action under this paragraph, it shall do so within 30 days after the end of the 60-day consultation period.

9. In the event that a complaining Party suspends the operation of Article 1904 with respect to the Party complained against, the latter Party may reciprocally suspend the operation of Article 1904 within 30 days after the suspension of the operation of Article 1904 by the complaining Party. If either Party decides to suspend the operation of Article 1904, it shall provide written notice of such suspension to the other Party.

10. On the request of the Party complained against, the special committee shall reconvene to determine whether:

- (a) the suspension of benefits by the complaining Party pursuant to paragraph 8(b) is manifestly excessive; or
- (b) the Party complained against has corrected the problem or problems with respect to which the committee has made an affirmative finding.

The special committee shall, within 45 days of the request, present a report to both Parties containing its determination. Where the special committee determines that the Party complained against has corrected the problem or problems, any suspension effected by the complaining Party or the Party complained against, or both, pursuant to paragraph 8 or 9 shall be terminated.

11. If the special committee makes an affirmative finding with respect to one of the grounds specified in paragraph 1, then effective as of the day following the date of issuance of the special committee's report:

- (a) binational panel or extraordinary challenge committee review under Article 1904 shall be stayed
  - (i) in the case of review of any final determination of the complaining Party requested by the Party complained against, if such review was requested after the date on which consultations were requested pursuant to paragraph 1, and in no case more than 150 days prior to an affirmative finding by the special committee, or
  - (ii) in the case of review of any final determination of the Party complained against requested by the complaining Party, on the request of the complaining Party; and
- (b) the time set out in Article 1904(4) or Annex 1904.13 for requesting panel or committee review shall not run unless and until resumed in accordance with paragraph 12.

12. If either Party suspends the operation of Article 1904 pursuant to paragraph 8(a), the panel or committee review stayed under paragraph 11(a) shall be terminated and the challenge to the final determination shall be irrevocably referred to the appropriate domestic court for decision, as provided below:

- (a) in the case of review of any final determination of the complaining Party requested by the Party complained against, on the request of either Party, or of a party to the panel review under Article 1904; or
- (b) in the case of review of any final determination of the Party complained against requested by the complaining Party, on the request of the complaining Party, or of a person of the complaining Party that is a party to the panel review under Article 1904.

If either Party suspends the operation of Article 1904 pursuant to paragraph 8(a), any running of time suspended under paragraph 11(b) shall resume.

If the suspension of the operation of Article 1904 does not become effective, panel or committee review stayed under paragraph 11(a), and any running of time suspended under paragraph 11(b), shall resume.

13. If the complaining Party suspends the application to the Party complained against of such benefits under the Agreement as may be appropriate under the circumstances pursuant to paragraph 8(b), panel or committee review stayed under paragraph 11(a), and any running of time suspended under paragraph 11(b), shall resume.

14. Each Party shall provide in its domestic law that, in the event of an affirmative finding by the special committee, the time for requesting judicial review of a final antidumping or countervailing duty determination shall not run unless and until the Parties concerned have negotiated a mutually satisfactory solution under paragraph 7, or have suspended the operation of Article 1904 or the application of other benefits under paragraph 8.

#### Article 1906: Prospective Application

This Chapter shall apply only prospectively to:

- (a) final determinations of a competent investigating authority made after the date of entry into force of this Agreement; and
- (b) with respect to declaratory opinions under Article 1903, amendments to antidumping or countervailing duty statutes enacted after the date of entry into force of this Agreement.

Article 1907: Consultations

1. The Parties shall consult annually, or on the request of any Party, to consider any problems that may arise with respect to the implementation or operation of this Chapter and recommend solutions, where appropriate. The Parties shall each designate one or more officials, including officials of the competent investigating authorities, to be responsible for ensuring that consultations occur, when required, so that the provisions of this Chapter are carried out expeditiously.

2. The Parties further agree to consult on:

- (a) the potential to develop more effective rules and disciplines concerning the use of government subsidies; and
- (b) the potential for reliance on a substitute system of rules for dealing with unfair transborder pricing practices and government subsidization.

3. The competent investigating authorities of the Parties shall consult annually, or on the request of any Party, and may submit reports to the Commission, where appropriate. In the context of these consultations, the Parties agree that it is desirable in the administration of antidumping and countervailing duty laws to:

- (a) publish notice of initiation of investigations in the importing Party's official journal, setting forth the nature of the proceeding, the legal authority under which the proceeding is initiated, and a description of the goods at issue;
- (b) provide notice of the times for submissions of information and for decisions that the competent investigating authorities are expressly required by statute or regulations to make;
- (c) provide explicit written notice and instructions as to the information required from interested parties and reasonable time to respond to requests for information;
- (d) accord reasonable access to information, noting that in this context
  - (i) "reasonable access" means access during the course of the investigation, to the extent practicable, so as to permit an opportunity to present facts and arguments as set out in subparagraph (e); when it is not practicable to provide access to information during the investigation in such time as to permit an opportunity to present facts and arguments, reasonable access shall mean in time to

permit the adversely affected party to make an informed decision as to whether to seek judicial or panel review, and

- (ii) "access to information" means access to representatives determined by the competent investigating authority to be qualified to have access to information received by that competent investigating authority, including access to confidential (business proprietary) information, but does not include information of such high degree of sensitivity that its release would lead to substantial and irreversible harm to the owner or which is required to be kept confidential in accordance with domestic law of a Party; any privileges arising under the domestic law of the importing Party relating to communications between the competent investigating authorities and a lawyer in the employ of, or providing advice to, those authorities may be maintained;
- (e) provide an opportunity for interested parties to present facts and arguments to the extent time permits, including an opportunity to comment on the preliminary determination of dumping or of subsidization;
- (f) protect confidential (business proprietary) information received by the competent investigating authority to ensure that there is no disclosure to representatives determined by the competent investigating authority to be qualified;
- (g) prepare administrative records, including recommendations of official advisory bodies that may be required to be kept, and any record of expert meetings that may be required to be kept;
- (h) provide disclosure of relevant information, including an explanation of the calculation or the methodology used to determine the margin of dumping or the amount of the subsidy, on which any preliminary or final determination of dumping or of subsidization is based, within a reasonable time after a request by interested parties;
- (i) provide a statement of reasons concerning the final determination of dumping or subsidization; and
- (j) provide a statement of reasons for final determinations concerning material injury to a domestic industry, threat of material injury to a domestic industry or material retardation of the establishment of such an industry.

Inclusion of an item in subparagraphs (a) through (j) is not intended to serve as guidance to a binational panel reviewing a final antidumping or countervailing duty determination pursuant to Article 1904 in determining whether such determination was in accordance with the antidumping or countervailing duty law of the importing Party.

#### Article 1908: Special Secretariat Provisions

1. Each Party shall establish a division within its section of the Secretariat established pursuant to Article 2002 to facilitate the operation of this Chapter, including the work of panels or committees that may be convened pursuant to this Chapter.
2. The Secretaries of the Secretariat shall act jointly to provide administrative assistance to all panels or committees established pursuant to this Chapter. The Secretary for the Section of the Party in which a panel or committee proceeding is held shall prepare a record thereof and shall preserve an authentic copy of the same in that Party's Section office. Such Secretary shall, on request, provide to the Secretary for the Section of any other Party a copy of such portion of the record as is requested, except that only public portions of the record shall be provided to the Secretary for the Section of any Party that is not an involved Party.
3. Each Secretary shall receive and file all requests, briefs and other papers properly presented to a panel or committee in any proceeding before it that is instituted pursuant to this Chapter and shall number in numerical order all requests for a panel or committee. The number given to a request shall be the file number for briefs and other papers relating to such request.
4. The Secretary for the Section of the Party in which a panel or committee proceeding is held shall forward to the Secretary for the Section of the other involved Party copies of all official letters, documents or other papers received or filed with that Party's Section office pertaining to any proceeding before a panel or committee, except for the administrative record, which shall be handled in accordance with paragraph 2. The Secretary for the Section of an involved Party shall provide on request to the Secretary for the Section of a Party that is not an involved Party in the proceeding a copy of such public documents as are requested.

#### Article 1909: Code of Conduct

The Parties shall, by the date of entry into force of this Agreement, exchange letters establishing a code of conduct for panelists and members of committees established pursuant to Articles 1903, 1904 and 1905.



## Article 1910: Miscellaneous

On request of another Party, the competent investigating authority of a Party shall provide to the other Party copies of all public information submitted to it for purposes of an antidumping or countervailing duty investigation with respect to goods of that other Party.

## Article 1911: Definitions

For purposes of this Chapter:

**administrative record** means, unless otherwise agreed by the Parties and the other persons appearing before a panel:

- (a) all documentary or other information presented to or obtained by the competent investigating authority in the course of the administrative proceeding, including any governmental memoranda pertaining to the case and including any record of *ex parte* meetings as may be required to be kept;
- (b) a copy of the final determination of the competent investigating authority, including reasons for the determination;
- (c) all transcripts or records of conferences or hearings before the competent investigating authority; and
- (d) all notices published in the official journal of the importing Party in connection with the administrative proceeding;

**antidumping statute** as referred to in Articles 1902 and 1903 means "antidumping statute" of a Party as defined in Annex 1911;

**competent investigating authority** means "competent investigating authority" of a Party as defined in Annex 1911;

**countervailing duty statute** as referred to in Articles 1902 and 1903 means "countervailing duty statute" of a Party as defined in Annex 1911;

**domestic law** for purposes of Article 1905(1) means a Party's constitution, statutes, regulations and judicial decisions to the extent they are relevant to the antidumping and countervailing duty laws;

**final determination** means "final determination" of a Party as defined in Annex 1911;

**foreign interests** includes exporters or producers of the Party whose goods are the subject of the proceeding or, in the case of a countervailing duty proceeding, the government of the Party whose goods are the subject of the proceeding;

**general legal principles** includes principles such as standing, due process, rules of statutory construction, mootness and exhaustion of administrative remedies;

**goods of a Party** means domestic products as these are understood in the *General Agreement on Tariffs and Trade*;

**importing Party** means the Party that issued the final determination;

**interested parties** includes foreign interests;

**involved Party** means:

- (a) the importing Party; or
- (b) a Party whose goods are the subject of the final determination;

**remand** means a referral back for a determination not inconsistent with the panel or committee decision; and

**standard of review** means the "standard of review" for each Party as defined in Annex 1911.

## Annex 1901.2

## Establishment of Binational Panels

1. On the date of entry into force of this Agreement, the Parties shall establish and thereafter maintain a roster of individuals to serve as panelists in disputes under this Chapter. The roster shall include judges or former judges to the fullest extent practicable. The Parties shall consult in developing the roster, which shall include at least 75 candidates. Each Party shall select at least 25 candidates, and all candidates shall be citizens of Canada, Mexico or the United States. Candidates shall be of good character, high standing and repute, and shall be chosen strictly on the basis of objectivity, reliability, sound judgment and general familiarity with international trade law. Candidates shall not be affiliated with a Party, and in no event shall a candidate take instructions from a Party. The Parties shall maintain the roster, and may amend it, where necessary, after consultations.

2. A majority of the panelists on each panel shall be lawyers in good standing. Within 30 days of a request for a panel, each involved Party shall appoint two panelists, in consultation with the other involved Party. The involved Parties normally shall appoint panelists from the roster. If a panelist is not selected from the roster, the panelist shall be chosen in accordance with and be subject to the criteria of paragraph 1. Each involved Party shall have the right to exercise four peremptory challenges, to be exercised simultaneously and in confidence, disqualifying from appointment to the panel up to four candidates proposed by the other involved Party. Peremptory challenges and the selection of alternative panelists shall occur within 45 days of the request for the panel. If an involved Party fails to appoint its members to a panel within 30 days or if a panelist is struck and no alternative panelist is selected within 45 days, such panelist shall be selected by lot on the 31st or 46th day, as the case may be, from that Party's candidates on the roster.

3. Within 55 days of the request for a panel, the involved Parties shall agree on the selection of a fifth panelist. If the involved Parties are unable to agree, they shall decide by lot which of them shall select, by the 61st day, the fifth panelist from the roster, excluding candidates eliminated by peremptory challenges.

4. On appointment of the fifth panelist, the panelists shall promptly appoint a chair from among the lawyers on the panel by majority vote of the panelists. If there is no majority vote, the chair shall be appointed by lot from among the lawyers on the panel.

5. Decisions of the panel shall be by majority vote and based on the votes of all members of the panel. The panel shall issue a written decision with reasons, together with any dissenting or concurring opinions of panelists.
6. Panelists shall be subject to the code of conduct established pursuant to Article 1909. If an involved Party believes that a panelist is in violation of the code of conduct, the involved Parties shall consult and if they agree, the panelist shall be removed and a new panelist shall be selected in accordance with the procedures of this Annex.
7. When a panel is convened pursuant to Article 1904 each panelist shall be required to sign:
  - (a) an application for a protective order for information supplied by the United States or its persons covering business proprietary and other privileged information;
  - (b) an undertaking for information supplied by Canada or its persons covering confidential, personal, business proprietary and other privileged information; or
  - (c) an undertaking for information supplied by Mexico or its persons covering confidential, business proprietary and other privileged information.
8. On a panelist's acceptance of the obligations and terms of an application for a protective order or disclosure undertaking, the importing Party shall grant access to the information covered by such order or disclosure undertaking. Each Party shall establish appropriate sanctions for violations of protective orders or disclosure undertakings issued by or given to any Party. Each Party shall enforce such sanctions with respect to any person within its jurisdiction. Failure by a panelist to sign an application for a protective order or disclosure undertaking shall result in disqualification of the panelist.
9. If a panelist becomes unable to fulfill panel duties or is disqualified, proceedings of the panel shall be suspended pending the selection of a substitute panelist in accordance with the procedures of this Annex.
10. Subject to the code of conduct established pursuant to Article 1909, and provided that it does not interfere with the performance of the duties of such panelist, a panelist may engage in other business during the term of the panel.
11. While acting as a panelist, a panelist may not appear as counsel before another panel.

12. With the exception of violations of protective orders or disclosure undertakings, signed pursuant to paragraph 7, panelists shall be immune from suit and legal process relating to acts performed by them in their official capacity.

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## Annex 1903.2

## Panel Procedures Under Article 1903

1. The panel shall establish its own rules of procedure unless the Parties otherwise agree prior to the establishment of that panel. The procedures shall ensure a right to at least one hearing before the panel, as well as the opportunity to provide written submissions and rebuttal arguments. The proceedings of the panel shall be confidential, unless the two Parties otherwise agree. The panel shall base its decisions solely on the arguments and submissions of the two Parties.
2. Unless the Parties to the dispute otherwise agree, the panel shall, within 90 days after its chair is appointed, present to the two Parties an initial written declaratory opinion containing findings of fact and its determination pursuant to Article 1903.
3. If the findings of the panel are affirmative, the panel may include in its report its recommendations as to the means by which the amending statute could be brought into conformity with Article 1902(2)(d). In determining what, if any, recommendations are appropriate, the panel shall consider the extent to which the amending statute affects interests under this Agreement. Individual panelists may provide separate opinions on matters not unanimously agreed. The initial opinion of the panel shall become the final declaratory opinion, unless a Party to the dispute requests a reconsideration of the initial opinion pursuant to paragraph 4.
4. Within 14 days of the issuance of the initial declaratory opinion, a Party to the dispute disagreeing in whole or in part with the opinion may present a written statement of its objections and the reasons for those objections to the panel. In such event, the panel shall request the views of both Parties and shall reconsider its initial opinion. The panel shall conduct any further examination that it deems appropriate, and shall issue a final written opinion, together with dissenting or concurring views of individual panelists, within 30 days of the request for reconsideration.
5. Unless the Parties to the dispute otherwise agree, the final declaratory opinion of the panel shall be made public, along with any separate opinions of individual panelists and any written views that either Party may wish to be published.
6. Unless the Parties to the dispute otherwise agree, meetings and hearings of the panel shall take place at the office of the amending Party's Section of the Secretariat.

**Annex 1904.13**

**Extraordinary Challenge Procedure**

1. The involved Parties shall establish an extraordinary challenge committee, comprising three members, within 15 days of a request pursuant to Article 1904(13). The members shall be selected from a 15-person roster comprised of judges or former judges of a federal judicial court of the United States or a judicial court of superior jurisdiction of Canada, or a federal judicial court of Mexico. Each Party shall name five persons to the roster. Each involved Party shall select one member from this roster and the involved Parties shall decide by lot which of them shall select the third member from the roster.
2. The Parties shall establish by the date of entry into force of the Agreement rules of procedure for committees. The rules shall provide for a decision of a committee within 90 days of its establishment.
3. Committee decisions shall be binding on the Parties with respect to the particular matter between the Parties that was before the panel. After examination of the legal and factual analysis underlying the findings and conclusions of the panel's decision in order to determine whether one of the grounds set out in Article 1904(13) has been established, and on finding that one of those grounds has been established, the committee shall vacate the original panel decision or remand it to the original panel for action not inconsistent with the committee's decision; if the grounds are not established, it shall deny the challenge and, therefore, the original panel decision shall stand affirmed. If the original decision is vacated, a new panel shall be established pursuant to Annex 1901.2.

## Annex 1904.15

## Amendments to Domestic Laws

## Schedule of Canada

1. Canada shall amend sections 56 and 58 of the *Special Import Measures Act*, as amended, to allow the United States with respect to goods of the United States or Mexico with respect to goods of Mexico or a United States or a Mexican manufacturer, producer, or exporter, without regard to payment of duties, to make a written request for a re-determination; and section 59 to require the Deputy Minister to make a ruling on a request for a re-determination within one year of a request to a designated officer or other customs officer.
2. Canada shall amend section 18.3(1) of the *Federal Court Act*, as amended, to render that section inapplicable to the United States and to Mexico; and shall provide in its statutes or regulations that persons (including producers of goods subject to an investigation) have standing to ask Canada to request a panel review where such persons would be entitled to commence domestic procedures for judicial review if the final determination were reviewable by the Federal Court pursuant to section 18.1(4).
3. Canada shall amend the *Special Import Measures Act*, as amended, and any other relevant provisions of law, to provide that the following actions of the Deputy Minister shall be deemed for the purposes of this Article to be final determinations subject to judicial review:
  - (a) a determination by the Deputy Minister pursuant to section 41;
  - (b) a re-determination by the Deputy Minister pursuant to section 59; and
  - (c) a review by the Deputy Minister of an undertaking pursuant to section 53(1).
4. Canada shall amend Part II of the *Special Import Measures Act*, as amended, to provide for binational panel review respecting goods of Mexico and the United States.
5. Canada shall amend Part II of the *Special Import Measures Act*, as amended, to provide for definitions related to this Chapter, as may be required.



6. Canada shall amend Part II of the *Special Import Measures Act*, as amended, to permit the governments of Mexico and the United States to request binational panel review of final determinations respecting goods of Mexico and the United States.
7. Canada shall amend Part II of the *Special Import Measures Act*, as amended, to provide for the establishment of binational panels requested to review final determinations in respect of goods of Mexico and the United States.
8. Canada shall amend Part II of the *Special Import Measures Act*, as amended, to provide that binational panel review of a final determination shall be conducted in accordance with this Chapter.
9. Canada shall amend Part II of the *Special Import Measures Act*, as amended, to provide that an extraordinary challenge proceeding shall be requested and conducted in accordance with Article 1904 and Annex 1904.13.
10. Canada shall amend Part II of the *Special Import Measures Act*, as amended, to provide for a code of conduct, immunity for anything done or omitted to be done during the course of panel proceedings, the signing of and compliance with disclosure undertakings respecting confidential information, and remuneration for members of panels and committees established pursuant to this Chapter.
11. Canada shall make such amendments as are necessary to establish a Canadian Secretariat for this Agreement and generally to facilitate the operation of this Chapter and the work of the binational panels, extraordinary challenge committees and special committees convened under this Chapter.

#### Schedule of Mexico

Mexico shall amend its antidumping and countervailing duty statutes and regulations, and other statutes and regulations to the extent that they apply to the operation of the antidumping and countervailing duty laws, to provide the following:

- (a) elimination of the possibility of imposing duties within the five-day period after the acceptance of a petition;
- (b) substitution of the term *Initial Resolution* ("Resolución de Inicio") for the term *Provisional Resolution* ("Resolución Provisional") and the term *Provisional Resolution* ("Resolución Provisional") for the term *Resolution*

*Reviewing the Provisional Resolution* ("Resolución que revisa a la Resolución Provisional");

- (c) full participation in the administrative process for interested parties, as well as the right to administrative appeal and judicial review of final determinations of investigations, reviews, product coverage or other final decisions affecting them;
- (d) elimination of the possibility of imposing provisional duties before the issuance of a preliminary determination;
- (e) the right to immediate access to review of final determinations by binational panels for interested parties, without the need to exhaust first the administrative appeal;
- (f) explicit and adequate timetables for determinations of the competent investigating authority and for the submission of questionnaires, evidence and comments by interested parties, as well as an opportunity for them to present facts and arguments in support of their positions prior to any final determination, to the extent time permits, including an opportunity to be adequately informed in a timely manner of and to comment on all aspects of preliminary determinations of dumping or subsidization;
- (g) written notice to interested parties of any of the actions or resolutions rendered by the competent investigating authority, including initiation of an administrative review as well as its conclusion;
- (h) disclosure meetings with interested parties by the competent investigating authority conducting its investigations and reviews, within seven calendar days after the date of publication in the *Federal Official Journal* ("Diario Oficial de la Federación") of preliminary and final determinations, to explain the margins of dumping and the amount of subsidies calculations and to provide the interested parties with copies of sample calculations and, if used, computer programs;
- (i) timely access by eligible counsel of interested parties during the course of the proceeding (including disclosure meetings) and on appeal, either before a national tribunal or a panel, to all information contained in the administrative record of the proceeding, including confidential information, excepting proprietary information of such a high degree of sensitivity that

its release would lead to substantial and irreversible harm to the owner as well as government classified information, subject to an undertaking for confidentiality that strictly forbids use of the information for personal benefit and its disclosure to persons who are not authorized to receive such information; and for sanctions that are specific to violations of undertakings in proceedings before national tribunals or panels;

- (j) timely access by interested parties during the course of the proceeding, to all non-confidential information contained in the administrative record and access to such information by interested parties or their representatives in any proceeding after 90 days following the issuance of the final determination;
- (k) a mechanism requiring that any person submitting documents to the competent investigating authority shall simultaneously serve on interested persons, including foreign interests, any submissions after the complaint;
- (l) preparation of summaries of ex parte meetings held between the competent investigating authority and any interested party and the inclusion in the administrative record of such summaries, which shall be made available to parties to the proceeding; if such summaries contain business proprietary information, the documents must be disclosed to a party's representative under an undertaking to ensure confidentiality;
- (m) maintenance by the competent investigating authority of an administrative record as defined in this Chapter and a requirement that the final determination be based solely on the administrative record;
- (n) informing interested parties in writing of all data and information the administering authority requires them to submit for the investigation, review, product coverage proceeding, or other antidumping or countervailing duty proceeding;
- (o) the right to an annual individual review on request by the interested party through which they can obtain their own dumping margin or countervailing duty rate, or can change the margin or rate they received in the investigation or a previous review, reserving to the competent investigating authority the ability to initiate a review, at any time, on its own motion requiring that the competent investigating authority issue a notice of initiation within a reasonable period of time after the request;

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- (p) application of determinations issued as a result of judicial, administrative, or panel review, to the extent they are relevant to interested parties in addition to the plaintiff, so that all interested parties will benefit;
- (q) issuance of binding decisions by the competent investigating authority if an interested party seeks clarification outside the context of an antidumping or countervailing duty investigation or review with respect to whether a particular product is covered by an antidumping or countervailing duty order;
- (r) a detailed statement of reasons and the legal basis for final determinations in a manner sufficient to permit interested parties to make an informed decision as to whether to seek judicial or panel review, including an explanation of methodological or policy issues raised in the calculation of dumping or subsidization;
- (s) written notice to interested parties and publication in the *Federal Official Journal* ("Diario Oficial de la Federación") of initiation of investigations setting forth the nature of the proceeding, the legal authority under which the proceeding is initiated, and a description of the product at issue;
- (t) documentation in writing of all advisory bodies' decisions or recommendations, including the basis for the decisions, and release of such written decisions to parties to the proceeding; all decisions or recommendations of any advisory body shall be placed in the administrative record and made available to parties to the proceeding; and
- (u) a standard of review to be applied by binational panels as set out in subparagraph (c) of the definition of "standard of review" in Annex 1911.

Schedule of the United States

1. The United States shall amend section 301 of the *Customs Courts Act of 1980*, as amended, and any other relevant provisions of law, to eliminate the authority to issue declaratory judgments in any civil action involving an antidumping or countervailing duty proceeding regarding a class or kind of Canadian or Mexican merchandise.
2. The United States shall amend section 405(a) of the *United States - Canada Free-Trade Agreement Implementation Act of 1988*, to provide that the interagency group

established under section 242 of the *Trade Expansion Act of 1962* shall prepare a list of individuals qualified to serve as members of binational panels, extraordinary challenge committees and special committees convened under this Chapter.

3. The United States shall amend section 405(b) of the *United States - Canada Free Trade Agreement Implementation Act of 1988*, to provide that panelists selected to serve on panels or committees convened pursuant to this Chapter, and individuals designated to assist such appointed individuals, shall not be considered employees of the United States.

4. The United States shall amend section 405(c) of the *United States - Canada Free Trade Agreement Implementation Act of 1988*, to provide that panelists selected to serve on panels or committees convened pursuant to this Chapter, and individuals designated to assist the individuals serving on such panels or committees, shall be immune from suit in legal process relating to acts performed by such individuals in their official capacity and within the scope of their functions as such panelists or committee members, except with respect to the violation of protective orders described in section 777f(d)(3) of the *Tariff Act of 1930*, as amended.

5. The United States shall amend section 405(d) of the *United States - Canada Free Trade Agreement Implementation Act of 1988*, to establish a United States Secretariat to facilitate the operation of this Chapter and the work of the binational panels, extraordinary challenge committees and special committees convened under this Chapter.

6. The United States shall amend section 407 of the *United States - Canada Free Trade Agreement Implementation Act of 1988*, to provide that an extraordinary challenge committee convened pursuant to Article 1904 and Annex 1904.13 shall have authority to obtain information in the event of an allegation that a member of a binational panel was guilty of gross misconduct, bias, or a serious conflict of interest, or otherwise materially violated the rules of conduct, and for the committee to summon the attendance of witnesses, order the taking of depositions and obtain the assistance of any district or territorial court of the United States in aid of the committee's investigation.

7. The United States shall amend section 408 of the *United States - Canada Free Trade Agreement Implementation Act of 1988*, to provide that, in the case of a final determination of a competent investigating authority of Mexico, as well as Canada, the filing with the United States Secretary of a request for binational panel review by a party described in Article 1904(5) shall be deemed, on receipt of the request by the Secretary to be a request for binational panel review within the meaning of Article 1904(4).



## Annex 1905.6

## Special Committee Procedures

The Parties shall establish rules of procedure by the date of entry into force of the Agreement in accordance with the following principles:

- (a) the procedures shall assure a right to at least one hearing before the special committee as well as the opportunity to provide initial and rebuttal written submissions;
- (b) the procedures shall assure that the special committee shall prepare an initial report typically within 60 days of the appointment of the last member, and shall afford the Parties 14 days to comment on that report prior to issuing a final report 30 days after presentation of the initial report;
- (c) the special committee's hearings, deliberations and initial report, and all written submissions to, and communications with, the special committee shall be confidential;
- (d) unless the Parties to the dispute otherwise agree, the decision of the special committee shall be published 10 days after it is transmitted to the disputing Parties, along with any separate opinions of individual members and any written views that either Party may wish to be published; and
- (e) unless the Parties to the dispute otherwise agree, meetings and hearings of the special committee shall take place at the office of the Section of the Secretariat of the Party complained against.

Annex 1911

Country-Specific Definitions

For purposes of this Chapter:

antidumping statute means:

- (a) in the case of Canada, the relevant provisions of the *Special Import Measures Act*, as amended, and any successor statutes;
- (b) in the case of the United States, the relevant provisions of Title VII of the *Tariff Act of 1930*, as amended, and any successor statutes;
- (c) in the case of Mexico, the relevant provisions of the *Foreign Trade Act Implementing Article 131 of the Constitution of the United Mexican States* ("Ley Reglamentaria del Artículo 131 de la Constitución Política de los Estados Unidos Mexicanos en Materia de Comercio Exterior"), as amended, and any successor statutes; and
- (d) the provisions of any other statute that provides for judicial review of final determinations under subparagraph (a), (b) or (c), or indicates the standard of review to be applied to such determinations;

competent investigating authority means:

- (a) in the case of Canada,
  - (i) the Canadian International Trade Tribunal, or its successor, or
  - (ii) the Deputy Minister of National Revenue for Customs and Excise as defined in the *Special Import Measures Act*, as amended, or the Deputy Minister's successor;
- (b) in the case of the United States,
  - (i) the International Trade Administration of the U.S. Department of Commerce, or its successor, or



- (ii) the U.S. International Trade Commission, or its successor; and
- (c) in the case of Mexico, the designated authority within the Secretariat of Trade and Industrial Development ("Secretaría de Comercio y Fomento Industrial"), or its successor;

**countervailing duty statute means:**

- (a) in the case of Canada, the relevant provisions of the *Special Import Measures Act*, as amended, and any successor statutes;
- (b) in the case of the United States, section 303 and the relevant provisions of Title VII of the *Tariff Act of 1930*, as amended, and any successor statutes;
- (c) in the case of Mexico, the relevant provisions of the *Foreign Trade Act Implementing Article 131 of the Constitution of the United Mexican States* ("Ley Reglamentaria del Artículo 131 de la Constitución Política de los Estados Unidos Mexicanos en Materia de Comercio Exterior"), as amended, and any successor statutes; and
- (d) the provisions of any other statute that provides for judicial review of the determinations under subparagraph (a), (b) or (c), or indicates the standard of review to be applied to such determinations;

**final determination means:**

- (a) in the case of Canada,
  - (i) an order or finding of the Canadian International Trade Tribunal under subsection 43(1) of the *Special Import Measures Act*,
  - (ii) an order by the Canadian International Trade Tribunal under subsection 76(4) of the *Special Import Measures Act*, as amended, continuing an order or finding made under subsection 43(1) of the *Act* with or without amendment,
  - (iii) a determination by the Deputy Minister of National Revenue for Customs and Excise pursuant to section 41 of the *Special Import Measures Act*, as amended,

- (iv) a re-determination by the Deputy Minister pursuant to section 59 of the *Special Import Measures Act*, as amended,
  - (v) a decision by the Canadian International Trade Tribunal pursuant to subsection 76(3) of the *Special Import Measures Act*, as amended, not to initiate a review,
  - (vi) a reconsideration by the Canadian International Trade Tribunal pursuant to subsection 91(3) of the *Special Import Measures Act*, as amended, and
  - (vii) a review by the Deputy Minister of an undertaking pursuant to subsection 53(1) of the *Special Import Measures Act*, as amended;
- (b) in the case of the United States,
- (i) a final affirmative determination by the International Trade Administration of the U.S. Department of Commerce or by the U.S. International Trade Commission under section 705 or 735 of the *Tariff Act of 1930*, as amended, including any negative part of such a determination,
  - (ii) a final negative determination by the International Trade Administration of the U.S. Department of Commerce or by the U.S. International Trade Commission under section 705 or 735 of the *Tariff Act of 1930*, as amended, including any affirmative part of such a determination,
  - (iii) a final determination, other than a determination in (iv), under section 751 of the *Tariff Act of 1930*, as amended,
  - (iv) a determination by the U.S. International Trade Commission under section 751(b) of the *Tariff Act of 1930*, as amended, not to review a determination based on changed circumstances, and
  - (v) a final determination by the International Trade Administration of the U.S. Department of Commerce as to whether a particular type of merchandise is within the class or kind of merchandise described in an existing finding of dumping or antidumping or countervailing duty order; and

- (c) in the case of Mexico,
- (i) a final resolution regarding antidumping or countervailing duties investigations by the Secretariat of Trade and Industrial Development ("Secretaría de Comercio y Fomento Industrial"), pursuant to Article 13 of the *Foreign Trade Act Implementing Article 131 of the Constitution of the United Mexican States* ("Ley Reglamentaria del Artículo 131 de la Constitución Política de los Estados Unidos Mexicanos en Materia de Comercio Exterior"), as amended,
  - (ii) a final resolution regarding an annual administrative review of antidumping or countervailing duties by the Secretariat of Trade and Industrial Development ("Secretaría de Comercio y Fomento Industrial"), as described in paragraph (o) of its Schedule to Annex 1904.15, and
  - (iii) a final resolution by the Secretariat of Trade and Industrial Development ("Secretaría de Comercio y Fomento Industrial") as to whether a particular type of merchandise is within the class or kind of merchandise described in an existing antidumping or countervailing duty resolution; and

**standard of review** means the following standards, as may be amended from time to time by the relevant Party:

- (a) in the case of Canada, the grounds set out in subsection 18.1(4) of the *Federal Court Act*, as amended, with respect to all final determinations;
- (b) in the case of the United States,
  - (i) the standard set out in section 516A(b)(1)(B) of the *Tariff Act of 1930*, as amended, with the exception of a determination referred to in (ii), and
  - (ii) the standard set out in section 516A(b)(1)(A) of the *Tariff Act of 1930*, as amended, with respect to a determination by the U.S. International Trade Commission not to initiate a review pursuant to section 751(b) of the *Tariff Act of 1930*, as amended; and

- (c) in the case of Mexico, the standard set out in Article 238 of the *Federal Fiscal Code* ("Código Fiscal de la Federación"), or any successor statutes, based solely on the administrative record.

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**Chapter Twenty**  
**Institutional Arrangements**  
**and Dispute Settlement Procedures**

**Section A - Institutions**

**Article 2001: The Free Trade Commission**

1. The Parties hereby establish the Free Trade Commission, comprising cabinet-level representatives of the Parties or their designees.
2. The Commission shall:
  - (a) supervise the implementation of this Agreement;
  - (b) oversee its further elaboration;
  - (c) resolve disputes that may arise regarding its interpretation or application;
  - (d) supervise the work of all committees and working groups established under this Agreement, referred to in Annex 2001.2; and
  - (e) consider any other matter that may affect the operation of this Agreement.
3. The Commission may:
  - (a) establish, and delegate responsibilities to, ad hoc or standing committees, working groups or expert groups;
  - (b) seek the advice of non-governmental persons or groups; and
  - (c) take such other action in the exercise of its functions as the Parties may agree.
4. The Commission shall establish its rules and procedures. All decisions of the Commission shall be taken by consensus, except as the Commission may otherwise agree.
5. The Commission shall convene at least once a year in regular session. Regular sessions of the Commission shall be chaired successively by each Party.

**Article 2002: The Secretariat**

1. The Commission shall establish and oversee a Secretariat comprising national Sections.
2. Each Party shall:
  - (a) establish a permanent office of its Section;
  - (b) be responsible for
    - (i) the operation and costs of its Section, and
    - (ii) the remuneration and payment of expenses of panelists and members of committees and scientific review boards established under this Agreement, as set out in Annex 2002.2;
  - (c) designate an individual to serve as Secretary for its Section, who shall be responsible for its administration and management; and
  - (d) notify the Commission of the location of its Section's office.
3. The Secretariat shall:
  - (a) provide assistance to the Commission;
  - (b) provide administrative assistance to
    - (i) panels and committees established under Chapter Nineteen (Review and Dispute Settlement in Antidumping and Countervailing Duty Matters), in accordance with the procedures established pursuant to Article 1908, and
    - (ii) panels established under this Chapter, in accordance with procedures established pursuant to Article 2012; and
  - (c) as the Commission may direct
    - (i) support the work of other committees and groups established under this Agreement, and
    - (ii) otherwise facilitate the operation of this Agreement.

## Section B - Dispute Settlement

### Article 2003: Cooperation

The Parties shall at all times endeavor to agree on the interpretation and application of this Agreement, and shall make every attempt through cooperation and consultations to arrive at a mutually satisfactory resolution of any matter that might affect its operation.

### Article 2004: Recourse to Dispute Settlement Procedures

Except for the matters covered in Chapter Nineteen (Review and Dispute Settlement in Antidumping and Countervailing Duty Matters) and as otherwise provided in this Agreement, the dispute settlement provisions of this Chapter shall apply with respect to the avoidance or settlement of all disputes between the Parties regarding the interpretation or application of this Agreement or wherever a Party considers that an actual or proposed measure of another Party is or would be inconsistent with the obligations of this Agreement or cause nullification or impairment in the sense of Annex 2004.

### Article 2005: GATT Dispute Settlement

1. Subject to paragraphs 2, 3 and 4, disputes regarding any matter arising under both this Agreement and the *General Agreement on Tariffs and Trade*, any agreement negotiated thereunder, or any successor agreement (GATT), may be settled in either forum at the discretion of the complaining Party.
2. Before a Party initiates a dispute settlement proceeding in the GATT against another Party on grounds that are substantially equivalent to those available to that Party under this Agreement, that Party shall notify any third Party of its intention. If a third Party wishes to have recourse to dispute settlement procedures under this Agreement regarding the matter, it shall inform promptly the notifying Party and those Parties shall consult with a view to agreement on a single forum. If those Parties cannot agree, the dispute normally shall be settled under this Agreement.
3. In any dispute referred to in paragraph 1 where the responding Party claims that its action is subject to Article 104 (Relation to Environmental and Conservation Agreements) and requests in writing that the matter be considered under this Agreement, the complaining Party may, in respect of that matter, thereafter have recourse to dispute settlement procedures solely under this Agreement.

4. In any dispute referred to in paragraph 1 that arises under Section B of Chapter Seven (Sanitary and Phytosanitary Measures) or Chapter Nine (Standards-Related Measures):

- (a) concerning a measure adopted or maintained by a Party to protect its human, animal or plant life or health, or to protect its environment, and
- (b) that raises factual issues concerning the environment, health, safety or conservation, including directly related scientific matters,

where the responding Party requests in writing that the matter be considered under this Agreement, the complaining Party may, in respect of that matter, thereafter have recourse to dispute settlement procedures solely under this Agreement.

5. The responding Party shall deliver a copy of a request made pursuant to paragraph 3 or 4 to the other Parties and to its Section of the Secretariat. Where the complaining Party has initiated dispute settlement proceedings regarding any matter subject to paragraph 3 or 4, the responding Party shall deliver its request no later than 15 days thereafter. On receipt of such request, the complaining Party shall promptly withdraw from participation in those proceedings and may initiate dispute settlement procedures under Article 2007.

6. Once dispute settlement procedures have been initiated under Article 2007 or dispute settlement proceedings have been initiated under the GATT, the forum selected shall be used to the exclusion of the other, unless a Party makes a request pursuant to paragraph 3 or 4.

7. For purposes of this Article, dispute settlement proceedings under the GATT are deemed to be initiated by a Party's request for a panel, such as under Article XXIII:2 of the *General Agreement on Tariffs and Trade 1947*, or for a committee investigation, such as under Article 20.1 of the Customs Valuation Code.

### *Consultations*

#### **Article 2006: Consultations**

1. Any Party may request in writing consultations with any other Party regarding an actual or proposed measure or any other matter that it considers might affect the operation of this Agreement.

2. The requesting Party shall deliver the request to the other Parties and to its Section of the Secretariat.



3. Unless the Commission otherwise provides in its rules and procedures established under Article 2001(4), a third Party that considers it has a substantial interest in the matter shall be entitled to participate in the consultations on delivery of written notice to the other Parties and to its Section of the Secretariat.

4. Consultations on matters regarding perishable agricultural goods shall commence within 15 days of the date of delivery of the request.

5. The consulting Parties shall make every attempt to arrive at a mutually satisfactory resolution of any matter through consultations under this Article or other consultative provisions of this Agreement. To this end, the consulting Parties shall:

- (a) provide sufficient information to enable a full examination of how the actual or proposed measure or other matter might affect the operation of this Agreement;
- (b) treat any confidential or proprietary information exchanged in the course of consultations on the same basis as the Party providing the information; and
- (c) seek to avoid any resolution that adversely affects the interests under this Agreement of any other Party.

*Initiation of Procedures*

**Article 2007: Commission - Good Offices, Conciliation and Mediation**

1. If the consulting Parties fail to resolve a matter pursuant to Article 2006 within:

- (a) 30 days of delivery of a request for consultations,
- (b) 45 days of delivery of such request if any other Party has subsequently requested or has participated in consultations regarding the same matter,
- (c) 15 days of delivery of a request for consultations in matters regarding perishable agricultural goods, or
- (d) such other period as they may agree,

any such Party may request in writing a meeting of the Commission.

2. A Party may also request in writing a meeting of the Commission where:

- (a) it has initiated dispute settlement proceedings under the GATT regarding any matter subject to Article 2005(3) or (4), and has received a request

pursuant to Article 2005(5) for recourse to dispute settlement procedures under this Chapter; or

- (b) consultations have been held pursuant to Article 513 (Working Group on Rules of Origin), Article 723 (Sanitary and Phytosanitary Measures - Technical Consultations) and Article 914 (Standards-Related Measures - Technical Consultations).

3. The requesting Party shall state in the request the measure or other matter complained of and indicate the provisions of this Agreement that it considers relevant, and shall deliver the request to the other Parties and to its Section of the Secretariat.

4. Unless it decides otherwise, the Commission shall convene within 10 days of delivery of the request and shall endeavor to resolve the dispute promptly.

5. The Commission may:

- (a) call on such technical advisers or create such working groups or expert groups as it deems necessary,
- (b) have recourse to good offices, conciliation, mediation or such other dispute resolution procedures, or
- (c) make recommendations,

as may assist the consulting Parties to reach a mutually satisfactory resolution of the dispute.

6. Unless it decides otherwise, the Commission shall consolidate two or more proceedings before it pursuant to this Article regarding the same measure. The Commission may consolidate two or more proceedings regarding other matters before it pursuant to this Article that it determines are appropriate to be considered jointly.

#### *Panel Proceedings*

#### **Article 2008: Request for an Arbitral Panel**

1. If the Commission has convened pursuant to Article 2007(4), and the matter has not been resolved within:

- procedures
- (a) 30 days thereafter,
- (b) 30 days after the Commission has convened in respect of the matter most recently referred to it, where proceedings have been consolidated pursuant to Article 2007(6), or
- (c) such other period as the consulting Parties may agree,

any consulting Party may request in writing the establishment of an arbitral panel. The requesting Party shall deliver the request to the other Parties and to its Section of the Secretariat.

2. On delivery of the request, the Commission shall establish an arbitral panel.

3. A third Party that considers it has a substantial interest in the matter shall be entitled to join as a complaining Party on delivery of written notice of its intention to participate to the disputing Parties and its Section of the Secretariat. The notice shall be delivered at the earliest possible time, and in any event no later than seven days after the date of delivery of a request by a Party for the establishment of a panel.

4. If a third Party does not join as a complaining Party in accordance with paragraph 3, it normally shall refrain thereafter from initiating or continuing:

- (a) a dispute settlement procedure under this Agreement, or
- (b) a dispute settlement proceeding in the GATT on grounds that are substantially equivalent to those available to that Party under this Agreement,

regarding the same matter in the absence of a significant change in economic or commercial circumstances.

5. Unless otherwise agreed by the disputing Parties, the panel shall be established and perform its functions in a manner consistent with the provisions of this Chapter.

#### Article 2009: Roster

1. The Parties shall establish by January 1, 1994 and maintain a roster of up to 30 individuals who are willing and able to serve as panelists. The roster members shall be appointed by consensus for terms of three years, and may be reappointed.

2. Roster members shall:

- (a) have expertise or experience in law, international trade, other matters covered by this Agreement or the resolution of disputes arising under international trade agreements, and shall be chosen strictly on the basis of objectivity, reliability and sound judgment;
- (b) be independent of, and not be affiliated with or take instructions from, any Party; and
- (c) comply with a code of conduct to be established by the Commission.

**Article 2010: Qualifications of Panelists**

- 1. All panelists shall meet the qualifications set out in Article 2009(2).
- 2. Individuals may not serve as panelists for a dispute in which they have participated pursuant to Article 2007(5).

**Article 2011: Panel Selection**

- 1. Where there are two disputing Parties, the following procedures shall apply:
  - (a) The panel shall comprise five members.
  - (b) The disputing Parties shall endeavor to agree on the chair of the panel within 15 days of the delivery of the request for the establishment of the panel. If the disputing Parties are unable to agree on the chair within this period, the disputing Party chosen by lot shall select within five days as chair an individual who is not a citizen of that Party.
  - (c) Within 15 days of selection of the chair, each disputing Party shall select two panelists who are citizens of the other disputing Party.
  - (d) If a disputing Party fails to select its panelists within such period, such panelists shall be selected by lot from among the roster members who are citizens of the other disputing Party.
- 2. Where there are more than two disputing Parties, the following procedures shall apply:
  - (a) The panel shall comprise five members.

- (b) The disputing Parties shall endeavor to agree on the chair of the panel within 15 days of the delivery of the request for the establishment of the panel. If the disputing Parties are unable to agree on the chair within this period, the Party or Parties on the side of the dispute chosen by lot shall select within 10 days a chair who is not a citizen of such Party or Parties.
- (c) Within 15 days of selection of the chair, the Party complained against shall select two panelists, one of whom is a citizen of a complaining Party, and the other of whom is a citizen of another complaining Party. The complaining Parties shall select two panelists who are citizens of the Party complained against.
- (d) If any disputing Party fails to select a panelist within such period, such panelist shall be selected by lot in accordance with the citizenship criteria of subparagraph (c).

3. Panelists shall normally be selected from the roster. Any disputing Party may exercise a peremptory challenge against any individual not on the roster who is proposed as a panelist by a disputing Party within 15 days after the individual has been proposed.

4. If a disputing Party believes that a panelist is in violation of the code of conduct, the disputing Parties shall consult and if they agree, the panelist shall be removed and a new panelist shall be selected in accordance with this Article.

#### Article 2012: Rules of Procedure

1. The Commission shall establish by January 1, 1994 Model Rules of Procedure, in accordance with the following principles:

- (a) the procedures shall assure a right to at least one hearing before the panel as well as the opportunity to provide initial and rebuttal written submissions; and
- (b) the panel's hearings, deliberations and initial report, and all written submissions to and communications with the panel shall be confidential.

2. Unless the disputing Parties otherwise agree, the panel shall conduct its proceedings in accordance with the Model Rules of Procedure.

3. Unless the disputing Parties otherwise agree within 20 days from the date of the delivery of the request for the establishment of the panel, the terms of reference shall be:

"To examine, in the light of the relevant provisions of the Agreement, the matter referred to the Commission (as set out in the request for a Commission meeting) and to make findings, determinations and recommendations as provided in Article 2016(2)."

4. If a complaining Party wishes to argue that a matter has nullified or impaired benefits, the terms of reference shall so indicate.

5. If a disputing Party wishes the panel to make findings as to the degree of adverse trade effects on any Party of any measure found not to conform with the obligations of the Agreement or to have caused nullification or impairment in the sense of Annex 2004, the terms of reference shall so indicate.

**Article 2013: Third Party Participation**

A Party that is not a disputing Party, on delivery of a written notice to the disputing Parties and to its Section of the Secretariat, shall be entitled to attend all hearings, to make written and oral submissions to the panel and to receive written submissions of the disputing Parties.

**Article 2014: Role of Experts**

On request of a disputing Party, or on its own initiative, the panel may seek information and technical advice from any person or body that it deems appropriate, provided that the disputing Parties so agree and subject to such terms and conditions as such Parties may agree.

**Article 2015: Scientific Review Boards**

1. On request of a disputing Party or, unless the disputing Parties disapprove, on its own initiative, the panel may request a written report of a scientific review board on any factual issue concerning environmental, health, safety or other scientific matters raised by a disputing Party in a proceeding, subject to such terms and conditions as such Parties may agree.

2. The board shall be selected by the panel from among highly qualified, independent experts in the scientific matters, after consultations with the disputing Parties and the scientific bodies set out in the Model Rules of Procedure established pursuant to Article 2012(1).

3. The participating Parties shall be provided:
  - (a) advance notice of, and an opportunity to provide comments to the panel on, the proposed factual issues to be referred to the board; and
  - (b) a copy of the board's report and an opportunity to provide comments on the report to the panel.
4. The panel shall take the board's report and any comments by the Parties on the report into account in the preparation of its report.

#### Article 2016: Initial Report

1. Unless the disputing Parties otherwise agree, the panel shall base its report on the submissions and arguments of the Parties and on any information before it pursuant to Article 2014 or 2015.
2. Unless the disputing Parties otherwise agree, the panel shall, within 90 days after the last panelist is selected or such other period as the Model Rules of Procedure established pursuant to Article 2012(1) may provide, present to the disputing Parties an initial report containing:
  - (a) findings of fact, including any findings pursuant to a request under Article 2012(5);
  - (b) its determination as to whether the measure at issue is or would be inconsistent with the obligations of this Agreement or cause nullification or impairment in the sense of Annex 2004, or any other determination requested in the terms of reference; and
  - (c) its recommendations, if any, for resolution of the dispute.
3. Panelists may furnish separate opinions on matters not unanimously agreed.
4. A disputing Party may submit written comments to the panel on its initial report within 14 days of presentation of the report.
5. In such an event, and after considering such written comments, the panel, on its own initiative or on the request of any disputing Party, may:
  - (a) request the views of any participating Party;

- (b) reconsider its report; and
- (c) make any further examination that it considers appropriate.

#### **Article 2017: Final Report**

1. The panel shall present to the disputing Parties a final report, including any separate opinions on matters not unanimously agreed, within 30 days of presentation of the initial report, unless the disputing Parties otherwise agree.
2. No panel may, either in its initial report or its final report, disclose which panelists are associated with majority or minority opinions.
3. The disputing Parties shall transmit to the Commission the final report of the panel, including any report of a scientific review board established under Article 2015, as well as any written views that a disputing Party desires to be appended, on a confidential basis within a reasonable period of time after it is presented to them.
4. Unless the Commission decides otherwise, the final report of the panel shall be published 15 days after it is transmitted to the Commission.

#### *Implementation of Panel Reports*

#### **Article 2018: Implementation of Final Report**

1. On receipt of the final report of a panel, the disputing Parties shall agree on the resolution of the dispute, which normally shall conform with the determinations and recommendations of the panel, and shall notify their Sections of the Secretariat of any agreed resolution of any dispute.
2. Wherever possible, the resolution shall be non-implementation or removal of a measure not conforming with this Agreement or causing nullification or impairment in the sense of Annex 2004 or, failing such a resolution, compensation.

#### **Article 2019: Non-Implementation - Suspension of Benefits**

1. If in its final report a panel has determined that a measure is inconsistent with the obligations of this Agreement or causes nullification or impairment in the sense of Annex 2004 and the Party complained against has not reached agreement with any complaining Party on a mutually satisfactory resolution pursuant to Article 2018(1) within 30 days of receiving the final report, such complaining Party may suspend the application to the



Party complained against of benefits of equivalent effect until such time as they have reached agreement on a resolution of the dispute.

2. In considering what benefits to suspend pursuant to paragraph 1:
  - (a) a complaining Party should first seek to suspend benefits in the same sector or sectors as that affected by the measure or other matter that the panel has found to be inconsistent with the obligations of this Agreement or to have caused nullification or impairment in the sense of Annex 2004; and
  - (b) a complaining Party that considers it is not practicable or effective to suspend benefits in the same sector or sectors may suspend benefits in other sectors.
3. On the written request of any disputing Party delivered to the other Parties and its Section of the Secretariat, the Commission shall establish a panel to determine whether the level of benefits suspended by a Party pursuant to paragraph 1 is manifestly excessive.
4. The panel proceedings shall be conducted in accordance with the Model Rules of Procedure. The panel shall present its determination within 60 days after the last panelist is selected or such other period as the disputing Parties may agree.

### **Section C - Domestic Proceedings and Private Commercial Dispute Settlement**

#### **Article 2020: Referrals of Matters from Judicial or Administrative Proceedings**

1. If an issue of interpretation or application of this Agreement arises in any domestic judicial or administrative proceeding of a Party that any Party considers would merit its intervention, or if a court or administrative body solicits the views of a Party, that Party shall notify the other Parties and its Section of the Secretariat. The Commission shall endeavor to agree on an appropriate response as expeditiously as possible.
2. The Party in whose territory the court or administrative body is located shall submit any agreed interpretation of the Commission to the court or administrative body in accordance with the rules of that forum.
3. If the Commission is unable to agree, any Party may submit its own views to the court or administrative body in accordance with the rules of that forum.

## Article 2021: Private Rights

No Party may provide for a right of action under its domestic law against any other Party on the ground that a measure of another Party is inconsistent with this Agreement.

## Article 2022: Alternative Dispute Resolution

1. Each Party shall, to the maximum extent possible, encourage and facilitate the use of arbitration and other means of alternative dispute resolution for the settlement of international commercial disputes between private parties in the free trade area.
2. To this end, each Party shall provide appropriate procedures to ensure observance of agreements to arbitrate and for the recognition and enforcement of arbitral awards in such disputes.
3. A Party shall be deemed to be in compliance with paragraph 2 if it is a party to and is in compliance with the 1958 *United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards* or the 1975 *Inter-American Convention on International Commercial Arbitration*.
4. The Commission shall establish an Advisory Committee on Private Commercial Disputes comprising persons with expertise or experience in the resolution of private international commercial disputes. The Committee shall report and provide recommendations to the Commission on general issues referred to it by the Commission respecting the availability, use and effectiveness of arbitration and other procedures for resolution of such disputes in the free trade area.

**Annex 2001.2**

**Committees and Working Groups**

**A. Committees:**

1. Committee on Trade in Goods (Article 316)
2. Committee on Trade in Worn Clothing (Annex 300-B, Section 9.1)
3. Committee on Agricultural Trade (Article 706)
  - Advisory Committee on Private Commercial Disputes Regarding Agricultural Goods (Article 707)
4. Committee on Sanitary and Phytosanitary Measures (Article 722)
5. Committee on Standards-Related Measures (Article 913)
  - Land Transportation Standards Subcommittee (Article 913(5))
  - Telecommunications Standards Subcommittee (Article 913(5))
  - Automotive Standards Council (Article 913(5))
  - Subcommittee on Labelling of Textile and Apparel Goods (Article 913(5))
6. Committee on Small Business (Article 1021)
7. Financial Services Committee (Article 1412)
8. Advisory Committee on Private Commercial Disputes (Article 2022(4))

**B. Working Groups:**

1. Working Group on Rules of Origin (Article 513)
  - Customs Subgroup (Article 513(6))
2. Working Group on Agricultural Subsidies (Article 705(6))
3. Bilateral Working Group (Mexico - United States) (Annex 703.2(A)(25))
4. Bilateral Working Group (Canada - Mexico) (Annex 703.2(B)(13))
5. Working Group on Trade and Competition (Article 1504)
6. Temporary Entry Working Group (Article 1605)

**C. Other Committees and Working Groups Established under this Agreement**

**Annex 2002.2**

**Remuneration and Payment of Expenses**

1. The Commission shall establish the amounts of remuneration and expenses that will be paid to the panelists, committee members and members of scientific review boards.
2. The remuneration of panelists or committee members and their assistants, members of scientific review boards, their travel and lodging expenses, and all general expenses of panels, committees or scientific review boards shall be borne equally by:
  - (a) in the case of panels or committees established under Chapter Nineteen (Review and Dispute Settlement in Antidumping and Countervailing Duty Matters), the involved Parties, as they are defined in Article 1911; or
  - (b) in the case of panels and scientific review boards established under this Chapter, the disputing Parties.
3. Each panelist or committee member shall keep a record and render a final account of the person's time and expenses, and the panel, committee or scientific review board shall keep a record and render a final account of all general expenses.

**Annex 2004**

**Nullification and Impairment**

1. If any Party considers that any benefit it could reasonably have expected to accrue to it under any provision of:

- (a) Part Two (Trade in Goods), except for those provisions of Annex 300-A (Automotive Sector) or Chapter Six (Energy) relating to investment,
- (b) Part Three (Technical Barriers to Trade),
- (c) Chapter Twelve (Cross-Border Trade in Services), or
- (d) Part Six (Intellectual Property),

is being nullified or impaired as a result of the application of any measure that is not inconsistent with this Agreement, the Party may have recourse to dispute settlement under this Chapter.

2. A Party may not invoke:

- (a) paragraph 1(a) or (b), to the extent that the benefit arises from any cross-border trade in services provision of Part Two or Three, or
- (b) paragraph 1(c) or (d),

with respect to any measure subject to an exception under Article 2101 (General Exceptions).

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**PART EIGHT  
OTHER PROVISIONS**

**Chapter Twenty-One**

**Exceptions**

**Article 2101: General Exceptions**

1. For purposes of:

- (a) Part Two (Trade in Goods), except to the extent that a provision of that Part applies to services or investment, and
- (b) Part Three (Technical Barriers to Trade), except to the extent that a provision of that Part applies to services,

GATT Article XX and its interpretative notes, or any equivalent provision of a successor agreement to which all Parties are party, are incorporated into and made part of this Agreement. The Parties understand that the measures referred to in GATT Article XX(b) include environmental measures necessary to protect human, animal or plant life or health, and that GATT Article XX(g) applies to measures relating to the conservation of living and non-living exhaustible natural resources.

2. Provided that such measures are not applied in a manner that would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail or a disguised restriction on trade between the Parties, nothing in:

- (a) Part Two (Trade in Goods), to the extent that a provision of that Part applies to services,
- (b) Part Three (Technical Barriers to Trade), to the extent that a provision of that Part applies to services,
- (c) Chapter Twelve (Cross-Border Trade in Services), and
- (d) Chapter Thirteen (Telecommunications),

shall be construed to prevent the adoption or enforcement by any Party of measures necessary to secure compliance with laws or regulations that are not inconsistent with the

provisions of this Agreement, including those relating to health and safety and consumer protection.

### Article 2102: National Security

1. Subject to Articles 607 (Energy - National Security Measures) and 1018 (Government Procurement - Exceptions), nothing in this Agreement shall be construed:

- (a) to require any Party to furnish or allow access to any information the disclosure of which it determines to be contrary to its essential security interests;
- (b) to prevent any Party from taking any actions that it considers necessary for the protection of its essential security interests
  - (i) relating to the traffic in arms, ammunition and implements of war and to such traffic and transactions in other goods, materials, services and technology undertaken directly or indirectly for the purpose of supplying a military or other security establishment,
  - (ii) taken in time of war or other emergency in international relations,
  - (iii) relating to the implementation of national policies or international agreements respecting the non-proliferation of nuclear weapons or other nuclear explosive devices; or
- (c) to prevent any Party from taking action in pursuance of its obligations under the United Nations Charter for the maintenance of international peace and security.

### Article 2103: Taxation

1. Except as set out in this Article, nothing in this Agreement shall apply to taxative measures.

2. Nothing in this Agreement shall affect the rights and obligations of any Party under any tax convention. In the event of any inconsistency between this Agreement and any such convention, that convention shall prevail to the extent of the inconsistency.



3. Notwithstanding paragraph 2:

- (a) Article 301 (Market Access - National Treatment) and such other provisions of this Agreement as are necessary to give effect to that Article shall apply to taxation measures to the same extent as does Article III of the GATT; and
- (b) Article 314 (Market Access - Export Taxes) and Article 604 (Energy - Export Taxes) shall apply to taxation measures.

4. Subject to paragraph 2:

- (a) Article 1202 (Cross-Border Trade in Services - National Treatment) and Article 1405 (Financial Services - National Treatment) shall apply to taxation measures on income, capital gains or the taxable capital of corporations, and to those taxes listed in paragraph 1 of Annex 2103.4, that relate to the purchase or consumption of particular services, and
- (b) Articles 1102 and 1103 (Investment - National Treatment and Most-Favored Nation Treatment), Articles 1202 and 1203 (Cross-Border Trade in Services - National Treatment and Most-Favored-Nation Treatment) and Articles 1405 and 1406 (Financial Services - National Treatment and Most-Favored-Nation Treatment) shall apply to all taxation measures, other than those on income, capital gains or on the taxable capital of corporations, taxes on estates, inheritances, gifts and generation-skipping transfers and those taxes listed in paragraph 1 of Annex 2103.4,

except that nothing in those Articles shall apply

- (c) any most-favored-nation obligation with respect to an advantage accorded by a Party pursuant to a tax convention,
- (d) to a non-conforming provision of any existing taxation measure,
- (e) to the continuation or prompt renewal of a non-conforming provision of any existing taxation measure,
- (f) to an amendment to a non-conforming provision of any existing taxation measure to the extent that the amendment does not decrease its conformity, at the time of the amendment, with any of those Articles,
- (g) to any new taxation measure aimed at ensuring the equitable and effective imposition or collection of taxes and that does not arbitrarily discriminate

between persons, goods or services of the Parties or arbitrarily nullify or impair benefits accorded under those Articles, in the sense of Annex 2004, or

(h) to the measures listed in paragraph 2 of Annex 2103.4.

5. Subject to paragraph 2 and without prejudice to the rights and obligations of the Parties under paragraph 3, Article 1106(3), (4) and (5) (Performance Requirements) shall apply to taxation measures.

6. Article 1110 (Expropriation and Compensation) shall apply to taxation measures except that no investor may invoke that Article as the basis for a claim under Article 1116 (Claim by an Investor of a Party on its Own Behalf) or 1117 (Claim by an Investor of a Party on Behalf of an Enterprise), where it has been determined pursuant to this paragraph that the measure is not an expropriation. The investor shall refer the issue of whether the measure is not an expropriation for a determination to the appropriate competent authorities set out in Annex 2103.6 at the time that it gives notice under Article 1119 (Notice of Intent to Submit a Claim to Arbitration). If the competent authorities do not agree to consider the issue or, having agreed to consider it, fail to agree that the measure is not an expropriation within a period of six months of such referral, the investor may submit its claim to arbitration under Article 1120 (Submission of a Claim to Arbitration).

#### Article 2104: Balance of Payments

1. Nothing in this Agreement shall be construed to prevent a Party from adopting or maintaining measures that restrict transfers where the Party experiences serious balance of payments difficulties, or the threat thereof, and such restrictions are consistent with paragraphs 2 through 4 and are:

- (a) consistent with paragraph 5 to the extent they are imposed on transfers other than cross-border trade in financial services; or
- (b) consistent with paragraphs 6 and 7 to the extent they are imposed on cross-border trade in financial services.

#### General Rules

2. As soon as practicable after a Party imposes a measure under this Article, the Party shall:

- (a) submit any current account exchange restrictions to the IMF for review under Article VIII of the Articles of Agreement of the IMF;

- (b) enter into good faith consultations with the IMF on economic adjustment measures to address the fundamental underlying economic problems causing the difficulties; and
- (c) adopt or maintain economic policies consistent with such consultations.

3. A measure adopted or maintained under this Article shall:

- (a) avoid unnecessary damage to the commercial, economic or financial interests of another Party;
- (b) not be more burdensome than necessary to deal with the balance of payments difficulties or threat thereof;
- (c) be temporary and be phased out progressively as the balance of payments situation improves;
- (d) be consistent with paragraph 2(c) and with the Articles of Agreement of the IMF; and
- (e) be applied on a national treatment or most-favored-nation treatment basis, whichever is better.

4. A Party may adopt or maintain a measure under this Article that gives priority to services that are essential to its economic program, provided that a Party may not impose a measure for the purpose of protecting a specific industry or sector unless the measure is consistent with paragraph 2(c) and with Article VIII(3) of the Articles of Agreement of the IMF.

*Restrictions on Transfers Other than Cross-Border Trade in Financial Services*

5. Restrictions imposed on transfers, other than on cross-border trade in financial services:

- (a) where imposed on payments for current international transactions, shall be consistent with Article VIII(3) of the Articles of Agreement of the IMF;
- (b) where imposed on international capital transactions, shall be consistent with Article VI of the Articles of Agreement of the IMF and be imposed only in conjunction with measures imposed on current international transactions under paragraph 2(a);

- (c) where imposed on transfers covered by Article 1109 (Investment - Transfers) and transfers related to trade in goods, may not substantially impede transfers from being made in a freely usable currency at a market rate of exchange; and
- (d) may not take the form of tariff surcharges, quotas, licenses or similar measures.

*Restrictions on Cross-Border Trade in Financial Services*

- 6. A Party imposing a restriction on cross-border trade in financial services:
  - (a) may not impose more than one measure on any transfer, unless consistent with paragraph 2(c) and with Article VIII(3) of the Articles of Agreement of the IMF; and
  - (b) shall promptly notify and consult with the other Parties to assess the balance of payments situation of the Party and the measures it has adopted, taking into account among other elements
    - (i) the nature and extent of the balance of payments difficulties of the Party,
    - (ii) the external economic and trading environment of the Party, and
    - (iii) alternative corrective measures that may be available.
- 7. In consultations under paragraph 6(b), the Parties shall:
  - (a) consider if measures adopted under this Article comply with paragraph 3, particular paragraph 3(c); and
  - (b) accept all findings of statistical and other facts presented by the IMF relating to foreign exchange, monetary reserves and balance of payments, and shall base their conclusions on the assessment by the IMF of the balance of payments situation of the Party adopting the measures.

**Article 2105: Disclosure of Information**

Nothing in this Agreement shall be construed to require a Party to furnish or allow access to information the disclosure of which would impede law enforcement or would be

contrary to the Party's law protecting personal privacy or the financial affairs and accounts of individual customers of financial institutions.

#### Article 2106: Cultural Industries

Annex 2106 applies to the Parties specified in that Annex with respect to cultural industries.

#### Article 2107: Definitions

For purposes of this Chapter:

**cultural industries** means persons engaged in any of the following activities:

- (a) the publication, distribution, or sale of books, magazines, periodicals or newspapers in print or machine readable form but not including the sole activity of printing or typesetting any of the foregoing;
- (b) the production, distribution, sale or exhibition of film or video recordings;
- (c) the production, distribution, sale or exhibition of audio or video music recordings;
- (d) the publication, distribution or sale of music in print or machine readable form; or
- (e) radiocommunications in which the transmissions are intended for direct reception by the general public, and all radio, television and cable broadcasting undertakings and all satellite programming and broadcast network services;

**international capital transactions** means "international capital transactions" as defined under the Articles of Agreement of the IMF;

**IMF** means the International Monetary Fund;

**payments for current international transactions** means "payments for current international transactions" as defined under the Articles of Agreement of the IMF;

**tax convention** means a convention for the avoidance of double taxation or other international taxation agreement or arrangement;

**taxes and taxation measures do not include:**

- (a) a "customs duty" as defined in Article 318 (Market Access - Definitions) or
- (b) the measures listed in exceptions (b), (c), (d) and (e) of that definition;

**transfers** means international transactions and related international transfers and payments.

1.  
Asset  
2.  
premium  
United

**Annex 2103.4**

**Specific Taxation Measures**

1. For purposes of Article 2103(4)(a) and (b), the listed tax is the asset tax under the *Asset Tax Law* ("Ley del Impuesto al Activo") of Mexico.
2. For purposes of Article 2103(4)(h), the listed tax is any excise tax on insurance premiums adopted by Mexico to the extent that such tax would, if levied by Canada or the United States, be covered by Article 2103(4)(d), (e) or (f).

**Annex 2103.6**

**Competent Authorities**

For purposes of this Chapter:

**competent authority means**

- (a) in the case of Canada, the Assistant Deputy Minister for Tax Policy, Department of Finance;
- (b) in the case of Mexico, the Deputy Minister of Revenue of the Ministry of Finance and Public Credit ("Secretaría de Hacienda y Crédito Público"); and
- (c) in the case of the United States, the Assistant Secretary of the Treasury (Tax Policy), Department of the Treasury.

United  
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States  
Party  
and th



**Annex 2106**

**Cultural Industries**

Notwithstanding any other provision of this Agreement, as between Canada and the United States, any measure adopted or maintained with respect to cultural industries, except as specifically provided in Article 302 (Market Access - Tariff Elimination), and any measure of equivalent commercial effect taken in response, shall be governed under this Agreement exclusively in accordance with the provisions of the *Canada - United States Free Trade Agreement*. The rights and obligations between Canada and any other Party with respect to such measures shall be identical to those applying between Canada and the United States.

Policy,

Ministry of  
"Público");

Treasury

## Chapter Twenty-Two

### Final Provisions

#### Article 2201: Annexes

The Annexes to this Agreement constitute an integral part of this Agreement.

#### Article 2202: Amendments

1. The Parties may agree on any modification of or addition to this Agreement.
2. When so agreed, and approved in accordance with the applicable legal procedures of each Party, a modification or addition shall constitute an integral part of this Agreement.

#### Article 2203: Entry into Force

This Agreement shall enter into force on January 1, 1994, on an exchange of written notifications certifying the completion of necessary legal procedures.

#### Article 2204: Accession

1. Any country or group of countries may accede to this Agreement subject to such terms and conditions as may be agreed between such country or countries and the Commission and following approval in accordance with the applicable legal procedures of each country.
2. This Agreement shall not apply as between any Party and any acceding country or group of countries if, at the time of accession, either does not consent to such application.

#### Article 2205: Withdrawal

A Party may withdraw from this Agreement six months after it provides written notice of withdrawal to the other Parties. If a Party withdraws, the Agreement shall remain in force for the remaining Parties.

**Article 2206: Authentic Texts**

The English, French and Spanish texts of this Agreement are equally authentic.

**IN WITNESS WHEREOF**, the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

DON  
Ottaw  
Mexi  
Wash  
FAI  
Ottaw  
Mexi  
Wash  
HEC  
Ottaw  
Mexi  
Wash

DONE in triplicate at

Ottawa,	on the 11th	day and the 17th	day of December 1992,
Mexico, D.F.,	on the 14th	day and the 17th	day of December 1992,
Washington, D.C.,	on the 8th	day and the 17th	day of December 1992.

FAIT en trois exemplaires à

Ottawa,	le 11ième	jour et le 17ième	jour de décembre 1992,
Mexico, D.F.,	le 14ième	jour et le 17ième	jour de décembre 1992,
Washington, D.C.,	le 8ième	jour et le 17ième	jour de décembre 1992.

HECHO en tres originales en

Ottawa,	a los 11	días y a los 17	días de diciembre 1992,
Mexico, D.F.,	a los 14	días y a los 17	días de diciembre 1992,
Washington, D.C.,	a los 8	días y a los 17	días de diciembre 1992.

FOR THE GOVERNMENT OF CANADA  
POUR LE GOUVERNEMENT DU CANADA  
POR EL GOBIERNO DE CANADÁ

FOR THE GOVERNMENT OF THE UNITED MEXICAN STATES  
POUR LE GOUVERNEMENT DES ÉTATS-UNIS MEXICAINS  
POR EL GOBIERNO DE LOS ESTADOS UNIDOS MEXICANOS

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
POUR LE GOUVERNEMENT DES ÉTATS-UNIS D'AMÉRIQUE  
POR EL GOBIERNO DE LOS ESTADOS UNIDOS DE AMÉRICA

## NOTES

1. **Article 201 (Definitions of General Application):** A good of a Party may include materials of other countries.
2. **Article 301 (Market Access - National Treatment):** "goods of the Party" as used in paragraph 2 includes goods produced in the state or province of that Party.
3. **Article 302(1) (Tariff Elimination):** this paragraph is not intended to prevent any Party from modifying its non-NAFTA tariffs on originating goods for which no NAFTA tariff preference is claimed.
4. **Article 302(1):** this paragraph does not prohibit a Party from raising a tariff back to an agreed level in accordance with the NAFTA's phase-out schedule following a unilateral reduction.
5. **Article 302(1) and (2):** paragraphs 1 and 2 are not intended to prevent a Party from maintaining or increasing a customs duty as may be authorized by any dispute settlement provision of the GATT or any agreement negotiated under the GATT.
6. **Article 303 (Restriction on Drawback and Duty Deferral):** in applying the definition of "used" in Article 415 to this Article, the definition of "consumed" in Article 318 shall not apply.
7. **Article 305(2)(d) (Temporary Admission of Goods):** where another form of monetary security is used, it shall not be more burdensome than the bonding requirement referred to in this subparagraph. Where a Party uses a non-monetary form of security, it shall not be more burdensome than existing forms of security used by that Party.
8. **Article 307(1) (Goods Re-Entered after Repair or Alteration):** this paragraph does not cover goods imported in bond, into foreign-trade zones or in similar status, that are exported for repairs and are not re-imported in bond, into foreign-trade zones or in similar status.
9. **Article 307(1):** for purposes of this paragraph, alteration includes laundering used textile and apparel goods and sterilizing previously sterilized textile and apparel goods.
10. **Article 318 (Market Access - Definitions):** 10-digit items set out in the Tariff Schedule of Canada are included for statistical purposes only.

11. **Article 318:** with respect to the definition of "repair or alteration", an operation or process that is part of the production or assembly of an unfinished good into a finished good is not a repair or alteration of the unfinished good; a component of a good is a good that may be subject to repair or alteration.

12. **Annex 300-A (Trade and Investment in the Automotive Sector), Appendix 300-A.1 - Canada:** paragraphs 1 and 2 shall not be construed to modify the rights and obligations set out in Chapter Ten of the *Canada - United States Free Trade Agreement*, except that the NAFTA rules of origin shall replace the *Canada - United States Free Trade Agreement* rules of origin for purposes of Article 1005(1).

13. **Annex 300-A, Appendix 300-A.2 - Mexico:** citations to the Auto Decree and the Auto Decree Implementing Regulations included in parentheses are provided for purposes of reference only.

14. **Annex 300-B (Textile and Apparel Goods), Section 1 (Scope and Coverage):** the general provisions of Chapter Two (Definitions), Chapter Three (Market Access), Chapter Four (Rules of Origin) and Chapter Eight (Emergency Action) are subject to the specific rules for textiles and apparel goods set out in the Annex.

15. **Annex 300-B, Section 2 (Tariff Elimination):** with respect to paragraph 1, "as otherwise provided in this Agreement" refers to such provisions as Section 4, Article 301 (Global Actions) and Chapter 22 (General Exceptions).

16. **Annex 300-B, Sections 4 (Bilateral Emergency Actions (Tariff Actions)) and 5 (Bilateral Emergency Actions (Quantitative Restrictions)):** for purposes of Sections 4 and 5:

- (a) "increased quantities" is intended to be interpreted more broadly than the standard provided in Article 801(1), which considers imports "in absolute terms" only. For purposes of these Sections, "increased quantities" is intended to be interpreted in the same manner as this standard is interpreted in the draft Agreement on Textiles and Clothing, contained in the *Draft Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations* (GATT document MTN.TNC/W/FA) issued by the Director-General of the GATT on December 20, 1991 ("Draft Uruguay Round Agreement on Textiles and Clothing"); and
- (b) "serious damage" is intended as a less stringent standard than "serious injury" under Article 801(1). The "serious damage" standard is drawn from the Draft Uruguay Round Agreement on Textiles and Clothing. The factors to be considered in determining whether the standard has been met are set out in Section 4.2 and are also drawn from that Draft. "Serious

damage" is to be interpreted in the light of its meaning in Annex A of the Multifiber Arrangement or any successor agreement.

17. **Annex 300-B, Section 5:** in paragraph 5(c), the term "equitable treatment" is intended to have the same meaning as it has in customary practice under the Multifiber Arrangement.

18. **Annex 300-B, Section 7, paragraph 1(c) (Review and Revision of Rules of Origin):** for subheading 6212.10, the rule and paragraph 1 shall not be applied if the Parties agree, prior to entry into force of this Agreement, on measures to ease the administrative burden and reduce costs associated with the application of the rule for headings 62.06 through 62.11 to the apparel in subheading 6212.10.

19. **Annex 300-B, Section 7, paragraph (2)(d)(ii):** with respect to provisions (a) through (i) of the rule for subheadings 6205.20 through 6205.30, prior to the entry into force of this Agreement the Parties will extend cooperation as necessary in an effort to encourage production in the free trade area of shirting fabrics specifically identified in the rule.

20. **Annex 300-B, Appendix 3.1, paragraph 17 (Administration of Import and Export Prohibitions, Restrictions and Consultation Levels):** for purposes of applying paragraph 17, the determination of the component that determines the tariff classification of the good shall be based on GRI 3(b) of the Harmonized System, and if the component cannot be determined on the basis of GRI 3(b), then the determination will be based on GRI 3(c) or, if GRI 3(c) is inapplicable, GRI 4. When the component that determines the tariff classification is a blend of two or more yarns or fibers, all yarns and, where applicable, fibers, in that component are to be considered.

21. **Annex 300-B, Schedule 3.1.3. (Conversion Factors):** the conversion factors in this Schedule are those used for imports into the United States. Canada and Mexico may by mutual agreement develop their own conversion factors for trade between them.

22. **Article 401 (Originating Goods):** the phrase "specifically describes" is intended solely to prevent Article 401(d) from being used to qualify a part of another part, where the heading or subheading covers the final good, the part made from the other part and the other part.

23. Article 402 (Regional Value Content):

- (a) Article 402(4) applies to intermediate materials, and VNM in paragraphs 1 and 3 does not include
  - (i) the value of any non-originating materials used by another producer to produce an originating material that is subsequently acquired and used in the production of the good by the producer of the good;
  - (ii) the value of non-originating materials used by the producer to produce an originating self-produced material that is designated by the producer as an intermediate material pursuant to Article 402(1);
- (b) with respect to paragraph 4, where an originating intermediate material is subsequently used by the producer with non-originating materials (whether or not produced by the producer) to produce the good, the value of such non-originating materials shall be included in the VNM of the good;
- (c) with respect to paragraph 8, sales promotion, marketing and after-sales service costs, royalties, shipping and packing costs, and non-allowable interest costs included in the value of materials used in the production of a good are not subtracted out of the net cost in the calculation under Article 402(3);
- (d) with respect to paragraph 10, an intermediate material used by another producer in the production of a material that is subsequently acquired and used by the producer of the good shall not be taken into account in applying the proviso set out in that paragraph, except where two or more producers accumulate their production under Article 404;
- (e) with respect to paragraph 10, if a producer designates a self-produced material as an originating intermediate material and the Customs Administration of the importing Party subsequently determines that the intermediate material is not originating, the producer may rescind the designation and recalculate the value content of the good accordingly; in such a case, the producer shall retain its rights of appeal or review with regard to the determination of the origin of the intermediate material;
- (f) under paragraph 4, with respect to any self-produced material that is not designated as an intermediate material, only the value of non-originating materials used to produce the self-produced material shall be included in the VNM of the good.



24. **Article 403 (Automotive Goods):**

- (a) for purposes of paragraph 1, "first person in the territory of a Party" means the first person who uses the imported good in production or resells the imported good; and
- (b) for purposes of paragraph 2,
- (i) a producer may not designate as an intermediate material any assembly, including a component identified in Annex 403.2, containing one or more of the materials listed in Annex 403.2, and
  - (ii) a producer of a material listed in Annex 403.2 may designate a self-produced material used in the production of that material as an intermediate material, in accordance with the provisions of Article 402(10).

25. **Article 405(6) (De Minimis):** for purposes of applying paragraph 6, the determination of the component that determines the tariff classification of the good shall be based on GRI 3(b) of the Harmonized System. If the component cannot be determined on the basis of GRI 3(b), then the determination will be based on GRI 3(c) or, if GRI 3(c) is inapplicable, GRI 4. When the component that determines the tariff classification is a blend of two or more yarns or fibers, all yarns and, where applicable, fibers, in that component are to be taken into account.

26. **Article 413 (Interpretation and Application):** the rules of origin under Chapter Four are based on the 1992 Harmonized System, amended by the new tariff items created for rules of origin purposes.

27. **Article 415 (Rules of Origin - Definitions):** the phrase "except for the application of Article 403(1) or 403(2)(a)" in the definition of "transaction value" is intended solely to ensure that the determination of transaction value in the context of Article 403(1) or (2)(a) shall not be limited to the transaction of the producer of the good.

28. **Article 514 (Customs Procedures - Definitions):** the Uniform Regulations will clarify that "determination of origin" includes a denial of preferential tariff treatment under Article 506(4), and that such denial is subject to review and appeal.

29. **Article 603, paragraphs 1 through 5 (Energy - Import and Export Restrictions):** these paragraphs shall be interpreted consistently with Article 309 (Import and Export Restrictions).

30. **Article 703 (Agriculture - Market Access):** the most-favored-nation rate as of July 1, 1991 is the over-quota tariff rate specified in Annex 302.2.

31. **Annex 703.2, Section A (Mexico and the United States):** this quota replaces Mexico's current access under the "first tier" of the U.S. tariff rate quota as described in Additional Note 3(b)(i) of Chapter 17 of the Harmonized Tariff Schedule of the United States prior to the date of entry into force of this Agreement.

32. **Annex 703.2, Section A (Mexico and the United States):** the United States operates a re-export program under Additional U.S. Note 3 to Chapter 17 of the U.S. Harmonized Tariff Schedule and under 7 C.F.R. Part 1530 (subparts A and B).

33. **Annex 703.2, Section B (Canada and Mexico):** the incorporation in paragraph 1 is not intended to override the exceptions to Articles 301 and 309 set out in Canada's and Mexico's respective Schedules to Annex 301.3.

34. **Article 906(4) and (6) (Compatibility and Equivalence):** these paragraphs are not intended to restrict the right of the importing Party to revise its measures.

35. **Article 908(2) (Conformity Assessment):** this paragraph does not treat the issue of membership in the Parties' respective conformity assessment bodies.

36. **Article 915 (Standards-Related Measures - Definitions):** the definition of "standard" shall be interpreted to mean --

- (a) characteristics for a good or a service,
- (b) characteristics, rules or guidelines for
  - (i) processes or production methods relating to such good, or
  - (ii) operating methods relating to such service, and
- (c) provisions specifying terminology, symbols, packaging, marking or labelling for
  - (i) a good or its related process or production method, or
  - (ii) a service or its related operating method,

for common and repeated use, including explanatory and other related provisions, set out in a document approved by a standardizing body, with which compliance is not mandatory.

37. **Article 915:** the definition of "technical regulation" shall be interpreted to mean --

- (a) characteristics or their related processes and production methods for a good,
- (b) characteristics for a service or its related operating methods, or
- (c) provisions specifying terminology, symbols, packaging, marking, or labelling for
  - (i) a good or its related process or production method, or
  - (ii) a service or its related operating method,

set out in a document, including applicable administrative, explanatory and other related provisions, with which compliance is mandatory.

38. **Annex 1001.2c (Country Specific Thresholds):** Canada and the United States will consult regarding this Annex before the entry into force of this Agreement.

39. **Article 1101 (Investment - Scope and Coverage):** this Chapter covers investments existing on the date of entry into force of this Agreement as well as investments made or acquired thereafter.

40. **Article 1101(2) and Annex 602.3:** to the extent that a Party allows an investment to be made in an activity set out in Annex III or Annex 602.3, the investment shall be entitled to the protection of Chapter Eleven (Investment).

41. **Article 1106 (Performance Requirements):** Article 1106 does not preclude enforcement of any commitment, undertaking or requirement between private parties.

42. **Article 1305 (Monopolies):** for purposes of this Article, "monopoly" means an entity, including a consortium or government agency, that in any relevant market in the territory of a Party is maintained or designated as the sole provider of public telecommunications transport networks or services.

43. **Article 1501 (Competition Law):** no investor may have recourse to investor-state arbitration under the Investment Chapter for any matter arising under this Article.

44. **Article 1502 (Monopolies and State Enterprises):** nothing in this Article shall be construed to prevent a monopoly from charging different prices in different geographic markets, where such differences are based on normal commercial considerations, such as taking account of supply and demand conditions in those markets.

45. **Article 1502(3):** a "delegation" includes a legislative grant, and a government order, directive or other act transferring to the monopoly, or authorizing the exercise by the monopoly of, governmental authority.

46. **Article 1502(3)(b):** differences in pricing between classes of customers, between affiliated and non-affiliated firms, and cross-subsidization are not in themselves inconsistent with this provision; rather, they are subject to this subparagraph when they are used as instruments of anticompetitive behavior by the monopoly firm.

47. **Article 2005(2) (GATT Dispute Settlement):** this obligation is not intended to be subject to dispute settlement under this Chapter.

## Annex 401<sup>1</sup>

### Specific Rules of Origin

#### Section A - General Interpretative Note

For purposes of interpreting the rules of origin set out in this Annex:

- (a) the specific rule, or specific set of rules, that applies to a particular heading, subheading or tariff item is set out immediately adjacent to the heading, subheading or tariff item;
- (b) a rule applicable to a tariff item shall take precedence over a rule applicable to the heading or subheading which is parent to that tariff item;
- (c) a requirement of a change in tariff classification applies only to non-originating materials;
- (d) reference to weight in the rules for goods provided for in Chapter 1 through 24 of the Harmonized System means dry weight unless otherwise specified in the Harmonized System;
- (e) paragraph 1 of Article 405 (De Minimis) does not apply to:
  - (i) certain non-originating materials used in the production of goods provided for in the following tariff provisions: Chapter 4 of the Harmonized System, heading 15.01 through 15.08, 15.12, 15.14, 15.15 or 17.01 through 17.03, subheading 1806.10, tariff item 1901.10.aa (infant preparations containing over 10 percent by weight of milk solids), 1901.20.aa (mixes and doughs, containing over 25 percent by weight of butterfat, not put up for retail sale) or 1901.90.aa (dairy preparations containing over 10 percent by weight of milk solids), subheading 2009.11 through 2009.30 or 2009.90, heading 21.05, tariff item 2101.10.aa (instant coffee, not flavored), 2106.90.bb (concentrated fruit or vegetable juice of any single fruit or vegetable, fortified with minerals or vitamins), 2106.90.cc (concentrated mixtures of fruit or vegetable juice, fortified with minerals or vitamins), 2106.90.dd (preparations containing over 10 percent by weight of milk solids), 2202.90.aa (fruit or vegetable juice of any single fruit or vegetable, fortified with minerals or

The new tariff items created for purposes of Chapter Four are shown in the table following Section B.

vitamins), 2202.90.bb (mixtures of fruit or vegetable juices, fortified with minerals or vitamins) or 2202.90.cc (beverages containing milk), heading 22.07 through 22.08, tariff item 2309.90.aa (animal feeds containing over 10 percent by weight of milk solids) or 7321.11.aa (gas stove or range), subheading 8415.10, 8415.81 through 8415.83, 8418.10 through 8418.21, 8418.29 through 8418.40, 8421.12, 8422.11, 8450.11 through 8450.20 or 8451.21 through 8451.29, Mexican tariff item 8479.82.aa (trash compactors), Canadian or U.S. tariff item 8479.89.aa (trash compactors), or tariff item 8516.60.aa (electric stove or range).

- (ii) a printed circuit assembly that is a non-originating material used in the production of a good where the applicable change in tariff classification for the good places restrictions on the use of such non-originating material, and
  - (iii) a non-originating material used in the production of a good provided for in Chapter 1 through 27 of the Harmonized System unless the non-originating material is provided for in a different subheading than the good for which origin is being determined;
- (f) paragraph 6 of Article 405 (De Minimis) applies to a good provided for in Chapter 50 through 63; and
- (g) the following definitions apply:

**chapter** means a chapter of the Harmonized System;

**heading** means the first four digits in the tariff classification number under the Harmonized System;

**section** means a section of the Harmonized System;

**subheading** means the first six digits in the tariff classification number under the Harmonized System; and

**tariff item** means the first eight digits in the tariff classification number under the Harmonized System as implemented by each Party.

## Section B - Specific Rules of Origin

### Section I - Live Animals; Animal Products (Chapter 1-5)

#### Chapter 1 Live Animals

01.01-01.06 A change to heading 01.01 through 01.06 from any other chapter.

#### Chapter 2 Meat and Edible Meat Offal

02.01-02.10 A change to heading 02.01 through 02.10 from any other chapter.

#### Chapter 3 Fish and Crustaceans, Molluscs and Other Aquatic Invertebrates

03.01-03.07 A change to heading 03.01 through 03.07 from any other chapter.

#### Chapter 4 Dairy Produce; Birds' Eggs; Natural Honey; Edible Products of Animal Origin, Not Elsewhere Specified or Included

04.01-04.10 A change to heading 04.01 through 04.10 from any other chapter, except from Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.30A, 1901.90.30B, 1901.90.30C, 1901.90.30D, 1901.90.30E, 1901.90.40A, 1901.90.40B, 1901.90.40C, 1901.90.40D, 1901.90.80A, 1901.90.80B, 1901.90.80C, 1901.90.80D, 1901.90.80E, 1901.90.80F or 1901.90.80G or Mexican tariff item 1901.90.03.

#### Chapter 5 Products of Animal Origin, Not Elsewhere Specified or Included

05.01-05.11 A change to heading 05.01 through 05.11 from any other chapter.

### Section II - Vegetable Products (Chapter 6-14)

Note: *Agricultural and horticultural goods grown in the territory of a Party shall be treated as originating in the territory of that Party even if grown from seed, bulbs, rootstock, cuttings, slips or other live parts of plants imported from a non-Party.*

#### Chapter 6 Live Trees and Other Plants; Bulbs, Roots and the Like; Cut Flowers and Ornamental Foliage

06.01-06.04 A change to heading 06.01 through 06.04 from any other chapter.

<b>Chapter 7</b>	<b>Edible Vegetables and Certain Roots and Tubers</b>
07.01-07.14	A change to heading 07.01 through 07.14 from any other chapter.
<b>Chapter 8</b>	<b>Edible Fruit and Nuts; Peel of Citrus Fruit or Melons</b>
08.01-08.14	A change to heading 08.01 through 08.14 from any other chapter.
<b>Chapter 9</b>	<b>Coffee, Tea, Maté and Spices</b>
09.01-09.10	A change to heading 09.01 through 09.10 from any other chapter.
<b>Chapter 10</b>	<b>Cereals</b>
10.01-10.08	A change to heading 10.01 through 10.08 from any other chapter.
<b>Chapter 11</b>	<b>Products of the Milling Industry; Malt; Starches; Inulin; Wheat Gluten</b>
11.01-11.09	A change to heading 11.01 through 11.09 from any other chapter.
<b>Chapter 12</b>	<b>Oil Seeds and Oleaginous Fruits; Miscellaneous Grains, Seeds and Fruit; Industrial or Medicinal Plants; Straw and Fodder</b>
12.01-12.14 <sup>2</sup>	A change to heading 12.01 through 12.14 from any other chapter.
<b>Chapter 13</b>	<b>Lac; Gums, Resins and Other Vegetable Saps and Extracts</b>
13.01-13.02	A change to heading 13.01 through 13.02 from any other chapter.
<b>Chapter 14</b>	<b>Vegetable Plaiting Materials; Vegetable Products Not Elsewhere Specified or Included</b>
14.01-14.04	A change to heading 14.01 through 14.04 from any other chapter.

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<sup>2</sup> See also Annex 703.2, Section A(10) and (11) for heading 12.02.

Section  
Chapter  
15.01-15  
1519.11-  
1519.19  
1519.20  
1520.10  
1520.90  
15.21-15.  
Section  
Chapter  
16.01-16.  
Chapter  
17.01-17.  
17.04  
Chapter  
18.01-18.0



chapter. **Section III - Animal or Vegetable Fats and Oils and Their Cleavage Products; Prepared Edible Fats; Animal or Vegetable Waxes (Chapter 15)**

chapter. **Chapter 15 Animal or Vegetable Fats and Oils and Their Cleavage Products; Prepared Edible Fats; Animal or Vegetable Waxes**

chapter. 15.01-15.18 A change to heading 15.01 through 15.18 from any other chapter.

chapter. 1519.11-1519.13 A change to subheading 1519.11 through 1519.13 from any other heading, except from heading 15.20.

chapter. 1519.19 A change to subheading 1519.19 from any other subheading.

chapter. 1519.20 A change to subheading 1519.20 from any other heading, except from heading 15.20.

chapter. 1520.10 A change to subheading 1520.10 from any other heading, except from heading 15.19.

chapter. 1520.90 A change to subheading 1520.90 from any other subheading.

chapter. 15.21-15.22 A change to heading 15.21 through 15.22 from any other chapter.

Seeds and **Section IV - Prepared Foodstuffs; Beverages, Spirits and Vinegar; Tobacco and Manufactured Tobacco Substitutes (Chapter 16-24)**

chapter. **Chapter 16 Preparations of Meat, of Fish or of Crustaceans, Molluscs or Other Aquatic Invertebrates**

chapter. 16.01-16.05 A change to heading 16.01 through 16.05 from any other chapter.

chapter. **Chapter 17 Sugars and Sugar Confectionery**

chapter. 17.01-17.03 A change to heading 17.01 through 17.03 from any other chapter.

chapter. 17.04 A change to heading 17.04 from any other heading.

chapter. **Chapter 18 Cocoa and Cocoa Preparations**

chapter. 18.01-18.05 A change to heading 18.01 through 18.05 from any other chapter.

1806.10

1806.10.aa<sup>3</sup> A change to Canadian tariff item 1806.10.10, U.S. tariff item 1806.10.41, 1806.10.42A or 1806.10.42B or Mexican tariff item 1806.10.01 from any other heading.

1806.10 A change to subheading 1806.10 from any other heading, provided that the non-originating sugar of Chapter 17 constitutes no more than 35 percent by weight of the sugar and the non-originating cocoa powder of heading 18.05 constitutes no more than 35 percent by weight of the cocoa powder.

1806.20 A change to subheading 1806.20 from any other heading.

1806.31 A change to subheading 1806.31 from any other subheading.

1806.32 A change to subheading 1806.32 from any other heading.

1806.90 A change to subheading 1806.90 from any other subheading.

Chapter 19

Preparations of Cereals, Flour, Starch or Milk; Pastrycooks' Products

1901.10

1901.10.aa A change to Canadian tariff item 1901.10.31, U.S. tariff item 1901.10.00A, 1901.10.00B, 1901.10.00C or 1901.10.00D or Mexican tariff item 1901.10.01 from any other chapter, except from Chapter 4.

1901.10 A change to subheading 1901.10 from any other chapter.

1901.20

1901.20.aa A change to Canadian tariff item 1901.20.11 or 1901.20.21, U.S. tariff item 1901.20.00A, 1901.20.00B, 1901.20.00C, 1901.20.00D, 1901.20.00E or 1901.20.00F or Mexican tariff item 1901.20.02 from any other chapter, except from Chapter 4.

1901.20 A change to subheading 1901.20 from any other chapter.

1901.90

1901.90.aa A change to Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.30A, 1901.90.30B, 1901.90.30C, 1901.90.30D, 1901.90.30E, 1901.90.40A, 1901.90.40B, 1901.90.40C, 1901.90.40D, 1901.90.40E, 1901.90.80B, 1901.90.80C, 1901.90.80D, 1901.90.80E, 1901.90.80F

<sup>3</sup> See also Annex 703.2, Section A(10) and (11) and Section B(9) and (10).

1901.90.80G or Mexican tariff item 1901.90.03 from any other chapter, except from Chapter 4.

1901.90

A change to subheading 1901.90 from any other chapter.

19.02-19.05

A change to heading 19.02 through 19.05 from any other chapter.

**Chapter 20**

**Preparations of Vegetables, Fruit, Nuts or Other Parts of Plants**

**Note:**

*Fruit, nut and vegetable preparations of Chapter 20 that have been prepared or preserved merely by freezing, by packing (including canning) in water, brine or natural juices, or by roasting, either dry or in oil (including processing incidental to freezing, packing, or roasting), shall be treated as an originating good only if the fresh good were wholly produced or obtained entirely in the territory of one or more of the Parties.*

20.01-20.07

A change to heading 20.01 through 20.07 from any other chapter.

2008.11

2008.11.aa

A change to Canadian tariff item 2008.11.20, U.S. tariff item 2008.11.00B, 2008.11.00C or 2008.11.00D or Mexican tariff item 2008.11.01 from any other heading, except from heading 12.02.

2008.11<sup>4</sup>

A change to subheading 2008.11 from any other chapter.

2008.19-2008.99

A change to subheading 2008.19 through 2008.99 from any other chapter.

2009.11-2009.30

A change to subheading 2009.11 through 2009.30 from any other chapter, except from heading 08.05.

2009.40-2009.80

A change to subheading 2009.40 through 2009.80 from any other chapter.

2009.90

A change to subheading 2009.90 from any other chapter; or

A change to subheading 2009.90 from any other subheading within Chapter 20, whether or not there is also a change from any other chapter, provided that a single juice ingredient, or juice ingredients from a single non-Party, constitute in single strength form no more than 60 percent by volume of the good.

<sup>4</sup> See also Annex 703.2, Section A(10) and (11).

**Chapter 21****Miscellaneous Edible Preparations**

21.01

2101.10.aa

A change to Canadian tariff item 2101.10.11, U.S. tariff item 2101.10.20A or Mexican tariff item 2101.10.01 from any other chapter provided that the non-originating coffee of Chapter 9 constitutes no more than 60 percent by weight of the good.

21.01

A change to heading 21.01 from any other chapter.

21.02

A change to heading 21.02 from any other chapter.

2103.10

A change to subheading 2103.10 from any other chapter.

2103.20

2103.20.aa

A change to Canadian tariff item 2103.20.10, U.S. tariff item 2103.20 or Mexican tariff item 2103.20.01 from any other chapter, except from subheading 2002.90.

2103.20

A change to subheading 2103.20 from any other chapter.

2103.30-2103.90

A change to subheading 2103.30 through 2103.90 from any other chapter.

21.04

A change to heading 21.04 from any other chapter.

21.05

A change to heading 21.05 from any other heading, except from Chapter 4 or Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.30A, 1901.90.30B, 1901.90.30C, 1901.90.30D, 1901.90.30E, 1901.90.40A, 1901.90.40B, 1901.90.40C, 1901.90.40D, 1901.90.80A, 1901.90.80B, 1901.90.80C, 1901.90.80D, 1901.90.80E, 1901.90.80F or 1901.90.80G or Mexican tariff item 1901.90.03.

21.06

2106.90.bb

A change to Canadian tariff item 2106.90.91, U.S. tariff item 2106.90.16A, 2106.90.16B or 2106.90.19A or Mexican tariff item 2106.90.06 from any other chapter, except from heading 08.05 or 2106.90.30A or Canadian tariff item 2202.90.31, U.S. tariff item 2202.90.30A, 2202.90.30B, 2202.90.35 or 2202.90.39A or Mexican tariff item 2202.90.02.

2106.90.cc

A change to Canadian tariff item 2106.90.92, U.S. tariff item 2106.90.19B or Mexican tariff item 2106.90.07 from any other chapter except from heading 20.09, or Canadian tariff item 2202.90.32, U.S. tariff item 2202.90.39B or Mexican tariff item 2202.90.03; or

A change to Canadian tariff item 2106.90.92, U.S. tariff item 2106.90.19B or Mexican tariff item 2106.90.07 from any other

subheading within Chapter 21, heading 20.09, or Canadian tariff item 2202.90.32, U.S. tariff item 2202.90.39B or Mexican tariff item 2202.90.03, whether or not there is also a change from any other chapter, provided that a single juice ingredient, or juice ingredients from a single non-Party, constitute in single strength form no more than 60 percent by volume of the good.

2106.90.dd

A change to Canadian tariff item 2106.90.32, U.S. tariff item 2106.90.05A, 2106.90.05B, 2106.90.05C, 2106.90.15A, 2106.90.15B, 2106.90.15C, 2106.90.15D, 2106.90.40A, 2106.90.40B, 2106.90.40C, 2106.90.40D, 2106.90.50A, 2106.90.50B, 2106.90.50C, 2106.90.50D, 2106.90.50E, 2106.90.50F or 2106.90.65A or Mexican tariff item 2106.90.08 from any other chapter, except from Chapter 4 or Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.30A, 1901.90.30B, 1901.90.30C, 1901.90.30D, 1901.90.30E, 1901.90.40A, 1901.90.40B, 1901.90.40C, 1901.90.40D, 1901.90.80A, 1901.90.80B, 1901.90.80C, 1901.90.80D, 1901.90.80E, 1901.90.80F or 1901.90.80G or Mexican tariff item 1901.90.03.

21.06<sup>4</sup>

A change to heading 21.06 from any other chapter.

## Chapter 22

### Beverages, Spirits and Vinegar

22.01

A change to heading 22.01 from any other chapter.

2202.10

A change to subheading 2202.10 from any other chapter.

2202.90

2202.90.aa

A change to Canadian tariff item 2202.90.31, U.S. tariff item 2202.90.30A, 2202.90.30B, 2202.90.35 or 2202.90.39A or Mexican tariff item 2202.90.02 from any other chapter, except from heading 08.05 or 20.09 or Canadian tariff item 2106.90.91, U.S. tariff item 2106.90.16A, 2106.90.16B or 2106.90.19A or Mexican tariff item 2106.90.06.

2202.90.bb

A change to Canadian tariff item 2202.90.32, U.S. tariff item 2202.90.39B or Mexican tariff item 2202.90.03 from any other chapter, except from heading 20.09, or Canadian tariff item 2106.90.92, U.S. tariff item 2106.90.19B or Mexican tariff item 2106.90.07; or

A change to Canadian tariff item 2202.90.32, U.S. tariff item 2202.90.39B or Mexican tariff item 2202.90.03 from any other subheading within Chapter 22, heading 20.09, or Canadian tariff item 2106.90.92, U.S. tariff item 2106.90.19B or Mexican tariff item

<sup>4</sup> See also Annex 703.2, Section A(10) and (11) and Section B(9) and (10) for Canadian tariff item 2106.90.21, U.S. tariff item 2106.90.12 or Mexican tariff item 2106.90.05.

	2106.90.07, whether or not there is also a change from any other chapter provided that a single juice ingredient, or juice ingredients from a single non-Party, constitute in single strength form no more than 60 percent by volume of the good.	Section Chapter
2202.90.cc	A change to Canadian tariff item 2202.90.40, U.S. tariff item 2202.90.10, 2202.90.20A, 2202.90.20B or 2202.90.20C or Mexican tariff item 2202.90.04 from any other chapter, except from Chapter 4 or Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.30A, 1901.90.30B, 1901.90.30C, 1901.90.30D, 1901.90.30E, 1901.90.40A, 1901.90.40B, 1901.90.40C, 1901.90.40D, 1901.90.80A, 1901.90.80B, 1901.90.80C, 1901.90.80D, 1901.90.80E, 1901.90.80F or 1901.90.80 or Mexican tariff item 1901.90.03.	25.01-25 Chapter 26.01-26
2202.90	A change to subheading 2202.90 from any other chapter.	Chapter
22.03-22.09	A change to heading 22.03 through 22.09 from any heading outside this group.	27.01-27 27.04
<b>Chapter 23</b>	<b>Residues and Waste From the Food Industries; Prepared Animal Fodder</b>	27.05-27 27.10-27
23.01-23.08	A change to heading 23.01 through 23.08 from any other chapter.	27.16
2309.10	A change to subheading 2309.10 from any other heading.	27.16
2309.90		
2309.90.aa	A change to Canadian tariff item 2309.90.31 or 2309.90.32, U.S. tariff item 2309.90.30A, 2309.90.30B or 2309.90.30C or Mexican tariff item 2309.90.10 or 2309.90.11 from any other heading, except from Chapter 23 or Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.30A, 1901.90.30B, 1901.90.30C, 1901.90.30D, 1901.90.30E, 1901.90.40A, 1901.90.40B, 1901.90.40C, 1901.90.40D, 1901.90.80A, 1901.90.80B, 1901.90.80C, 1901.90.80D, 1901.90.80E, 1901.90.80F or 1901.90.80 or Mexican tariff item 1901.90.03.	Section Chapter 2 28.01-28
2309.90	A change to subheading 2309.90 from any other heading.	
<b>Chapter 24</b>	<b>Tobacco and Manufactured Tobacco Substitutes</b>	
24.01-24.03 <sup>6</sup>	A change to heading 24.01 through 24.03 from any other chapter or Canadian tariff item 2401.10.10 or 2403.91.10, U.S. tariff item 2401.10.20A or 2403.91.20 or Mexican tariff item 2401.10.01 or 2403.91.01.	28.10-28 28.15-28

<sup>6</sup> In applying the provisions of Article 405 to goods of heading 24.02, the reference to "seven percent" be replaced with "nine percent".

Section V - Mineral Products (Chapter 25-27)

Chapter 25

Salt; Sulphur; Earths and Stone; Plastering Materials, Lime and Cement

25.01-25.30

A change to heading 25.01 through 25.30 from any other chapter.

Chapter 26

Ores, Slag and Ash

26.01-26.21

A change to heading 26.01 through 26.21 from any other chapter.

Chapter 27

Mineral Fuels, Mineral Oils and Products of Their Distillation; Bituminous Substances; Mineral Waxes

27.01-27.03

A change to heading 27.01 through 27.03 from any other chapter.

27.04

A change to heading 27.04 from any other heading.

27.05-27.09

A change to heading 27.05 through 27.09 from any other chapter.

27.10-27.15

A change to heading 27.10 through 27.15 from any heading outside that group.

27.16

A change to heading 27.16 from any other heading.

Section VI - Products of the Chemical or Allied Industries (Chapter 28-38)

Chapter 28

Inorganic Chemicals; Organic or Inorganic Compounds of Precious Metals, of Rare-Earth Metals, of Radioactive Elements or of Isotopes

28.01-28.24

A change to subheading 2801.10 through 2824.90 from any other chapter, except from Chapter 28 through 38; or

A change to subheading 2801.10 through 2824.90 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

2825.10-2825.60

A change to subheading 2825.10 through 2825.60 from any other chapter, except from Chapter 28 through 38; or

	<p>A change to subheading 2825.10 through 2825.60 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or  (b) 50 percent where the net cost method is used.</p>	2830.90 2831-28
2825.70	A change to subheading 2825.70 from any other subheading, except for subheading 2613.10.	
2825.80-2825.90	<p>A change to subheading 2825.80 through 2825.90 from any other chapter except from Chapter 28 through 38; or</p> <p>A change to subheading 2825.80 through 2825.90 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or  (b) 50 percent where the net cost method is used.</p>	2841.10-
28.26-28.29	<p>A change to subheading 2826.11 through 2829.90 from any other chapter except from Chapter 28 through 38; or</p> <p>A change to subheading 2826.11 through 2829.90 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or  (b) 50 percent where the net cost method is used.</p>	2841.70 2841.80-2
2830.10-2830.30	<p>A change to subheading 2830.10 through 2830.30 from any other chapter except from Chapter 28 through 38; or</p> <p>A change to subheading 2830.10 through 2830.30 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or  (b) 50 percent where the net cost method is used.</p>	2842-28



2830.90

A change to subheading 2830.90 from any other subheading, except from subheading 2613.90.

2831-28.40

A change to subheading 2831.10 through 2840.30 from any other chapter, except from Chapter 28 through 38; or

A change to subheading 2831.10 through 2840.30 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

2841.10-2841.60

A change to subheading 2841.10 through 2841.60 from any other chapter, except from Chapter 28 through 38; or

A change to subheading 2841.10 through 2841.60 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

2841.70

A change to subheading 2841.70 from any other subheading, except from subheading 2613.10.

2841.80-2841.90

A change to subheading 2841.80 through 2841.90 from any other chapter, except from Chapter 28 through 38; or

A change to subheading 2841.80 through 2841.90 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

2842-28.51

A change to subheading 2842.10 through 2851.00 from any other chapter, except from Chapter 28 through 38; or

A change to subheading 2842.10 through 2851.00 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

**Chapter 29**

**Organic Chemicals**

29.01-29.42

A change to subheading 2901.10 through 2942.00 from any other chapter except from Chapter 28 through 38; or

A change to subheading 2901.10 through 2942.00 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

**Chapter 30**

**Pharmaceutical Products**

30.01

A change to subheading 3001.10 through 3001.90 from any other heading; or

A change to subheading 3001.10 through 3001.90 from any other subheading within heading 30.01, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

30.02

A change to subheading 3002.10 through 3002.90 from any other heading; or

A change to subheading 3002.10 through 3002.90 from any other subheading within heading 30.02, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

30.03

A change to subheading 3003.10 through 3003.90 from any other heading; or

A change to subheading 3003.10 through 3003.90 from any other subheading within heading 30.03, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

30.04

A change to subheading 3004.10 through 3004.90 from any other heading, except from heading 30.03; or

A change to subheading 3004.10 through 3004.90 from any other subheading within heading 30.04, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

30.05

A change to subheading 3005.10 through 3005.90 from any other heading; or

A change to subheading 3005.10 through 3005.90 from any other subheading within heading 30.05, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

30.06

A change to subheading 3006.10 through 3006.60 from any other heading; or

A change to subheading 3006.10 through 3006.60 from any other subheading within heading 30.06, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

Chapter 31

**Fertilizers**

31.01-31.05

A change to subheading 3101.00 through 3105.90 from any subheading outside that group; or

A change to subheading 3101.00 through 3105.90 from any other subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

**Chapter 32**

**Tanning or Dyeing Extracts; Tannins and Their Derivatives; Dyes, Pigments and Other Colouring Matter; Paints and Varnishes; Putty and Other Mastics; Inks**

32.01-32.03

A change to subheading 3201.10 through 3203.00 from any other chapter except from Chapter 28 through 38; or

A change to subheading 3201.10 through 3203.00 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

3204.11-3204.16

A change to subheading 3204.11 through 3204.16 from any other chapter except from Chapter 28 through 38; or

A change to subheading 3204.11 through 3204.16 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

3204.17

For any color, as defined under the Color Index, identified in the following List of Colors, a change to subheading 3204.17 from any other subheading.

**List of Colors**

pigment yellow: 1, 3, 16, 55, 61, 62, 65, 73, 74, 75, 81, 97, 120, 151, 152, 154, 156, and 175

pigment orange: 4, 5, 13, 34, 36, 60, and 62

pigment red: 2, 3, 5, 12, 13, 14, 17, 18, 19, 22, 23, 24, 31, 32, 49, 52, 53, 57, 63, 112, 119, 133, 146, 170, 171, 176, 177, 178, 179, 180, 181, 182, 183, 185, 187, 188, 208, and 210; or

For any color, as defined under the Color Index, not identified in the List of Colors:

- (a) a change to subheading 3204.17 from any other subheading except from within Chapter 29; or

atives; Dyes,  
ishes; Putt  
y other chap  
y other  
er subhead  
om any oth  
less than:  
used, or  
y other chap  
y other  
er subhead  
om any oth  
less than:  
used, or  
d in the  
from any  
97, 120, 15  
24, 31, 32, 3  
170, 171, 17  
or  
tified in the  
subheadings

(b) a change to subheading 3204.17 from any subheading within Chapter 29, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:

- (i) 60 percent where the transaction value method is used, or
- (ii) 50 percent where the net cost method is used.

3204.19-3204.90

A change to subheading 3204.19 through 3204.90 from any other chapter, except from Chapter 28 through 38; or

A change to subheading 3204.19 through 3204.90 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

32.05

A change to heading 32.05 from any other heading.

32.06-32.07

A change to subheading 3206.10 through 3207.40 from any other chapter, except from Chapter 28 through 38; or

A change to subheading 3206.10 through 3207.40 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

32.08-32.10

A change to heading 32.08 through 32.10 from any heading outside that group.

32.11-32.12

A change to heading 32.11 through 32.12 from any heading outside that group.

32.13-32.15

A change to heading 32.13 through 32.15 from any heading outside that group, except from heading 32.08 through 32.10.

Chapter 33

### Essential Oils and Resinoids; Perfumery, Cosmetic or Toilet Preparations

33.01

A change to subheading 3301.11 through 3301.90 from any other chapter; or

	<p>A change to subheading 3301.11 through 3301.90 from any other subheading within Chapter 33, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.</p>	3402.11
33.02	A change to heading 33.02 from any other heading, except from heading 22.07 through 22.08.	
33.03	<p>A change to heading 33.03 from any other chapter; or</p> <p>A change to heading 33.03 from any other heading within Chapter 33, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.</p>	3402.20
33.04-33.07	<p>A change to subheading 3304.10 through 3307.90 from any heading outside that group; or</p> <p>A change to subheading 3304.10 through 3307.90 from any other subheading within that group, whether or not there is also a change from any heading outside that group, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.</p>	34.03
Chapter 34	<b>Soap, Organic Surface-active Agents, Washing Preparations, Lubricating Preparations, Artificial Waxes, Prepared Waxes, Polishing or Scouring Preparations, Candles and Similar Articles, Modelling Pastes, "Dental Waxes" and Dental Preparations with a Basis of Plaster</b>	34.04
34.01	<p>A change to subheading 3401.11 through 3401.20 from any other heading; or</p> <p>A change to subheading 3401.11 through 3401.20 from any other subheading within heading 34.01, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <p>(a) 65 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.</p>	34.05

3402.11-3402.19

A change to subheading 3402.11 through 3402.19 from any other heading; or

A change to subheading 3402.11 through 3402.19 from any other subheading within heading 34.02, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 65 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

3402.20-3402.90

A change to subheading 3402.20 through 3402.90 from any subheading outside that group; or

A change to subheading 3402.20 through 3402.90 from any other subheading within that group, whether or not there is also a change from any subheading outside that group, provided there is a regional value content of not less than:

- (a) 65 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

34.03

A change to subheading 3403.11 through 3403.99 from any other heading; or

A change to subheading 3403.11 through 3403.99 from any other subheading within heading 34.03, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 65 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

34.04

A change to subheading 3404.10 through 3404.90 from any other heading; or

A change to subheading 3404.10 through 3404.90 from any other subheading within heading 34.04, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 65 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

34.05

A change to subheading 3405.10 through 3405.90 from any other heading; or

- A change to subheading 3405.10 through 3405.90 from any other subheading within heading 34.05, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
- (a) 65 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
- 34.06-34.07 A change to heading 34.06 through 34.07 from any other heading, including another heading within that group.
- Chapter 35** **Albuminoidal Substances; Modified Starches; Glues; Enzymes**
- 35.01 A change to subheading 3501.10 through 3501.90 from any other heading; or
- A change to subheading 3501.10 through 3501.90 from any other subheading within heading 35.01, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
- (a) 65 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
- 35.02 A change to subheading 3502.10 through 3502.90 from any other heading; or
- A change to subheading 3502.10 through 3502.90 from any other subheading within heading 35.02, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
- (a) 65 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
- 35.03-35.04 A change to heading 35.03 through 35.04 from any other heading, including another heading within that group.
- 35.05 A change to subheading 3505.10 through 3505.20 from any other heading; or
- A change to subheading 3505.10 through 3505.20 from any other subheading within heading 35.05, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
- (a) 65 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.



35.06

A change to subheading 3506.10 through 3506.99 from any other heading; or

A change to subheading 3506.10 through 3506.99 from any other subheading within heading 35.06, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 65 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

35.07

A change to subheading 3507.10 through 3507.90 from any other heading; or

A change to subheading 3507.10 through 3507.90 from any other subheading within heading 35.07, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 65 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

Chapter 36

**Explosives; Pyrotechnic Products; Matches; Pyrophoric Alloys; Certain Combustible Preparations**

36.01-36.03

A change to heading 36.01 through 36.03 from any other heading, including another heading within that group.

36.04

A change to subheading 3604.10 through 3604.90 from any other heading; or

A change to subheading 3604.10 through 3604.90 from any other subheading within heading 36.04, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 65 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

36.05

A change to heading 36.05 from any other heading.

36.06

A change to subheading 3606.10 through 3606.90 from any other heading; or

A change to subheading 3606.10 through 3606.90 from any other subheading within heading 36.06, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 65 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

**Chapter 37**

**Photographic or Cinematographic Goods**

37.01-37.03

A change to heading 37.01 through 37.03 from any other chapter.

37.04

A change to heading 37.04 from any other heading.

37.05-37.06

A change to heading 37.05 through 37.06 from any heading outside the group.

37.07

A change to subheading 3707.10 through 3707.90 from any other chapter or

A change to subheading 3707.10 through 3707.90 from any other subheading within Chapter 37, including another subheading within the group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 65 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

**Chapter 38**

**Miscellaneous Chemical Products**

38.01-38.07

A change to subheading 3801.10 through 3807.00 from any other chapter except from Chapter 28 through 38; or

A change to subheading 3801.10 through 3807.00 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

38.08 Note:

*A material, imported into the territory of a Party for use in the production of a good classified under heading 38.08, shall be treated as a material originating in the territory of a Party if:*

- (a) *such material is eligible, in the territories of both that Party and the Party to whose territory the good is exported, for duty-free treatment at the most-favored-nation rate of duty; or*
- (b) *the good is exported to the territory of the United States and such material would, if imported into the territory of the United States, be free of duty under a trade agreement that is not subject to a competitive need limitation.*

A change to heading 38.08 from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used and the good contains no more than one active ingredient, or 80 percent where the transaction value method is used and the good contains more than one active ingredient; or
- (b) 50 percent where the net cost method is used and the good contains no more than one active ingredient, or 70 percent where the net cost method is used and the good contains more than one active ingredient.

A change to subheading 3809.10 through 3823.90 from any other chapter, except from Chapter 28 through 38; or

A change to subheading 3809.10 through 3823.90 from any other subheading within Chapter 28 through 38, including another subheading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

**Section VII - Plastics and Articles Thereof; Rubber and Articles Thereof (Chapter 39-40)**

**Chapter 39 Plastics and Articles Thereof**

A change to heading 39.01 through 39.20 from any other heading, including another heading within that group, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to subheading 3921.11 through 3921.13 from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to subheading 3921.14 from any other heading, except from subheading 3920.20 or 3920.71. In addition, the regional value content must be not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

3921.19	A change to subheading 3921.19 from any other heading, provided there is a regional value content of not less than: <ul style="list-style-type: none"> <li>(a) 60 percent where the transaction value method is used, or</li> <li>(b) 50 percent where the net cost method is used.</li> </ul>
3921.90	A change to subheading 3921.90 from any other heading, except from subheading 3920.20 or 3920.71. In addition, the regional value content percentage must be not less than: <ul style="list-style-type: none"> <li>(a) 60 percent where the transaction value method is used, or</li> <li>(b) 50 percent where the net cost method is used.</li> </ul>
39.22	A change to heading 39.22 from any other heading, provided there is a regional value content of not less than: <ul style="list-style-type: none"> <li>(a) 60 percent where the transaction value method is used, or</li> <li>(b) 50 percent where the net cost method is used.</li> </ul>
3923.10-3923.21	A change to subheading 3923.10 through 3923.21 from any other heading, provided there is a regional value content of not less than: <ul style="list-style-type: none"> <li>(a) 60 percent where the transaction value method is used, or</li> <li>(b) 50 percent where the net cost method is used.</li> </ul>
3923.29	A change to subheading 3923.29 from any other heading, except from subheading 3920.20 or 3920.71. In addition, the regional value content percentage must be not less than: <ul style="list-style-type: none"> <li>(a) 60 percent where the transaction value method is used, or</li> <li>(b) 50 percent where the net cost method is used.</li> </ul>
3923.30-3923.90	A change to subheading 3923.30 through 3923.90 from any other heading, provided there is a regional value content of not less than: <ul style="list-style-type: none"> <li>(a) 60 percent where the transaction value method is used, or</li> <li>(b) 50 percent where the net cost method is used.</li> </ul>
39.24-39.26	A change to heading 39.24 through 39.26 from any other heading, including another heading within that group, provided there is a regional value content of not less than: <ul style="list-style-type: none"> <li>(a) 60 percent where the transaction value method is used, or</li> <li>(b) 50 percent where the net cost method is used.</li> </ul>
<b>Chapter 40</b>	<b>Rubber and Articles Thereof</b>
40.01-40.06	A change to heading 40.01 through 40.06 from any other chapter, or

A change to heading 40.01 through 40.06 from any other heading within Chapter 40, including another heading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

40.07-40.08

A change to heading 40.07 through 40.08 from any heading outside that group.

4009.10-4009.40<sup>7</sup>

A change to subheading 4009.10 through 4009.40 from any other heading, except from heading 40.10 through 40.17.

4009.50<sup>8</sup>

A change to tubes, pipes or hoses of subheading 4009.50, of a kind for use in a motor vehicle provided for in Canadian tariff item 8702.10.90 or 8702.90.90, U.S. tariff item 8702.10.00B or 8702.90.00B or Mexican tariff item 8702.10.01, 8702.10.02, 8702.90.01, 8702.90.02 or 8702.90.03, subheading 8703.21 through 8703.90, 8704.21 or 8704.31, or heading 87.11, from any other heading, except from heading 40.10 through 40.17; or

A change to tubes, pipes or hoses of subheading 4009.50, of a kind for use in a motor vehicle provided for in Canadian tariff item 8702.10.90 or 8702.90.90, U.S. tariff item 8702.10.00B or 8702.90.00B or Mexican tariff item 8702.10.01, 8702.10.02, 8702.90.01, 8702.90.02 or 8702.90.03, subheading 8703.21 through 8703.90, 8704.21 or 8704.31, or heading 87.11, from subheading 4009.10 through 4017.00, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction method is used, or
- (b) 50 percent where the net cost method is used; or

A change to tubes, pipes or hoses of subheading 4009.50, other than those of a kind for use in a motor vehicle provided for in Canadian tariff item 8702.10.90 or 8702.90.90, U.S. tariff item 8702.10.00B or 8702.90.00B or Mexican tariff item 8702.10.01, 8702.10.02, 8702.90.01, 8702.90.02 or 8702.90.03, subheading 8703.21 through 8703.90, 8704.21 or 8704.31, or heading 87.11, from any other heading, except from heading 40.10 through 40.17.

If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

40.10-40.11 <sup>9</sup>	A change to heading 40.10 through 40.11 from any other heading, except from heading 40.09 through 40.17.	Section
4012.10	A change to subheading 4012.10 from any other subheading, except from Canadian tariff item 4012.20.20, U.S. tariff item 4012.20.20A or 4012.20.50A or Mexican tariff item 4012.20.01.	Chapter
4012.20-4012.90	A change to subheading 4012.20 through 4012.90 from any other heading, except from heading 40.09 through 40.17.	41.01-41
40.13-40.15	A change to heading 40.13 through 40.15 from any other heading, except from heading 40.09 through 40.17.	41.04
4016.10-4016.92	A change to subheading 4016.10 through 4016.92 from any other heading, except from heading 40.09 through 40.17.	41.05
4016.93 <sup>10</sup>		41.06
4016.93.aa	A change to Canadian tariff item 4016.93.10, U.S. tariff item 4016.93.00B or Mexican tariff item 4016.93.04 from any other heading, except from Canadian tariff item 4008.19.10 or 4008.29.10, U.S. tariff item 4008.19.10A, 4008.19.50A, 4008.29.00A or 4008.29.00B or Mexican tariff item 4008.19.01 or 4008.29.01.	41.07
4016.93	A change to subheading 4016.93 from any other heading, except from heading 40.09 through 40.17.	41.08-41
4016.94-4016.95	A change to subheading 4016.94 through 4016.95 from any other heading, except from heading 40.09 through 40.17.	Chapter
4016.99 <sup>11</sup>		
4016.99.aa	A change to Canadian tariff item 4016.99.30, U.S. tariff item 4016.99.25A or 4016.99.50B or Mexican tariff item 4016.99.10 from any other subheading, provided there is a regional value content of not less than 50 percent under the net cost method.	42.01
4016.99	A change to subheading 4016.99 from any other heading, except from heading 40.09 through 40.17.	432.11
40.17	A change to heading 40.17 from any other heading, except from heading 40.09 through 40.16.	432.12

<sup>9</sup> If the good provided for in subheading 4010.10 or heading 40.11 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

<sup>10</sup> If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

<sup>11</sup> If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

Section VIII -

**Raw Hides and Skins, Leather, Furskins and Articles Thereof; Saddlery and Harness; Travel Goods, Handbags and Similar Containers; Articles of Animal Gut (Other Than Silk-worm Gut) (Chapter 41-43)**

Chapter 41

**Raw Hides and Skins (Other Than Furskins) and Leather**

41.01-41.03

A change to heading 41.01 through 41.03 from any other chapter.

41.04

A change to heading 41.04 from any other heading, except from heading 41.05 through 41.11.

41.05

A change to heading 41.05 from heading 41.01 through 41.03, Canadian tariff item 4105.19.10, U.S. tariff item 4105.19.00A or Mexican tariff item 4105.19.01, or any other chapter.

41.06

A change to heading 41.06 from heading 41.01 through 41.03, Canadian tariff item 4106.19.10, U.S. tariff item 4106.19.00A or Mexican tariff item 4106.19.01, or any other chapter.

41.07

A change to heading 41.07 from heading 41.01 through 41.03, Canadian tariff item 4107.10.10, U.S. tariff item 4107.10.00A or Mexican tariff item 4107.10.02, or any other chapter.

41.08-41.11

A change to heading 41.08 through 41.11 from any other heading, except from heading 41.04 through 41.11.

Chapter 42

**Articles of Leather; Saddlery and Harness; Travel Goods, Handbags and Similar Containers; Articles of Animal Gut (Other Than Silk-worm Gut)**

42.01

A change to heading 42.01 from any other chapter.

4202.11

A change to subheading 4202.11 from any other chapter.

4202.12

A change to subheading 4202.12 from any other chapter, except from heading 54.07, 54.08 or 55.12 through 55.16, or Canadian tariff item 5903.10.20, 5903.20.20, 5903.90.20, 5906.99.20 or 5907.00.13, U.S. tariff item 5903.10.15, 5903.10.18, 5903.10.20, 5905.10.25, 5903.20.15, 5903.20.18, 5903.20.20, 5903.20.25, 5903.90.15, 5903.90.18, 5903.90.20, 5903.90.25, 5906.99.20, 5906.99.25, 5907.00.10A, 5907.00.90A, 5907.00.10B or 5907.00.90B or Mexican tariff item 5903.10.01, 5903.20.01, 5903.90.02, 5906.99.03 or 5907.00.06.

4202.19-4202.21

A change to subheading 4202.19 through 4202.21 from any other chapter.

4202.22

A change to subheading 4202.22 from any other chapter, except from heading 54.07, 54.08 or 55.12 through 55.16, or Canadian tariff item 5903.10.20, 5903.20.20, 5903.90.20, 5906.99.20 or 5907.00.13, U.S.

	tariff item 5903.10.15, 5903.10.18, 5903.10.20, 5903.10.25, 5903.20.18, 5903.20.20, 5903.20.25, 5903.90.15, 5903.90.18, 5903.90.20, 5903.90.25, 5906.99.20, 5906.99.25, 5907.00.10A, 5907.00.90A, 5907.00.10B or 5907.00.90B or Mexican tariff item 5903.10.01, 5903.20.01, 5903.90.02, 5906.99.03 or 5907.00.06.	Section
4202.29-4202.31	A change to subheading 4202.29 through 4202.31 from any other chapter	Chapter 44.01-44.02
4202.32	A change to subheading 4202.32 from any other chapter, except from heading 54.07, 54.08 or 55.12 through 55.16, or Canadian tariff item 5903.10.20, 5903.20.20, 5903.90.20, 5906.99.20 or 5907.00.13, U.S. tariff item 5903.10.15, 5903.10.18, 5903.10.20, 5903.10.25, 5903.20.18, 5903.20.20, 5903.20.25, 5903.90.15, 5903.90.18, 5903.90.20, 5903.90.25, 5906.99.20, 5906.99.25, 5907.00.10A, 5907.00.90A, 5907.00.10B or 5907.00.90B or Mexican tariff item 5903.10.01, 5903.20.01, 5903.90.02, 5906.99.03 or 5907.00.06.	Chapter 45.01-45.02
4202.39-4202.91	A change to subheading 4202.39 through 4202.91 from any other chapter	Chapter 46.01-46.02
4202.92	A change to subheading 4202.92 from any other chapter, except from heading 54.07, 54.08 or 55.12 through 55.16, or Canadian tariff item 5903.10.20, 5903.20.20, 5903.90.20, 5906.99.20 or 5907.00.13, U.S. tariff item 5903.10.15, 5903.10.18, 5903.10.20, 5903.10.25, 5903.20.18, 5903.20.20, 5903.20.25, 5903.90.15, 5903.90.18, 5903.90.20, 5903.90.25, 5906.99.20, 5906.99.25, 5907.00.10A, 5907.00.90A, 5907.00.10B or 5907.00.90B or Mexican tariff item 5903.10.01, 5903.20.01, 5903.90.02, 5906.99.03 or 5907.00.06.	Section 47.01-47.02
4202.99	A change to subheading 4202.99 from any other chapter.	
42.03-42.06	A change to heading 42.03 through 42.06 from any other chapter.	Chapter 48.01-48.02
<b>Chapter 43</b>	<b>Furskins and Artificial Fur; Manufactures Thereof</b>	
43.01	A change to heading 43.01 from any other chapter.	Chapter 49.01-49.02
43.02	A change to heading 43.02 from any other heading.	
43.03-43.04	A change to heading 43.03 through 43.04 from any heading outside the group.	Chapter 50.01-50.02



.25, 5903.20;  
90.18,  
00.10A,  
tariff item  
7.00.06.  
ny other chap  
except from  
an tariff item  
7.00.13, U.S.  
.25, 5903.20;  
90.18,  
00.10A,  
tariff item  
7.00.06.  
ny other chap  
except from  
an tariff item  
7.00.13, U.S.  
.25, 5903.20;  
90.18,  
00.10A,  
tariff item  
7.00.06.

**Section IX**

**Wood and Articles of Wood; Wood Charcoal; Cork and Articles of Cork; Manufactures of Straw, of Esparto or of Other Plaiting Materials; Basketware and Wickerwork (Chapter 44-46)**

**Chapter 44**

**Wood and Articles of Wood; Wood Charcoal**

44.01-44.21

A change to heading 44.01 through 44.21 from any other heading, including another heading within that group.

**Chapter 45**

**Cork and Articles of Cork**

45.01-45.02

A change to heading 45.01 through 45.02 from any other chapter.

45.03-45.04

A change to heading 45.03 through 45.04 from any heading outside that group.

**Chapter 46**

**Manufactures of Straw, of Esparto or of Other Plaiting Materials; Basketware and Wickerwork**

46.01

A change to heading 46.01 from any other chapter.

46.02

A change to heading 46.02 from any other heading.

**Section X**

**Pulp of Wood or of other Fibrous Cellulosic Material; Waste and Scrap of Paper or Paperboard; Paper and Paperboard and Articles Thereof (Chapter 47-49)**

**Chapter 47**

**Pulp of Wood or of Other Fibrous Cellulosic Material; Waste and Scrap of Paper or Paperboard**

47.01-47.07

A change to heading 47.01 through 47.07 from any other chapter.

**Chapter 48**

**Paper and Paperboard; Articles of Paper Pulp, of Paper or of Paperboard**

48.01-48.07

A change to heading 48.01 through 48.07 from any other chapter.

48.08-48.09

A change to heading 48.08 through 48.09 from any heading outside that group.

48.10-48.13

A change to heading 48.10 through 48.13 from any other chapter.

48.14-48.15

A change to heading 48.14 through 48.15 from any heading outside that group.

chapter.  
ng outside the

48.16 A change to heading 48.16 from any other heading, except from heading 48.09.

48.17-48.23 A change to heading 48.17 through 48.23 from any heading outside the group.

**Chapter 49 Printed Books, Newspapers, Pictures and Other Products of the Printing Industry; Manuscripts, Typescripts and Plans**

49.01-49.11 A change to heading 49.01 through 49.11 from any other chapter.

## **Section XI - Textiles and Textile Articles (Chapter 50-63)**

**Note:** *The textile and apparel rules should be read in conjunction with Annex 300-B (Textile and Apparel Goods). For purposes of these rules, the term "wholly" means that the good is made entirely or solely of the named material.*

**Chapter 50 Silk**

50.01-50.03 A change to heading 50.01 through 50.03 from any other chapter.

50.04-50.06 A change to heading 50.04 through 50.06 from any heading outside the group.

50.07 A change to heading 50.07 from any other heading.

**Chapter 51 Wool, Fine or Coarse Animal Hair; Horsehair Yarn and Woven Fabric**

51.01-51.05 A change to heading 51.01 through 51.05 from any other chapter.

51.06-51.10 A change to heading 51.06 through 51.10 from any heading outside the group.

51.11-51.13 A change to heading 51.11 through 51.13 from any heading outside the group, except from heading 51.06 through 51.10, 52.05 through 52.06, 54.01 through 54.04 or 55.09 through 55.10.

**Chapter 52 Cotton**

52.01-52.07 A change to heading 52.01 through 52.07 from any other chapter, except from heading 54.01 through 54.05 or 55.01 through 55.07.

52.08-52.12 A change to heading 52.08 through 52.12 from any heading outside the group.

group, except from heading 51.06 through 51.10, 52.05 through 52.06, 54.01 through 54.04 or 55.09 through 55.10.

**Chapter 53**

**Other Vegetable Textile Fibers; Paper Yarn and Woven Fabrics of Paper Yarn**

53.01-53.05

A change to heading 53.01 through 53.05 from any other chapter.

53.06-53.08

A change to heading 53.06 through 53.08 from any heading outside that group.

53.09

A change to heading 53.09 from any other heading, except from heading 53.07 through 53.08.

53.10-53.11

A change to heading 53.10 through 53.11 from any heading outside that group, except from heading 53.07 through 53.08.

**Chapter 54**

**Man-Made Filaments**

54.01-54.06

A change to heading 54.01 through 54.06 from any other chapter, except from heading 52.01 through 52.03 or 55.01 through 55.07.

54.07

5407.60.aa

A change to Canadian tariff item 5407.60.10, U.S. tariff item 5407.60.05A, 5407.60.10A or 5407.60.20A or Mexican tariff item 5407.60.02 from Canadian tariff item 5402.43.10 or 5402.52.10, U.S. tariff item 5402.43.00A or 5402.52.00A, Mexican tariff item 5402.43.01 or 5402.52.02, or any other chapter, except from heading 51.06 through 51.10, 52.05 through 52.06 or 55.09 through 55.10.

54.07

A change to heading 54.07 from any other chapter, except from heading 51.06 through 51.10, 52.05 through 52.06 or 55.09 through 55.10.

54.08

A change to heading 54.08 from any other chapter, except from heading 51.06 through 51.10, 52.05 through 52.06 or 55.09 through 55.10.

**Chapter 55**

**Man-Made Staple Fibers**

55.01-55.11

A change to heading 55.01 through 55.11 from any other chapter, except from heading 52.01 through 52.03 or 54.01 through 54.05.

55.12-55.16

A change to heading 55.12 through 55.16 from any heading outside that group, except from heading 51.06 through 51.10, 52.05 through 52.06, 54.01 through 54.04 or 55.09 through 55.10.

Chapter 56	<b>Wadding, Felt and Nonwovens; Special Yarns; Twine, Cordage, Ropes and Cables and Articles Thereof</b>	59.11
56.01-56.09	A change to heading 56.01 through 56.09 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, or Chapter 54 through 55.	Chapter 6
Chapter 57 <sup>12</sup>	<b>Carpets and Other Textile Floor Coverings</b>	60.01-60.0
57.01-57.05	A change to heading 57.01 through 57.05 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.08 or 53.11 Chapter 54, or heading 55.08 through 55.16.	Chapter 6
Chapter 58	<b>Special Woven Fabrics; Tufted Textile Fabrics; Lace; Tapestries; Trimmings; Embroidery</b>	
58.01-58.11	A change to heading 58.01 through 58.11 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, or Chapter 54 through 55.	
Chapter 59	<b>Impregnated, Coated, Covered or Laminated Textile Fabrics; Textile Articles of a Kind Suitable For Industrial Use</b>	
59.01	A change to heading 59.01 from any other chapter, except from heading 51.11 through 51.13, 52.08 through 52.12, 53.10 through 53.11, 54.07 through 54.08 or 55.12 through 55.16.	
59.02	A change to heading 59.02 from any other heading, except from heading 51.06 through 51.13, 52.04 through 52.12 or 53.06 through 53.11, or Chapter 54 through 55.	
59.03-59.08	A change to heading 59.03 through 59.08 from any other chapter, except from heading 51.11 through 51.13, 52.08 through 52.12, 53.10 through 53.11, 54.07 through 54.08 or 55.12 through 55.16.	
59.09	A change to heading 59.09 from any other chapter, except from heading 51.11 through 51.13, 52.08 through 52.12 or 53.10 through 53.11. Chapter 54, or heading 55.12 through 55.16.	
59.10	A change to heading 59.10 from any other heading, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.11 through 53.11, or Chapter 54 through 55.	60.10-61.0

<sup>12</sup> See also Annex 300-B (Textile and Apparel Goods), Appendix 6(A).

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Chapter 60  
60.01-60.02  
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61.10-6101.30

A change to heading 59.11 from any other chapter, except from heading 51.11 through 51.13, 52.08 through 52.12, 53.10 through 53.11, 54.07 through 54.08 or 55.12 through 55.16.

### Knitted or Crocheted Fabrics

A change to heading 60.01 through 60.02 from any other chapter, except from heading 51.06 through 51.13, Chapter 52, heading 53.07 through 53.08 or 53.10 through 53.11, or Chapter 54 through 55.

### Articles of Apparel and Clothing Accessories, Knitted or Crocheted

**Note 1:**

*A change to any of the following headings or subheadings for visible lining fabrics:*

*51.11 through 51.12, 5208.31 through 5208.59, 5209.31 through 5209.59, 5210.31 through 5210.59, 5211.31 through 5211.59, 5212.13 through 5212.15, 5212.23 through 5212.25, 5407.42 through 5407.44, 5407.52 through 5407.54, 5407.60, 5407.72 through 5407.74, 5407.82 through 5407.84, 5407.92 through 5407.94, 5408.22 through 5408.24 (excluding Canadian tariff item 5408.22.10, 5408.23.10 or 5408.24.10, U.S. tariff item 5408.22.00A, 5408.23.10A, 5408.23.20A or 5408.24.00A, Mexican tariff item 5408.22.04, 5408.23.05 or 5408.24.01), 5408.32 through 5408.34, 5512.19, 5512.29, 5512.99, 5513.21 through 5513.49, 5514.21 through 5515.99, 5516.12 through 5516.14, 5516.22 through 5516.24, 5516.32 through 5516.34, 5516.42 through 5516.44, 5516.92 through 5516.94, 6001.10, 6001.92, 6002.43 or 6002.91 through 6002.93,*

*from any other heading outside that group.*

**Note 2:**

*For purposes of determining the origin of a good of this Chapter, the rule applicable to that good shall only apply to the component that determines the tariff classification of the good and such component must satisfy the tariff change requirements set out in the rule for that good. If the rule requires that the good must also satisfy the tariff change requirements for visible lining fabrics listed in Note 1 to this Chapter, such requirement shall only apply to the visible lining fabric in the main body of the garment, excluding sleeves, which covers the largest surface area, and shall not apply to removable linings.*

A change to subheading 6101.10 through 6101.30 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08

See also Annex 300-B (Textile and Apparel Goods), Appendix 6(A).

through 55.16 or 60.01 through 60.02, provided that:

- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.

6101.90

A change to subheading 6101.90 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6102.10-6102.30

A change to subheading 6102.10 through 6102.30 from any other chapter except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:

- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.

6102.90

A change to subheading 6102.90 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6103.11-6103.12

A change to subheading 6103.11 through 6103.12 from any other chapter except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:

- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.

6103.19

6103.19.aa

A change to Canadian tariff item 6103.19.90, U.S. tariff item 6103.19.02 or Mexican tariff item 6103.19.02 or 6103.19.99 from any other chapter except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:

through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6103.19

A change to subheading 6103.19 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:

- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.

6103.21-6103.29

A change to subheading 6103.21 through 6103.29 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:

- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) with respect to a garment described in heading 61.01 or a jacket or a blazer described in heading 61.03, of wool, fine animal hair, cotton or man-made fibers, imported as part of an ensemble of these subheadings, the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.

6103.31-6103.33

A change to subheading 6103.31 through 6103.33 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:

- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.

6103.39

6103.39.aa

A change to Canadian tariff item 6103.39.90, U.S. tariff item 6103.39.20A or 6103.39.20B or Mexican tariff item 6103.39.02 or 6103.39.99 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

- 6103.39 A change to subheading 6103.39 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:
- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
  - (b) the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.
- 6103.41-6103.49 A change to subheading 6103.41 through 6103.49 from any other chapter except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.
- 6104.11-6104.13 A change to subheading 6104.11 through 6104.13 from any other chapter except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:
- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
  - (b) the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.
- 6104.19
- 6104.19.aa A change to Canadian tariff item 6104.19.90, U.S. tariff item 6104.19.20A or 6104.19.20B or Mexican tariff item 6104.19.02 or 6104.19.99 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.
- 6104.19 A change to subheading 6104.19 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:
- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
  - (b) the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.



6104.21-6104.29

A change to subheading 6104.21 through 6104.29 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:

- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) with respect to a garment described in heading 61.02, a jacket or a blazer described in heading 61.04, or a skirt described in heading 61.04, of wool, fine animal hair, cotton or man-made fibers, imported as part of an ensemble of these subheadings, the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.

6104.31-6104.33

A change to subheading 6104.31 through 6104.33 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:

- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.

6104.39

6104.39.aa

A change to Canadian tariff item 6104.39.90, U.S. tariff item 6104.39.20A or 6104.39.20B or Mexican tariff item 6104.39.02 or 6104.39.99 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6104.39

A change to subheading 6104.39 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:

- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.

6104.41-6104.49

A change to subheading 6104.41 through 6104.49 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut

- (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.
- 6104.51-6104.53 A change to subheading 6104.51 through 6104.53 from any other chapter except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:
- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
  - (b) the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.
- 6104.59
- 6104.59.aa A change to Canadian tariff item 6104.59.90, U.S. tariff item 6104.59.20A or 6104.59.20B or Mexican tariff item 6104.59.02 or 6104.59.99 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.
- 6104.59 A change to subheading 6104.59 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:
- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
  - (b) the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.
- 6104.61-6104.69 A change to subheading 6104.61 through 6104.69 from any other chapter except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.
- 61.05-61.06 A change to heading 61.05 through 61.06 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6107.11-6107.19

A change to subheading 6107.11 through 6107.19 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6107.21

A change to subheading 6107.21 from:

- (a) Canadian tariff item 6002.92.10, U.S. tariff item 6002.92.00A or Mexican tariff item 6002.92.01, provided that the good, exclusive of collar, cuffs, waistband or elastic, is wholly of such fabric and the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, or
- (b) any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6107.22-6107.99

A change to subheading 6107.22 through 6107.99 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6108.11-6108.19

A change to subheading 6108.11 through 6108.19 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6108.21

A change to subheading 6108.21 from:

- (a) Canadian tariff item 6002.92.10, U.S. tariff item 6002.92.00A or Mexican tariff item 6002.92.01, provided that the good, exclusive of waistband, elastic or lace, is wholly of such fabric and the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, or
- (b) any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6108.22-6108.29

A change to subheading 6108.22 through 6108.29 from any other chapter except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6108.31

A change to subheading 6108.31 from:

- (a) Canadian tariff item 6002.92.10, U.S. tariff item 6002.92.00, Mexican tariff item 6002.92.01, provided that the good, exclusive of collar, cuffs, waistband, elastic or lace, is wholly of such fabric and the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties. or
- (b) any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6108.32-6108.39

A change to subheading 6108.32 through 6108.39 from any other chapter except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6108.91-6108.99

A change to subheading 6108.91 through 6108.99 from any other chapter except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

61.09-61.11

A change to heading 61.09 through 61.11 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6112.11-6112.19

A change to subheading 6112.11 through 6112.19 from any other chapter except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6112.20

A change to subheading 6112.20 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that:

- (a) the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) with respect to a garment described in heading 61.01, 61.02, 62.01 or 62.02, of wool, fine animal hair, cotton or man-made fibers, imported as part of a ski-suit of this subheading, the visible lining fabric listed in Note 1 to Chapter 61 satisfies the tariff change requirements provided therein.

6112.31-6112.49

A change to subheading 6112.31 through 6112.49 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

6113-61.17

A change to heading 61.13 through 61.17 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

Chapter 62

Articles of Apparel and Clothing Accessories, Not Knitted or Crocheted

Note 1:

*A change to any of the following headings or subheadings for visible lining fabrics:*

*51.11 through 51.12, 5208.31 through 5208.59, 5209.31 through 5209.59, 5210.31 through 5210.59, 5211.31 through 5211.59, 5212.13 through 5212.15, 5212.23 through 5212.25, 5407.42 through 5407.44, 5407.52 through 5407.54, 5407.60, 5407.72 through 5407.74, 5407.82 through 5407.84, 5407.92 through 5407.94, 5408.22 through 5408.24 (excluding Canadian tariff item 5408.22.10, 5408.23.10 or 5408.24.10, U.S. tariff item 5408.22.00A, 5408.23.10A, 5408.23.20A or 5408.24.00A or Mexican tariff item 5408.22.04, 5408.23.05 or 5408.24.01), 5408.32 through 5408.34, 5512.19, 5512.29, 5512.99, 5513.21 through 5513.49, 5514.21 through 5515.99, 5516.12 through 5516.14, 5516.22 through 5516.24, 5516.32 through 5516.34,*

5516.42 through 5516.44, 5516.92 through 5516.94, 6001.15, 6001.92, 6002.43 or 6002.91 through 6002.93,

from any other heading outside that group.

**Note 2:**

Apparel goods of this Chapter shall be considered to originate if they are both cut and sewn or otherwise assembled in the territory of one or more of the Parties and if the fabric of the outer shell, exclusive of collars and cuffs, is wholly of one or more of the following:

- (a) Velveteen fabrics of subheading 5801.23, containing 85 per cent or more by weight of cotton;
- (b) Corduroy fabrics of subheading 5801.22, containing 85 per cent or more by weight of cotton and containing more than 7.5 warp ends per centimeter;
- (c) Fabrics of subheading 5111.11 or 5111.19, if hand-woven, with a loom width of less than 76 cm, woven in the United Kingdom in accordance with the rules and regulations of the Harris Tweed Association, Ltd., and so certified by the Association;
- (d) Fabrics of subheading 5112.30, weighing not more than 340 grams per square meter, containing wool, not less than 20 per cent by weight of fine animal hair and not less than 15 per cent by weight of man-made staple fibers; or
- (e) Batiste fabrics of subheading 5513.11 or 5513.21, of square construction, of single yarns exceeding 76 metric count, containing between 60 and 70 warp ends and filling picks per square centimeter, of a weight not exceeding 110 grams per square meter.

**Note 3:**

For purposes of determining the origin of a good of this Chapter, the rules applicable to that good shall only apply to the component that determines the tariff classification of the good and such component must satisfy the tariff change requirements set out in the rule for that good. If the rule requires that the good must also satisfy the tariff change requirements for visible lining fabrics listed in Note 1 to this Chapter, such requirements shall only apply to the visible lining fabric in the main body of the garment, excluding sleeves, which covers the largest surface area, and shall not apply to removable linings.

6201.11-6201.13

A change to subheading 6201.11 through 6201.13 from any other chapter except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

5.94, 6001.11

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- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

6201.19

A change to subheading 6201.19 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6201.91-6201.93

A change to subheading 6201.91 through 6201.93 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

6201.99

A change to subheading 6201.99 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6202.11-6202.13

A change to subheading 6202.11 through 6202.13 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

6202.19

A change to subheading 6202.19 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6202.91-6202.93

A change to subheading 6202.91 through 6202.93 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

6202.99

A change to subheading 6202.99 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6203.11-6203.12

A change to subheading 6203.11 through 6203.12 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

6203.19

6203.19.aa

A change to Canadian tariff item 6203.19.90, U.S. tariff item 6203.19.40A or 6203.19.40B or Mexican tariff item 6203.19.02 or 6203.19.99 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6203.19

A change to subheading 6203.19 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and



- (b) the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

A change to subheading 6203.21 through 6203.29 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) with respect to a garment described in heading 62.01 or a jacket or a blazer described in heading 62.03, of wool, fine animal hair, cotton or man-made fibers, imported as part of an ensemble of these subheadings, the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

A change to subheading 6203.31 through 6203.33 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

A change to Canadian tariff item 6203.39.90, U.S. tariff item 6203.39.40A or 6203.39.40B or Mexican tariff item 6203.39.02 or 6203.39.99 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

A change to subheading 6203.39 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and

- (b) the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

6203.41-6203.49

A change to subheading 6203.41 through 6203.49 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6204.11-6204.13

A change to subheading 6204.11 through 6204.13 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

6204.19

6204.19.aa

A change to Canadian tariff item 6204.19.90, U.S. tariff item 6204.19.30A or 6204.19.30B or Mexican tariff item 6204.19.02 or 6204.19.99 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6204.19

A change to subheading 6204.19 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

6204.21-6204.29

A change to subheading 6204.21 through 6204.29 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and

- (b) with respect to a garment described in heading 62.02, a jacket or a blazer described in heading 62.04, or a skirt described in heading 62.04, of wool, fine animal hair, cotton or man-made fibers, imported as part of an ensemble of these subheadings, the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

6204.31-6204.33

A change to subheading 6204.31 through 6204.33 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

6204.39

6204.39.aa

A change to Canadian tariff item 6204.39.90, U.S. tariff item 6204.39.60 or 6204.39.80 or Mexican tariff item 6204.39.02 or 6204.39.99 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6204.39

A change to subheading 6204.39 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

6204.41-6204.49

A change to subheading 6204.41 through 6204.49 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6204.51-6204.53

A change to subheading 6204.51 through 6204.53 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08

through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

6204.59

6204.59.aa

A change to Canadian tariff item 6204.59.90, U.S. tariff item 6204.59.40A or 6204.59.40B or Mexican tariff item 6204.59.02, 6204.59.04 or 6204.59.99 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6204.59

A change to subheading 6204.59 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:

- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and
- (b) the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.

6204.61-6204.69

A change to subheading 6204.61 through 6204.69 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6205.10

A change to subheading 6205.10 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6205.20-6205.30 Note:

*Men's or boys' shirts of cotton or man-made fibers shall be considered to originate if they are both cut and assembled in the territory of one or more of the Parties and if the fabric of the outer shell, exclusive of cuffs or collars, is wholly of one or more of the following:*

- (a) *Fabrics of subheading 5208.21, 5208.22, 5208.29, 5208.31, 5208.32, 5208.39, 5208.41, 5208.42, 5208.49, 5208.51, 5208.52 or 5208.59, of average yarn number<sup>4</sup> exceeding 135 metric;*
- (b) *Fabrics of subheading 5513.11 or 5513.21, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 70 metric;*
- (c) *Fabrics of subheading 5210.21 or 5210.31, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, of average yarn number exceeding 70 metric;*
- (d) *Fabrics of subheading 5208.22 or 5208.32, not of square construction, containing more than 75 warp ends and filling picks per square centimeter, of average yarn number exceeding 65 metric;*
- (e) *Fabrics of subheading 5407.81, 5407.82 or 5407.83, weighing less than 170 grams per square meter, having a dobby weave created by a dobby attachment;*
- (f) *Fabrics of subheading 5208.42 or 5208.49, not of square construction, containing more than 85 warp ends and filling picks per square centimeter, of average yarn number exceeding 85 metric;*
- (g) *Fabrics of subheading 5208.51, of square construction, containing more than 75 warp ends and filling picks per square centimeter, made with single yarns, of average yarn number 95 or greater metric;*
- (h) *Fabrics of subheading 5208.41, of square construction, with a gingham pattern, containing more than 85 warp ends and filling picks per square centimeter, made with single yarns, of average yarn number 95 or greater metric, and characterized by a check effect produced by the variation in color of the yarns in the warp and filling; or*
- (i) *Fabrics of subheading 5208.41, with the warp colored with vegetable dyes, and the filling yarns white or colored with vegetable dyes, of average yarn number greater than 65 metric.*

A change to subheading 6205.20 through 6205.30 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07

<sup>4</sup> For definition of "average yarn number" see Annex 300-B, Section 10.

- through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.
- 6205.90 A change to subheading 6205.90 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.
- 62.06-62.10 A change to heading 62.06 through 62.10 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.
- 6211.11-6211.12 A change to subheading 6211.11 through 6211.12 from any other chapter except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.
- 6211.20 A change to subheading 6211.20 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that:
- (a) the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and
  - (b) with respect to a garment described in heading 61.01, 61.02, 62.01 or 62.02, of wool, fine animal hair, cotton or man-made fibers, imported as part of a ski-suit of this subheading, the visible lining fabric listed in Note 1 to Chapter 62 satisfies the tariff change requirements provided therein.
- 6211.31-6211.49 A change to subheading 6211.31 through 6211.49 from any other chapter except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.
- 6212.10 A change to subheading 6212.10 from any other chapter, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6212.20-6212.90

A change to subheading 6212.20 through 6212.90 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6213-62.17

A change to heading 62.13 through 62.17 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54, or heading 55.08 through 55.16, 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

Chapter 63

**Other Made Up Textile Articles; Sets; Worn Clothing and Worn Textile Articles; Rags**

**Note:**

*For purposes of determining the origin of a good of this Chapter, the rule applicable to that good shall only apply to the component that determines the tariff classification of the good and such component must satisfy the tariff change requirements set out in the rule for that good.*

63.01-63.02

A change to heading 63.01 through 63.02 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54 through 55, or heading 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

63.03

6303.92.aa

A change to Canadian tariff item 6303.92.10, U.S. tariff item 6303.92.00A or 6303.92.00B or Mexican tariff item 6303.92.01 from Canadian tariff item 5402.43.10 or 5402.52.10, U.S. tariff item 5402.43.00A or 5402.52.00A or Mexican tariff item 5402.43.01 or 5402.52.02, or any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54 through 55, or heading 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

63.03

A change to heading 63.03 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54 through 55, or heading 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

63.04-63.10 A change to heading 63.04 through 63.10 from any other chapter, except from heading 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapter 54 through 55, or heading 58.01 through 58.02 or 60.01 through 60.02, provided that the good is both (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

**Section XII - Footwear, Headgear, Umbrellas, Sun Umbrellas, Walking-Sticks, Seat-Sticks, Whips, Riding-Crops and Parts Thereof; Prepared Feathers and Articles Made Therewith; Artificial Flowers; Articles of Human Hair (Chapter 64-67)**

**Chapter 64 Footwear, Gaiters and the Like; Parts of Such Articles**

64.01-64.05 A change to heading 64.01 through 64.05 from any heading outside that group, except from subheading 6406.10, provided there is a regional value content of not less than 55 percent under the net cost method.

6406.10 A change to subheading 6406.10 from any other subheading, except from heading 64.01 through 64.05, provided there is a regional value content of not less than 55 percent under the net cost method.

6406.20-6406.99 A change to subheading 6406.20 through 6406.99 from any other chapter.

**Chapter 65 Headgear and Parts Thereof**

65.01-65.02 A change to heading 65.01 through 65.02 from any other chapter.

65.03-65.07 A change to heading 65.03 through 65.07 from any heading outside that group.

**Chapter 66 Umbrellas, Sun Umbrellas, Walking-Sticks, Seat-Sticks, Whips, Riding-Crops and Parts Thereof**

66.01 A change to heading 66.01 from any other heading, except from a combination of both:

- (a) subheading 6603.20; and
- (b) heading 39.20 through 39.21, 50.07, 51.11 through 51.13, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08, 55.12 through 55.16, 56.02 through 56.03, 58.01 through 58.11, 59.01 through 59.11, 60.01 through 60.02.

66.02 A change to heading 66.02 from any other heading.

66.03 A change to heading 66.03 from any other chapter.



Chapter 67

**Prepared Feathers and Down and Articles Made of Feathers or of Down; Artificial Flowers; Articles of Human Hair**

67.01

6701.00.aa

A change to Canadian tariff item 6701.00.10, U.S. tariff item 6701.00.00A or Mexican tariff item 6701.00.01 or 6701.00.02 from any other tariff item.

67.01

A change to heading 67.01 from any other chapter.

67.02

A change to heading 67.02 from any other heading.

67.03

A change to heading 67.03 from any other chapter.

67.04

A change to heading 67.04 from any other heading.

Section XIII -

**Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials; Ceramic Products; Glass and Glassware (Chapter 68-70)**

Chapter 68

**Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials**

68.01-68.11

A change to heading 68.01 through 68.11 from any other chapter.

68.12.10

A change to subheading 6812.10 from any other chapter.

68.12.20

A change to subheading 6812.20 from any other subheading.

68.12.30-68.12.40

A change to subheading 6812.30 through 6812.40 from other subheading outside that group.

68.12.50

A change to subheading 6812.50 from any other subheading.

68.12.60-68.12.90

A change to subheading 6812.60 through 6812.90 from any subheading outside that group.

68.13

A change to heading 68.13 from any other heading.

68.14-68.15

A change to heading 68.14 through 68.15 from any other chapter.

Chapter 69

**Ceramic Products**

69.01-69.14

A change to heading 69.01 through 69.14 from any other chapter.

<b>Chapter 70</b>	<b>Glass and Glassware</b>	71.03-72.
70.01-70.02	A change to heading 70.01 through 70.02 from any other chapter.	72.06-72.
70.03-70.09 <sup>15</sup>	A change to heading 70.03 through 70.09 from any heading outside the group.	72.08-72.
70.10-70.20	A change to heading 70.10 through 70.20 from any other heading, except from heading 70.07 through 70.20.	72.17

**Section XIV - Natural or Cultured Pearls, Precious or Semi-precious Stones, Precious Metals, Metals Clad with Precious Metal, and Articles Thereof; Imitation Jewellery; Coin (Chapter 71)**

<b>Chapter 71</b>	<b>Natural or Cultured Pearls, Precious or Semi-Precious Stones, Precious Metals, Metals Clad with Precious Metal, and Articles Thereof; Imitation Jewellery; Coin (Chapter 71)</b>	72.24-72.2
71.01-71.12	A change to heading 71.01 through 71.12 from any other chapter.	72.29
71.13-71.18	<b>Note:</b> <i>Pearls, temporarily or permanently strung but without the addition of clasps or other ornamental features of precious metals or stones, shall be treated as an originating good only if the pearls were obtained in the territory of one or more of the Parties.</i>	Chapter 73
	A change to heading 71.13 through 71.18 from any heading outside the group.	73.01-73.0

**Section XV - Base Metals and Articles of Base Metal (Chapter 72-83)**

<b>Chapter 72</b>	<b>Iron and Steel</b>	73
72.01	A change to heading 72.01 from any other chapter.	7304-49-73
7202.11-7202.60	A change to subheading 7202.11 through 7202.60 from any other chapter	73.05-73.0
7202.70	A change to subheading 7202.70 from any other chapter, except from subheading 2613.10.	73.08
7202.80-7202.99	A change to subheading 7202.80 through 7202.99 from any other chapter	

<sup>15</sup> If the good provided for in subheading 7007.11, 7007.21 or 7009.10 is for use in a motor vehicle Chapter 87, the provisions of Article 403 may apply.

apter.  
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heading, except  
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Articles  
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Articles  
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other change  
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other change  
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72.03-72.05 A change to heading 72.03 through 72.05 from any other chapter.

72.06-72.07 A change to heading 72.06 through 72.07 from any heading outside that group.

72.08-72.16 A change to heading 72.08 through 72.16 from any heading outside that group.

72.17 A change to heading 72.17 from any other heading, except from heading 72.13 through 72.15.

72.18-72.22 A change to heading 72.18 through 72.22 from any heading outside that group.

72.23 A change to heading 72.23 from any other heading, except from heading 72.21 through 72.22.

72.24-72.28 A change to heading 72.24 through 72.28 from any heading outside that group.

72.29 A change to heading 72.29 from any other heading, except from heading 72.27 through 72.28.

**Chapter 73**  
**Articles of Iron or Steel**

73.01-73.03 A change to heading 73.01 through 73.03 from any other chapter.

7304.10-7304.39 A change to subheading 7304.10 through 7304.39 from any other chapter.

7304.41

7304.41.aa A change to Canadian tariff item 7304.41.10, U.S. tariff item 7304.41.00A or 7304.41.00B or Mexican tariff item 7304.41.02 from subheading 7304.49 or any other chapter.

7304.41 A change to subheading 7304.41 from any other chapter.

7304.49-7304.90 A change to subheading 7304.49 through 7304.90 from any other chapter.

73.05-73.07 A change to heading 73.05 through 73.07 from any other chapter.

73.08 A change to heading 73.08 from any other heading, except for changes resulting from the following processes performed on angles, shapes, or sections of heading 72.16:

- (a) drilling, punching, notching, cutting, cambering, or sweeping, whether performed individually or in combination;
- (b) adding attachments or weldments for composite construction;
- (c) adding attachments for handling purposes;

- (d) adding weldments, connectors or attachments to H-sections or I-sections; provided that the maximum dimension of the weldments, connectors, or attachments is not greater than the dimension between the inner surfaces of the flanges of the H-sections or I-sections
- (e) painting, galvanizing, or otherwise coating; or
- (f) adding a simple base plate without stiffening elements, individually or in combination with drilling, punching, notching or cutting, to create an article suitable as a column.
- 73.09-73.11 A change to heading 73.09 through 73.11 from any heading outside the group.
- 73.12-73.14 A change to heading 73.12 through 73.14 from any other heading, including another heading within that group.
- 7315.11-7315.12 A change to subheading 7315.11 through 7315.12 from any other heading; or
- A change to subheading 7315.11 through 7315.12 from subheading 7315.19, whether or not there is also a change from any other heading provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.
- 7315.19 A change to subheading 7315.19 from any other heading.
- 7315.20-7315.89 A change to subheading 7315.20 through 7315.89 from any other heading; or
- A change to subheading 7315.20 through 7315.89 from subheading 7315.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.
- 7315.90 A change to subheading 7315.90 from any other heading.
- 73.16 A change to heading 73.16 from any other heading, except from heading 73.12 or 73.15.
- 73.17-73.18 A change to heading 73.17 through 73.18 from any heading outside the group.
- 73.19-73.20 A change to heading 73.19 through 73.20 from any heading outside the group.

7321.11		
7321.11.aa		A change to Canadian tariff item 7321.11.19, U.S. tariff item 7321.11.30 or Mexican tariff item 7321.11.02 from any other subheading, except from Canadian tariff item 7321.90.51, 7321.90.52 or 7321.90.53, U.S. tariff item 7321.90.30A, 7321.90.30B or 7321.90.30C or Mexican tariff item 7321.90.05, 7321.90.06 or 7321.90.07.
7321.11		A change to subheading 7321.11 from any other heading; or  A change to subheading 7321.11 from subheading 7321.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
	(a)	60 percent where the transaction value method is used, or
	(b)	50 percent where the net cost method is used.
7321.12-7321.83		A change to subheading 7321.12 through 7321.83 from any other heading; or  A change to subheading 7321.12 through 7321.83 from subheading 7321.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
	(a)	60 percent where the transaction value method is used, or
	(b)	50 percent where the net cost method is used.
7321.90		
7321.90.aa		A change to Canadian tariff item 7321.90.51, U.S. tariff item 7321.90.30A or Mexican tariff item 7321.90.05 from any other tariff item.
7321.90.bb		A change to Canadian tariff item 7321.90.52, U.S. tariff item 7321.90.30B or Mexican tariff item 7321.90.06 from any other tariff item.
7321.90.cc		A change to Canadian tariff item 7321.90.53, U.S. tariff item 7321.90.30C or Mexican tariff item 7321.90.07 from any other tariff item.
7321.90		A change to subheading 7321.90 from any other heading.
73.22-73.23		A change to heading 73.22 through 73.23 from any heading outside that group.

7324.10-7324.29	A change to subheading 7324.10 through 7324.29 from any other heading; or
	A change to subheading 7324.10 through 7324.29 from subheading 7324.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
7324.90	A change to subheading 7324.90 from any other heading.
73.25-73.26	A change to heading 73.25 through 73.26 from any other heading outside that group.
<b>Chapter 74</b>	<b>Copper and Articles Thereof</b>
74.01-74.02	A change to heading 74.01 through 74.02 from any other chapter.
74.03	A change to heading 74.03 from any other chapter; or
	A change to heading 74.03 from heading 74.01 or 74.02 or Canadian tariff item 7404.00.11, 7404.00.21 or 7404.00.91, U.S. tariff item 7404.00.00A or Mexican tariff item 7404.00.03, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
74.04	No required change in tariff classification to heading 74.04, provided waste and scrap are wholly obtained or produced entirely in the territory of one or more of the Parties as defined in Article 415 of this Chapter.
74.05-74.07	A change to heading 74.05 through 74.07 from any other chapter; or
	A change to heading 74.05 through 74.07 from heading 74.01 or 74.02, Canadian tariff item 7404.00.11, 7404.00.21 or 7404.00.91, U.S. tariff item 7404.00.00A or Mexican tariff item 7404.00.03, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.

other 7408.11

7408.11.aa

heading  
other heading

A change to Canadian tariff item 7408.11.11 or 7408.11.12, U.S. tariff item 7408.11.60 or Mexican tariff item 7408.11.01 from any other chapter; or

used, or

A change to Canadian tariff item 7408.11.11 or 7408.11.12, U.S. tariff item 7408.11.60 or Mexican tariff item 7408.11.01 from heading 74.01 or 74.02 or Canadian tariff item 7404.00.11, 7404.00.21 or 7404.00.91, U.S. tariff item 7404.00.00A or Mexican tariff item 7404.00.03, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

heading outside

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

7408.11

chapter.

A change to subheading 7408.11 from any other heading, except from heading 74.07.

7408.19-7408.29

A change to subheading 7408.19 through 7408.29 from any other heading, except from heading 74.07.

or Canadian  
tariff item

74.09

A change to heading 74.09 from any other heading.

or not there is  
regional value

74.10

A change to heading 74.10 from any other heading, except from heading 74.09.

used, or

74.11

A change to heading 74.11 from any other heading, except from Canadian tariff item 7407.10.13, 7407.10.22, 7407.21.13, 7407.21.22, 7407.22.14, 7407.22.22, 7407.29.13 or 7407.29.22, U.S. tariff item 7407.10.10A, 7407.21.10A, 7407.22.10A or 7407.29.10A or Mexican tariff item 7407.10.03, 7407.21.03, 7407.22.03 or 7407.29.03, or heading 74.09.

4. provided  
in the territory  
of this Chapter

74.12

A change to heading 74.12 from any other heading, except from heading 74.11.

chapter; or

74.13

A change to heading 74.13 from any other heading, except from heading 74.07 through 74.08; or

74.01 or 74.02,  
U.S. tariff item  
74.01 or 74.02,  
whether or not  
there is a regional value

A change to heading 74.13 from heading 74.07 through 74.08, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

used, or

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

74.14-74.18

A change to heading 74.14 through 74.18 from any other heading, including another heading within that group.

7419.10	A change to subheading 7419.10 from any other heading, except from heading 74.07.	Chapter 78 78.01-78.02
7419.91-7419.99	A change to subheading 7419.91 through 7419.99 from any other heading.	78.03-78.06
<b>Chapter 75</b>	<b>Nickel and Articles Thereof</b>	
75.01-75.04	A change to heading 75.01 through 75.04 from any other chapter.	
75.05	A change to heading 75.05 from any other heading.	
75.06		
7506.10.aa	A change to Canadian tariff item 7506.10.22, U.S. tariff item 7506.10.50A or Mexican tariff item 7506.10.01 from any other tariff item.	Chapter 79 79.01-79.03
7506.20.aa	A change to Canadian tariff item 7506.20.92, U.S. tariff item 7506.20.50A or Mexican tariff item 7506.20.01 from any other tariff item.	79.04-79.07
75.06	A change to heading 75.06 from any other heading.	
75.07-75.08	A change to heading 75.07 through 75.08 from any heading outside the group.	
<b>Chapter 76</b>	<b>Aluminum and Articles Thereof</b>	
76.01-76.03	A change to heading 76.01 through 76.03 from any other chapter.	Chapter 80 80.01-80.02
76.04-76.06	A change to heading 76.04 through 76.06 from any heading outside the group.	80.03-80.04
76.07	A change to heading 76.07 from any other heading.	80.05-80.07
76.08-76.09	A change to heading 76.08 through 76.09 from any heading outside the group.	
76.10-76.13	A change to heading 76.10 through 76.13 from any other heading, including another heading within that group.	Chapter 81 81.01-81.01
76.14	A change to heading 76.14 from any other heading, except from heading 76.04 through 76.05.	81.01.92
76.15-76.16	A change to heading 76.15 through 76.16 from any other heading, including another heading within that group.	81.01.93 81.01.99



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**Chapter 78**

**Lead and Articles Thereof**

78.01-78.02

A change to heading 78.01 through 78.02 from any other chapter.

78.03-78.06

A change to heading 78.03 through 78.06 from any other chapter; or

A change to heading 78.03 through 78.06 from any other heading within Chapter 78, including another heading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

**Chapter 79**

**Zinc and Articles Thereof**

79.01-79.03

A change to heading 79.01 through 79.03 from any other chapter.

79.04-79.07

A change to heading 79.04 through 79.07 from any other chapter; or

A change to heading 79.04 through 79.07 from any other heading within Chapter 79, including another heading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

**Chapter 80**

**Tin and Articles Thereof**

80.01-80.02

A change to heading 80.01 through 80.02 from any other chapter.

80.03-80.04

A change to heading 80.03 through 80.04 from any heading outside that group.

80.05-80.07

A change to heading 80.05 through 80.07 from any heading outside that group.

**Chapter 81**

**Other Base Metals; Cermets; Articles Thereof**

8101.10-8101.91

A change to subheading 8101.10 through 8101.91 from any other chapter.

8101.92

A change to subheading 8101.92 from any other subheading.

8101.93

A change to subheading 8101.93 from any other chapter.

8101.99

A change to subheading 8101.99 from any other subheading.

8102.10-8102.91	A change to subheading 8102.10 through 8102.91 from any other chapter.
8102.92	A change to subheading 8102.92 from any other subheading.
8102.93	A change to subheading 8102.93 from any other subheading, except Canadian tariff item 8102.92.10, U.S. tariff item 8102.92.00A or Mexican tariff item 8102.92.01.
8102.99	A change to subheading 8102.99 from any other subheading.
8103.10	A change to subheading 8103.10 from any other chapter.
8103.90	A change to subheading 8103.90 from any other subheading.
8104.11-8104.30	A change to subheading 8104.11 through 8104.30 from any other chapter.
8104.90	A change to subheading 8104.90 from any other subheading.
8105.10	A change to subheading 8105.10 from any other chapter.
8105.90	A change to subheading 8105.90 from any other subheading.
81.06	A change to heading 81.06 from any other chapter.
8107.10	A change to subheading 8107.10 from any other chapter.
8107.90	A change to subheading 8107.90 from any other subheading.
8108.10	A change to subheading 8108.10 from any other chapter.
8108.90	A change to subheading 8108.90 from any other subheading.
8109.10	A change to subheading 8109.10 from any other chapter.
8109.90	A change to subheading 8109.90 from any other subheading.
81.10	A change to heading 81.10 from any other chapter.
81.11	
8111.00.aa	A change to Canadian tariff item 8111.00.21, 8111.00.22, 8111.00.23, U.S. tariff item 8111.00.60 or Mexican tariff item 8111.00.01 from any other tariff item.
81.11	A change to heading 81.11 from any other chapter.
81.12-81.13	A change to heading 81.12 through 81.13 from any other chapter.

Chapter 82

**Tools, Implements, Cutlery, Spoons and Forks, of Base Metal; Parts Thereof of Base Metal**

82.01-82.15

A change to heading 82.01 through 82.15 from any other chapter.

Chapter 83

**Miscellaneous Articles of Base Metal**

8301.10-8301.50

A change to subheading 8301.10 through 8301.50 from any chapter; or

A change to subheading 8301.10 through 8301.50 from subheading 8301.60, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8301.60-8301.70

A change to subheading 8301.60 through 8301.70 from any other chapter.

83.02-83.04

A change to heading 83.02 through 83.04 from any other heading, including another heading within that group.

8305.10-8305.20

A change to subheading 8305.10 through 8305.20 from any other chapter; or

A change to subheading 8305.10 through 8305.20 from subheading 8305.90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8305.90

A change to subheading 8305.90 from any other heading.

83.06-83.07

A change to heading 83.06 through 83.07 from any other chapter.

8308.10-8308.20

A change to subheading 8308.10 through 8308.20 from any other chapter; or

A change to subheading 8308.10 through 8308.20 from subheading 8308.90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8308.90

A change to subheading 8308.90 from any other heading.

83.09-83.10

A change to heading 83.09 through 83.10 from any other chapter.

8311.10-8311.30

A change to subheading 8311.10 through 8311.30 from any other chapter or

A change to subheading 8311.10 through 8311.30 from subheading 8311.90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8311.90

A change to subheading 8311.90 from any other heading.

**Section XVI - Machinery and Mechanical Appliances; Electrical Equipment; Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts and Accessories of Such Articles (Chapter 84-85)**

**Chapter 84**

**Nuclear Reactors, Boilers, Machinery and Mechanical Appliances; Parts Thereof**

**Note 1:**

*For purposes of this Chapter, the term, "printed circuit assembly", means a good consisting of one or more printed circuits of heading 85.34 with one or more active elements assembled thereon, with or without passive elements. For purposes of this Note, "active elements" means diodes, transistors and similar semiconductor devices, whether or not photosensitive, of heading 85.41, and integrated circuits and microassemblies of heading 85.42.*

**Note 2:**

*Canadian tariff item 8473.30.10, U.S. tariff item 8473.30.40C or Mexican tariff item 8473.30.02 covers the following parts for printers of subheading 8471.92:*

- (a) *control or command assemblies, incorporating more than one of the following: printed circuit assembly; hard or flexible disc drive; keyboard; user interface;*
- (b) *light source assemblies, incorporating more than one of the following: light emitting diode assembly; gas laser; mirror polygon assembly; base casting;*
- (c) *laser imaging assemblies, incorporating more than one of the following: photoreceptor belt or cylinder; toner receptacle; toner developing unit; charge/discharge unit; cleaning unit;*
- (d) *image fixing assemblies, incorporating more than one of the following: fuser; pressure roller; heating element; release dispenser; cleaning unit; electrical control;*

- (e) *ink jet marking assemblies, incorporating more than one of the following: thermal print head; ink dispensing unit; nozzle and reservoir unit; ink heater;*
- (f) *maintenance/sealing assemblies, incorporating more than one of the following: vacuum unit; ink jet covering unit; sealing unit; purging unit;*
- (g) *paper handling assemblies, incorporating more than one of the following: paper transport belt; roller; print bar; carriage; gripper roller; paper storage unit; exit tray;*
- (h) *thermal transfer imaging assemblies, incorporating more than one of the following: thermal print head; cleaning unit; supply or take-up roller;*
- (i) *ionographic imaging assemblies, incorporating more than one of the following: ion generation and emitting unit; air assist unit; printed circuit assembly; charge receptor belt or cylinder; toner receptacle unit; toner distribution unit; developer receptacle and distribution unit; developing unit; charge/discharge unit; cleaning unit; or*
- (j) *combinations of the above specified assemblies.*

8401.10-8401.30

A change to subheading 8401.10 through 8401.30 from any other heading; or

A change to subheading 8401.10 through 8401.30 from subheading 8401.40, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8401.40

A change to subheading 8401.40 from any other heading.

8402.11-8402.20

A change to subheading 8402.11 through 8402.20 from any other heading; or

A change to subheading 8402.11 through 8402.20 from subheading 8402.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8402.90

A change to subheading 8402.90 from any other heading; or

No required change in tariff classification to subheading 8402.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8403.10

A change to subheading 8403.10 from any other heading; or

A change to subheading 8403.10 from subheading 8403.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8403.90

A change to subheading 8403.90 from any other heading.

8404.10-8404.20

A change to subheading 8404.10 through 8404.20 from any other heading; or

A change to subheading 8404.10 through 8404.20 from subheading 8404.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8404.90

A change to subheading 8404.90 from any other heading.

8405.10

A change to subheading 8405.10 from any other heading; or

A change to subheading 8405.10 from subheading 8405.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8405.90

A change to subheading 8405.90 from any other heading.

8406.11-8406.19

A change to subheading 8406.11 through 8406.19 from any subheading outside that group, except from Canadian tariff item 8406.90.22, 8406.90.24, 8406.90.32 or 8406.90.34, U.S. tariff item 8406.90.10A, 8406.90.10C, 8406.90.90A or 8406.90.90C or Mexican tariff item 8406.90.01 or 8406.90.02.

8406.90

8406.90.aa

A change to Canadian tariff item 8406.90.22 or 8406.90.32, U.S. tariff item 8406.90.10A or 8406.90.90A or Mexican tariff item 8406.90.01 from Canadian tariff item 8406.90.21 or 8406.90.31, U.S. tariff item

02.90,

used, or

or

), whether or  
and there is a

used, or

any other

subheading  
other heading;

used, or

or

), whether or  
and there is a

used, or

any subhead-  
5.90.22.

8406.90.90A  
tariff item

32, U.S. tariff  
8406.90.00  
S. tariff item

8406.90.10B or 8406.90.90B or Mexican tariff item 8406.90.03, or any other heading.

8406.90.bb

A change to Canadian tariff item 8406.90.24 or 8406.90.34, U.S. tariff item 8406.90.10C or 8406.90.90C or Mexican tariff item 8406.90.02 from any other tariff item.

8406.90

A change to subheading 8406.90 from any other heading.

84.07-84.08<sup>16</sup>

A change to heading 84.07 through 84.08 from any other heading, including another heading within that group, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8409.10<sup>17</sup>

A change to subheading 8409.10 from any other heading.

8409.91<sup>18</sup>

A change to subheading 8409.91 from any other heading; or

No required change in tariff classification to subheading 8409.91, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8409.99<sup>19</sup>

A change to subheading 8409.99 from any other heading; or

No required change in tariff classification to subheading 8409.99, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8410.11-8410.13

A change to subheading 8410.11 through 8410.13 from any other heading; or

A change to subheading 8410.11 through 8410.13 from subheading 8410.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

16 If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

17 If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

18 If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

19 If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.	
8410.90	A change to subheading 8410.90 from any other heading.	8414.10-8
8411.11-8411.82	A change to subheading 8411.11 through 8411.82 from any other heading; or  A change to subheading 8411.11 through 8411.82 from subheading 8411.91 through 8411.99, whether or not there is also a change from other heading, provided there is a regional value content of not less than:	
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.	8414.30
8411.91-8411.99	A change to subheading 8411.91 through 8411.99 from any other heading.	8414.40-84
8412.10-8412.80	A change to subheading 8412.10 through 8412.80 from any other heading; or  A change to subheading 8412.10 through 8412.80 from subheading 8412.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:	
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.	8414.90
8412.90	A change to subheading 8412.90 from any other heading.	
8413.11-8413.82 <sup>20</sup>	A change to subheading 8413.11 through 8413.82 from any other heading; or  A change to subheading 8413.11 through 8413.82 from subheading 8413.91 through 8413.92, whether or not there is also a change from other heading, provided there is a regional value content of not less than:	8415.10
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.	
8413.91	A change to subheading 8413.91 from any other heading.	8415.81-84
8413.92	A change to subheading 8413.92 from any other heading; or  No required change in tariff classification to subheading 8413.92, provided there is a regional value content of not less than:	

<sup>20</sup> If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.



used, or

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8414.10-8414.20

y other

A change to subheading 8414.10 through 8414.20 from any other heading; or

bheading  
change from c  
f not less

A change to subheading 8414.10 through 8414.20 from subheading 8414.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

used, or

8414.30

y other

A change to subheading 8414.30 from any other subheading, except from Canadian tariff item 8414.90.21 or 8414.90.51, U.S. tariff item 8414.90.20A or 8414.90.20B or Mexican tariff item 8414.90.14.

y other

8414.40-8414.80<sup>21</sup>

bheading  
other heading

A change to subheading 8414.40 through 8414.80 from any other heading; or

used, or

A change to subheading 8414.40 through 8414.80 from subheading 8414.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

y other

8414.90

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

bheading  
change from c  
f not less

A change to subheading 8414.90 from any other heading; or

used, or

8415.10

or

No required change in tariff classification to subheading 8414.90, provided there is a regional value content of not less than:

413.92.

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8415.81-8415.83<sup>22</sup>

A change to subheading 8415.81 through 8415.83 from any subheading outside that group, except from Canadian tariff item 8415.90.11, 8415.90.21, 8415.90.31 or 8415.90.41, U.S. tariff item 8415.90.00A or

3 may apply

<sup>21</sup> If the good provided for in subheading 8414.59 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

<sup>22</sup> If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

	8415.90.00B or Mexican tariff item 8415.90.01 or from assemblies incorporating more than one of the following: compressor, condenser, evaporator, connecting tubing; or	8418.10-8
	A change to subheading 8415.81 through 8415.83 from Canadian tariff item 8415.90.11, 8415.90.21, 8415.90.31 or 8415.90.41, U.S. tariff item 8415.90.00A or 8415.90.00B or Mexican tariff item 8415.90.01 or from assemblies incorporating more than one of the following: compressor, condenser, evaporator, connecting tubing, whether or not there is also a change from any other subheading outside that group, provided there is a regional value content of not less than:	8418.22
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.	
8415.90		
8415.90.aa	A change to Canadian tariff item 8415.90.11, 8415.90.21, 8415.90.31 or 8415.90.41, U.S. tariff item 8415.90.00A or 8415.90.00B or Mexican tariff item 8415.90.01 from any other tariff item.	8418.29-8
8415.90	A change to subheading 8415.90 from any other heading.	
8416.10-8416.30	A change to subheading 8416.10 through 8416.30 from any other heading; or	8418.50-8
	A change to subheading 8416.10 through 8416.30 from subheading 8416.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:	
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.	
8416.90	A change to subheading 8416.90 from any other heading.	8418.91
8417.10-8417.80	A change to subheading 8417.10 through 8417.80 from any other heading; or	8418.99
	A change to subheading 8417.10 through 8417.80 from subheading 8417.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:	841
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.	841
8417.90	A change to subheading 8417.90 from any other heading.	8419.11-8

assemblies  
, condens

8418.10-8418.21

A change to subheading 8418.10 through 8418.21 from any subheading outside that group, except from subheading 8418.91 or Canadian tariff item 8418.99.11, 8418.99.21, 8418.99.31, 8418.99.41 or 8418.99.51, U.S. tariff item 8418.99.00A or Mexican tariff item 8418.99.12 or from assemblies incorporating more than one of the following: compressor, condenser, evaporator, connecting tubing.

Canadian tariff  
U.S. tariff  
90.01 or  
compressor  
there is also  
vided there is

8418.22

A change to subheading 8418.22 from any other heading; or

A change to subheading 8418.22 from subheading 8418.91 through 8418.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

used, or

8415.90.31  
or Mexica

8418.29-8418.40

A change to subheading 8418.29 through 8418.40 from any subheading outside that group, except from subheading 8418.91 or Canadian tariff item 8418.99.11, 8418.99.21, 8418.99.31, 8418.99.41 or 8418.99.51, U.S. tariff item 8418.99.00A or Mexican tariff item 8418.99.12 or from assemblies incorporating more than one of the following: compressor, condenser, evaporator, connecting tubing.

y other

8418.50-8418.69

A change to subheading 8418.50 through 8418.69 from any other heading; or

A change to subheading 8418.50 through 8418.69 from subheading 8418.91 through 8418.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

used, or

y other

8418.91

A change to subheading 8418.91 from any other subheading.

y other

8418.99

8418.99.aa

A change to Canadian tariff item 8418.99.11, 8418.99.21, 8418.99.31, 8418.99.41 or 8418.99.51, U.S. tariff item 8418.99.00A or Mexican tariff item 8418.99.12 from any other tariff item.

heading  
her heading

8418.99

A change to subheading 8418.99 from any other heading.

used, or

8419.11-8419.89

A change to subheading 8419.11 through 8419.89 from any other heading; or

A change to subheading 8419.11 through 8419.89 from subheading 8419.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or  
 (b) 50 percent where the net cost method is used.
- 8419.90 A change to subheading 8419.90 from any other heading; or
- No required change in tariff classification to subheading 8419.90, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or  
 (b) 50 percent where the net cost method is used.
- 8420.10 A change to subheading 8420.10 from any other heading; or
- A change to subheading 8420.10 from subheading 8420.91 through 8420.99, whether or not there is also a change from any other heading provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or  
 (b) 50 percent where the net cost method is used.
- 8420.91-8420.99 A change to subheading 8420.91 through 8420.99 from any other heading.
- 8421.11 A change to subheading 8421.11 from any other heading; or
- A change to subheading 8421.11 from subheading 8421.91, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or  
 (b) 50 percent where the net cost method is used.
- 8421.12 A change to subheading 8421.12 from any other subheading, except for Canadian tariff item 8421.91.11, 8421.91.12, 8537.10.11, 8537.10.19, 8537.10.41 or 8537.10.49, U.S. tariff item 8421.91.00A, 8421.91.00B, 8537.10.00A or Mexican tariff item 8421.91.02, 8421.91.03 or 8537.10.05.

8421.19-8421.39<sup>23</sup>

A change to subheading 8421.19 through 8421.39 from any other heading; or

A change to subheading 8421.19 through 8421.39 from subheading 8421.91 through 8421.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8421.91

8421.91.aa

A change to Canadian tariff item 8421.91.11, U.S. tariff item 8421.91.00A or Mexican tariff item 8421.91.02 from any other tariff item.

8421.91.bb

A change to Canadian tariff item 8421.91.12, U.S. tariff item 8421.91.00B or Mexican tariff item 8421.91.03 from any other tariff item.

8421.91

A change to subheading 8421.91 from any other heading.

8421.99

A change to subheading 8421.99 from any other heading; or

No required change in tariff classification to subheading 8421.99, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8422.11

A change to subheading 8422.11 from any other subheading, except from Canadian tariff item 8422.90.11, 8422.90.12, 8422.90.22, 8422.90.23, 8537.10.11, 8537.10.19, 8537.10.41 or 8537.10.49, U.S. tariff item 8422.90.05A, 8422.90.05B or 8537.10.00A or Mexican tariff item 8422.90.05, 8422.90.06 or 8537.10.05 or from water circulation systems incorporating a pump, whether or not motorized, and auxiliary apparatus for controlling, filtering, or dispersing a spray.

8422.19-8422.40

A change to subheading 8422.19 through 8422.40 from any other heading; or

A change to subheading 8422.19 through 8422.40 from subheading 8422.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or

If the good provided for in subheading 8421.39 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

	(b)	50 percent where the net cost method is used.
8422.90		
8422.90.aa		A change to Canadian tariff item 8422.90.11 or 8422.90.22, U.S. tariff item 8422.90.05A or Mexican tariff item 8422.90.05 from any other tariff item.
8422.90.bb		A change to Canadian tariff item 8422.90.12 or 8422.90.23, U.S. tariff item 8422.90.05B or Mexican tariff item 8422.90.06 from any other tariff item.
8422.90		A change to subheading 8422.90 from any other heading.
8423.10-8423.89		A change to subheading 8423.10 through 8423.89 from any other heading; or
		A change to subheading 8423.10 through 8423.89 from subheading 8423.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:
	(a)	60 percent where the transaction value method is used, or
	(b)	50 percent where the net cost method is used.
8423.90		A change to subheading 8423.90 from any other heading.
8424.10-8424.89		A change to subheading 8424.10 through 8424.89 from any other heading; or
		A change to subheading 8424.10 through 8424.89 from subheading 8424.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:
	(a)	60 percent where the transaction value method is used, or
	(b)	50 percent where the net cost method is used.
8424.90		A change to subheading 8424.90 from any other heading.
84.25-84.26		A change to heading 84.25 through 84.26 from any other heading, including another heading within that group, except from heading 84.31; or
		A change to heading 84.25 through 84.26 from heading 84.31, whether or not there is also a change from any other heading, including another heading within that group, provided there is a regional value content of not less than:
	(a)	60 percent where the transaction value method is used, or
	(b)	50 percent where the net cost method is used.

8427.10

8427.10.aa

A change to Canadian tariff item 8427.10.10, U.S. tariff item 8427.10.00A or Mexican tariff item 8427.10.03 or 8427.10.04 from any other heading, except from subheading 8431.20 or 8483.40 or heading 85.01; or

A change to Canadian tariff item 8427.10.10, U.S. tariff item 8427.10.00A or Mexican tariff item 8427.10.03 or 8427.10.04 from subheading 8431.20 or 8483.40 or heading 85.01, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8427.10

A change to subheading 8427.10 from any other heading, except from subheading 8431.20; or

A change to subheading 8427.10 from subheading 8431.20, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8427.20

8427.20.aa

A change to Canadian tariff item 8427.20.10, U.S. tariff item 8427.20.00A or Mexican tariff item 8427.20.04 or 8427.20.05 from any other heading, except from heading 84.07 or 84.08 or subheading 8431.20 or 8483.40; or

A change to Canadian tariff item 8427.20.10, U.S. tariff item 8427.20.00A or Mexican tariff item 8427.20.04 or 8427.20.05 from heading 84.07 or 84.08 or subheading 8431.20 or 8483.40, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8427.20

A change to subheading 8427.20 from any other heading, except from subheading 8431.20; or

	<p>A change to subheading 8427.20 from subheading 8431.20, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p>	8431.39
	<p>(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.</p>	
8427.90	<p>A change to subheading 8427.90 from any other heading, except from subheading 8431.20; or</p>	8431.41-8
	<p>A change to subheading 8427.90 from subheading 8431.20, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p>	8431.43
	<p>(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.</p>	
84.28-84.30	<p>A change to heading 84.28 through 84.30 from any heading outside that group, except from heading 84.31; or</p>	8431.49
	<p>A change to heading 84.28 through 84.30 from heading 84.31, whether or not there is also a change from any heading outside that group, provided there is a regional value content of not less than:</p>	
	<p>(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.</p>	
8431.10	<p>A change to subheading 8431.10 from any other heading; or</p>	8432.10-8.4
	<p>No required change in tariff classification to subheading 8431.10, provided there is a regional value content of not less than:</p>	
	<p>(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.</p>	
8431.20	<p>A change to subheading 8431.20 from any other heading.</p>	8432.90
8431.31	<p>A change to subheading 8431.31 from any other heading; or</p>	8433.11-8.4
	<p>No required change in tariff classification to subheading 8431.31, provided there is a regional value content of not less than:</p>	
	<p>(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.</p>	



whether or  
there is a

8431.39

A change to subheading 8431.39 from any other heading; or

No required change in tariff classification to subheading 8431.39, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

sed, or

cept from

8431.41-8431.42

A change to subheading 8431.41 through 8431.42 from any other heading.

whether or  
there is a

8431.43

A change to subheading 8431.43 from any other heading; or

No required change in tariff classification to subheading 8431.43, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

sed, or

g outside tax

8431.49

A change to subheading 8431.49 from any other heading; or

No required change in tariff classification to subheading 8431.49, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

.31, whether  
group, provided

sed, or

or

8432.10-8432.80

A change to subheading 8432.10 through 8432.80 from any other heading; or

31.10,

A change to subheading 8432.10 through 8432.80 from subheading 8432.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

sed, or

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

or

8432.90

A change to subheading 8432.90 from any other heading.

31.31,

8433.11-8433.60

A change to subheading 8433.11 through 8433.60 from any other heading; or

sed, or

A change to subheading 8433.11 through 8433.60 from subheading 8433.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8433.90	A change to subheading 8433.90 from any other heading. 8434.10-8434.90
	A change to subheading 8434.10 through 8434.20 from any other heading; or
	A change to subheading 8434.10 through 8434.20 from subheading 8434.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or
	(b) 50 percent where the net cost method is used. 8438.90
8434.90	A change to subheading 8434.90 from any other heading. 8439.10-8439.90
8435.10	A change to subheading 8435.10 from any other heading; or
	A change to subheading 8435.10 from subheading 8435.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or
	(b) 50 percent where the net cost method is used. 8439.91-8439.99
8435.90	A change to subheading 8435.90 from any other heading.
8436.10-8436.80	A change to subheading 8436.10 through 8436.80 from any other heading; or 8440.10
	A change to subheading 8436.10 through 8436.80 from subheading 8436.91 through 8436.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or
	(b) 50 percent where the net cost method is used. 8440.90
8436.91-8436.99	A change to subheading 8436.91 through 8436.99 from any other heading. 8441.10-8441.90
8437.10-8437.80	A change to subheading 8437.10 through 8437.80 from any other heading; or
	A change to subheading 8437.10 through 8437.80 from subheading 8437.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or
	(b) 50 percent where the net cost method is used.
8437.90	A change to subheading 8437.90 from any other heading.

8438.10-8438.80

A change to subheading 8438.10 through 8438.80 from any other heading;

other

A change to subheading 8438.10 through 8438.80 from subheading 8438.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

heading  
other heading

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

sed, or

8438.90

A change to subheading 8438.90 from any other heading.

8439.10-8439.30

A change to subheading 8439.10 through 8439.30 from any other heading; or

r

A change to subheading 8439.10 through 8439.30 from subheading 8439.91 through 8439.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

whether or  
there is a

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

sed, or

8439.91-8439.99

A change to subheading 8439.91 through 8439.99 from any other heading.

other

8440.10

A change to subheading 8440.10 from any other heading; or

heading  
change from  
not less than

A change to subheading 8440.10 from subheading 8440.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

sed, or

8440.90

A change to subheading 8440.90 from any other heading.

other

8441.10-8441.80

A change to subheading 8441.10 through 8441.80 from any other heading; or

other

A change to subheading 8441.10 through 8441.80 from subheading 8441.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

heading  
other heading

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

sed, or

8441.90

A change to subheading 8441.90 from any other heading; or

No required change in tariff classification to subheading 8441.90, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8442.10-8442.30

A change to subheading 8442.10 through 8442.30 from any other heading; or

A change to subheading 8442.10 through 8442.30 from subheading 8442.40 through 8442.50, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8442.40-8442.50

A change to subheading 8442.40 through 8442.50 from any other heading.

8443.11-8443.50

A change to subheading 8443.11 through 8443.50 from any other heading; or

A change to subheading 8443.11 through 8443.50 from subheading 8443.60 or 8443.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8443.60

A change to subheading 8443.60 from any other heading; or

A change to subheading 8443.60 from subheading 8443.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8443.90

A change to subheading 8443.90 from any other heading.

84.44-84.47

A change to heading 84.44 through 84.47 from any heading outside the group, except from heading 84.48; or

A change to heading 84.44 through 84.47 from heading 84.48, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8448.11-8448.19

A change to subheading 8448.11 through 8448.19 from any other heading; or

A change to subheading 8448.11 through 8448.19 from subheading 8448.20 through 8448.59, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8448.20-8448.59

A change to subheading 8448.20 through 8448.59 from any other heading.

84.49

A change to heading 84.49 from any other heading.

8450.11-8450.20

A change to subheading 8450.11 through 8450.20 from any subheading outside that group, except from Canadian tariff item 8450.90.11, 8450.90.12, 8450.90.21, 8450.90.22, 8450.90.31, 8450.90.32, 8450.90.41, 8450.90.42, 8537.10.11, 8537.10.19, 8537.10.41 or 8537.10.49, U.S. tariff item 8450.90.00A, 8450.90.00B or 8537.10.00A or Mexican tariff item 8450.90.01, 8450.90.02 or 8537.10.05 or from washer assemblies incorporating more than one of the following: agitator, motor, transmission, clutch.

8450.90

8450.90.aa

A change to Canadian tariff item 8450.90.11, 8450.90.21, 8450.90.31 or 8450.90.41, U.S. tariff item 8450.90.00A or Mexican tariff item 8450.90.01 from any other tariff item.

8450.90.bb

A change to Canadian tariff item 8450.90.12, 8450.90.22, 8450.90.32 or 8450.90.42, U.S. tariff item 8450.90.00B or Mexican tariff item 8450.90.02 from any other tariff item.

8450.90

A change to subheading 8450.90 from any other heading.

8451.10	A change to subheading 8451.10 from any other heading; or	8453.10
	A change to subheading 8451.10 from subheading 8451.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:	
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.	
8451.21-8451.29	A change to subheading 8451.21 through 8451.29 from any subheading outside that group, except from Canadian tariff item 8451.90.11, 8451.90.12, 8451.90.21, 8451.90.22, 8451.90.31 or 8451.90.32, U.S. tariff item 8451.90.00A or 8451.90.00B or Mexican tariff item 8451.90.01 or 8451.90.02, or subheading 8537.10.	8453.90 8454.10-8
8451.30-8451.80	A change to subheading 8451.30 through 8451.80 from any other heading; or	
	A change to subheading 8451.30 through 8451.80 from subheading 8451.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:	
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.	8454.90 8455.10-8
8451.90		
8451.90.aa	A change to Canadian tariff item 8451.90.11, 8451.90.21 or 8451.90.31, U.S. tariff item 8451.90.00A or Mexican tariff item 8451.90.01 from any other tariff item.	8455.30
8451.90.bb	A change to Canadian tariff item 8451.90.12, 8451.90.22 or 8451.90.32, U.S. tariff item 8451.90.00B or Mexican tariff item 8451.90.02 from any other tariff item.	
8451.90	A change to subheading 8451.90 from any other heading.	
8452.10-8452.30	A change to subheading 8452.10 through 8452.30 from any other heading; or	8455.90 8456.10
	A change to subheading 8452.10 through 8452.30 from subheading 8452.40 or 8452.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:	
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.	
8452.40-8452.90	A change to subheading 8452.40 through 8452.90 from any other heading.	8456.20-84

8453.10-8453.80

A change to subheading 8453.10 through 8453.80 from any other heading; or

A change to subheading 8453.10 through 8453.80 from subheading 8453.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8453.90

A change to subheading 8453.90 from any other heading.

8454.10-8454.30

A change to subheading 8454.10 through 8454.30 from any other heading; or

A change to subheading 8454.10 through 8454.30 from subheading 8454.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8454.90

A change to subheading 8454.90 from any other heading.

8455.10-8455.22

A change to subheading 8455.10 through 8455.22 from any subheading outside that group, except from Canadian tariff item 8455.90.10, U.S. tariff item 8455.90.00A or Mexican tariff item 8455.90.01.

8455.30

A change to subheading 8455.30 from any other heading; or

A change to subheading 8455.30 from subheading 8455.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8455.90

A change to subheading 8455.90 from any other heading.

8456.10

A change to subheading 8456.10 from any other heading, except from more than one of the following:

- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
- subheading 8537.10,
- subheading 9013.20.

8456.20-8456.90

A change to subheading 8456.20 through 8456.90 from any other heading, except from more than one of the following:

- subheading 8413.50 through 8413.60,
  - Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
  - subheading 8501.32 or 8501.52,
  - subheading 8537.10.
- 84.57 A change to heading 84.57 from any other heading, except from heading 84.59 or more than one of the following:
- subheading 8413.50 through 8413.60,
  - Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
  - subheading 8501.32 or 8501.52,
  - subheading 8537.10.
- 8458.11 A change to subheading 8458.11 from any other heading, except from more than one of the following:
- subheading 8413.50 through 8413.60,
  - Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
  - subheading 8501.32 or 8501.52,
  - subheading 8537.10.
- 8458.19 A change to subheading 8458.19 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04, or subheading 8501.32 or 8501.52.
- 8458.91 A change to subheading 8458.91 from any other heading, except from more than one of the following:
- subheading 8413.50 through 8413.60,
  - Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
  - subheading 8501.32 or 8501.52,
  - subheading 8537.10.
- 8458.99 A change to subheading 8458.99 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04, or subheading 8501.32 or 8501.52.
- 8459.10 A change to subheading 8459.10 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item



8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04, or subheading 8501.32 or 8501.52.

A change to subheading 8459.21 from any other heading, except from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
- subheading 8501.32 or 8501.52,
- subheading 8537.10; or

A change to subheading 8459.21 from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
- subheading 8501.32 or 8501.52,
- subheading 8537.10,

whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to subheading 8459.29 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04, or subheading 8501.32 or 8501.52.

A change to subheading 8459.31 from any other heading, except from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
- subheading 8501.32 or 8501.52,
- subheading 8537.10; or

A change to subheading 8459.31 from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,

- subheading 8501.32 or 8501.52,
- subheading 8537.10,

whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8459.39 A change to subheading 8459.39 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04, or subheading 8501.32 or 8501.52.

8459.40-8459.51 A change to subheading 8459.40 through 8459.51 from any other heading, except from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
- subheading 8501.32 or 8501.52,
- subheading 8537.10; or

A change to subheading 8459.40 through 8459.51 from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
- subheading 8501.32 or 8501.52,
- subheading 8537.10,

whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8459.59 A change to subheading 8459.59 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04, or subheading 8501.32 or 8501.52.8459.61

A change to subheading 8459.61 from any other heading, except from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item

8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,  
- subheading 8501.32 or 8501.52,  
- subheading 8537.10; or

A change to subheading 8459.61 from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
- subheading 8501.32 or 8501.52,
- subheading 8537.10,

whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to subheading 8459.69 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04, or subheading 8501.32 or 8501.52.

A change to Canadian tariff item 8459.70.10, U.S. tariff item 8459.70.00A or Mexican tariff item 8459.70.03 from any other heading, except from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
- subheading 8501.32 or 8501.52,
- subheading 8537.10; or

A change to Canadian tariff item 8459.70.10, U.S. tariff item 8459.70.00A or Mexican tariff item 8459.70.03 from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
- subheading 8501.32 or 8501.52,
- subheading 8537.10,

whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

- 8459.70 A change to subheading 8459.70 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04, or subheading 8501.32 or 8501.52.
- 8460.11 A change to subheading 8460.11 from any other heading, except from more than one of the following:
- subheading 8413.50 through 8413.60,
  - Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
  - subheading 8501.32 or 8501.52,
  - subheading 8537.10.
- 8460.19 A change to subheading 8460.19 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04, or subheading 8501.32 or 8501.52.
- 8460.21 A change to subheading 8460.21 from any other heading, except from more than one of the following:
- subheading 8413.50 through 8413.60,
  - Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
  - subheading 8501.32 or 8501.52,
  - subheading 8537.10.
- 8460.29 A change to subheading 8460.29 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04, or subheading 8501.32 or 8501.52.
- 8460.31 A change to subheading 8460.31 from any other heading, except from more than one of the following:
- subheading 8413.50 through 8413.60,
  - Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
  - subheading 8501.32 or 8501.52,
  - subheading 8537.10.

provided 8460.39

A change to subheading 8460.39 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04, or subheading 8501.32 or 8501.52.

d, or 8460.40

8460.40.aa

A change to Canadian tariff item 8460.40.10, U.S. tariff item 8460.40.00A or Mexican tariff item 8460.40.02 from any other heading, except from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
- subheading 8501.32 or 8501.52,
- subheading 8537.10.

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8460.40

A change to subheading 8460.40 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04, or subheading 8501.32 or 8501.52.

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8460.90

8460.90.aa

A change to Canadian tariff item 8460.90.11 or 8460.90.91, U.S. tariff item 8460.90.00A or Mexican tariff item 8460.90.03 from any other heading, except from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
- subheading 8501.32 or 8501.52,
- subheading 8537.10.

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8460.90

A change to subheading 8460.90 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04, or subheading 8501.32 or 8501.52.

cept from

8461.10

8461.10.aa

A change to Canadian tariff item 8461.10.10, U.S. tariff item 8461.10.00A or Mexican tariff item 8461.10.03 from any other heading, except from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff

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- item 8466.93.04,
  - subheading 8501.32 or 8501.52,
  - subheading 8537.10.
- 8461.10 A change to subheading 8461.10 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04.
- 8461.20
- 8461.20.aa A change to Canadian tariff item 8461.20.11 or 8461.20.21, U.S. tariff item 8461.20.00A or Mexican tariff item 8461.20.01 from any other heading, except from more than one of the following:
- subheading 8413.50 through 8413.60,
  - Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
  - subheading 8501.32 or 8501.52,
  - subheading 8537.10.
- 8461.20 A change to subheading 8461.20 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04.
- 8461.30
- 8461.30.aa A change to Canadian tariff item 8461.30.10, U.S. tariff item 8461.30.00A or Mexican tariff item 8461.30.01 from any other heading, except from more than one of the following:
- subheading 8413.50 through 8413.60,
  - Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
  - subheading 8501.32 or 8501.52,
  - subheading 8537.10.
- 8461.30 A change to subheading 8461.30 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04.
- 8461.40 A change to subheading 8461.40 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04.

8461.50

8461.50.aa

A change to Canadian tariff item 8461.50.10, U.S. tariff item 8461.50.00A or Mexican tariff item 8461.50.03 from any other heading, except from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
- subheading 8501.32 or 8501.52,
- subheading 8537.10.

8461.50

A change to subheading 8461.50 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04.

8461.90

8461.90.aa

A change to Canadian tariff item 8461.90.11 or 8461.90.91, U.S. tariff item 8461.90.00A or Mexican tariff item 8461.90.02 from any other heading, except from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04,
- subheading 8501.32 or 8501.52,
- subheading 8537.10.

8461.90

A change to subheading 8461.90 from any other heading, except from Canadian tariff item 8466.93.11 or 8466.93.91, U.S. tariff item 8466.93.10A, 8466.93.50A or 8466.93.70A or Mexican tariff item 8466.93.04.

8462.10

A change to subheading 8462.10 from any other heading, except from Canadian tariff item 8466.94.11, 8466.94.91 or 8483.50.20, U.S. tariff item 8466.94.10A, 8466.94.50A, 8483.50.80A or 8483.50.80B or Mexican tariff item 8466.94.02 or 8483.50.05. 8462.21

A change to subheading 8462.21 from any other heading, except from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.94.11 or 8466.94.91, U.S. tariff item 8466.94.10A or 8466.94.50A or Mexican tariff item 8466.94.02,
- Canadian tariff item 8483.50.20, U.S. tariff item 8483.50.80A or 8483.50.80B or Mexican tariff item 8483.50.05,

- subheading 8501.32 or 8501.52,
  - subheading 8537.10.
- 8462.29 A change to subheading 8462.29 from any other heading, except from Canadian tariff item 8466.94.11, 8466.94.91 or 8483.50.20, U.S. tariff item 8466.94.10A, 8466.94.50A, 8483.50.80A or 8483.50.80B or Mexican tariff item 8466.94.02 or 8483.50.05.
- 8462.31 A change to subheading 8462.31 from any other heading, except from more than one of the following:
- subheading 8413.50 through 8413.60,
  - Canadian tariff item 8466.94.11 or 8466.94.91, U.S. tariff item 8466.94.10A or 8466.94.50A or Mexican tariff item 8466.94.02,
  - Canadian tariff item 8483.50.20, U.S. tariff item 8483.50.80A, 8483.50.80B or Mexican tariff item 8483.50.05,
  - subheading 8501.32 or 8501.52,
  - subheading 8537.10.
- 8462.39 A change to subheading 8462.39 from any other heading, except from Canadian tariff item 8466.94.11, 8466.94.91 or 8483.50.20, U.S. tariff item 8466.94.10A, 8466.94.50A, 8483.50.80A or 8483.50.80B or Mexican tariff item 8466.94.02 or 8483.50.05.
- 8462.41 A change to subheading 8462.41 from any other heading, except from more than one of the following:
- subheading 8413.50 through 8413.60,
  - Canadian tariff item 8466.94.11 or 8466.94.91, U.S. tariff item 8466.94.10A or 8466.94.50A or Mexican tariff item 8466.94.02,
  - Canadian tariff item 8483.50.20, U.S. tariff item 8483.50.80A, 8483.50.80B or Mexican tariff item 8483.50.05,
  - subheading 8501.32 or 8501.52,
  - subheading 8537.10.
- 8462.49 A change to subheading 8462.49 from any other heading, except from Canadian tariff item 8466.94.11, 8466.94.91 or 8483.50.20, U.S. tariff item 8466.94.10A, 8466.94.50A, 8483.50.80A or 8483.50.80B or Mexican tariff item 8466.94.02 or 8483.50.05.



8462.91

8462.91.aa

A change to Canadian tariff item 8462.91.10, U.S. tariff item 8462.91.00A, Mexican tariff item 8462.91.05 from any other heading, except from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.94.11 or 8466.94.91, U.S. tariff item 8466.94.10A or 8466.94.50A or Mexican tariff item 8466.94.02,
- Canadian tariff item 8483.50.20, U.S. tariff item 8483.50.80A or 8483.50.80B or Mexican tariff item 8483.50.05,
- subheading 8501.32 or 8501.52,
- subheading 8537.10.

8462.91

A change to subheading 8462.91 from any other heading, except from Canadian tariff item 8466.94.11, 8466.94.91 or 8483.50.20, U.S. tariff item 8466.94.10A, 8466.94.50A, 8483.50.80A or 8483.50.80B or Mexican tariff item 8466.94.02 or 8483.50.05.

8462.99

8462.99.aa

A change to Canadian tariff item 8462.99.10, U.S. tariff item 8462.99.00A or Mexican tariff item 8462.99.05 from any other heading, except from more than one of the following:

- subheading 8413.50 through 8413.60,
- Canadian tariff item 8466.94.11 or 8466.94.91, U.S. tariff item 8466.94.10A or 8466.94.50A or Mexican tariff item 8466.94.02,
- Canadian tariff item 8483.50.20, U.S. tariff item 8483.50.80A or 8483.50.80B or Mexican tariff item 8483.50.05,
- subheading 8501.32 or 8501.52,
- subheading 8537.10.

8462.99

A change to subheading 8462.99 from any other heading, except from Canadian tariff item 8466.94.11, 8466.94.91 or 8483.50.20, U.S. tariff item 8466.94.10A, 8466.94.50A, 8483.50.80A or 8483.50.80B or Mexican tariff item 8466.94.02 or 8483.50.05.

84.63

A change to heading 84.63 from any other heading, except from Canadian tariff item 8466.94.11, 8466.94.91 or 8483.50.20, U.S. tariff item 8466.94.10A, 8466.94.50A, 8483.50.80A or 8483.50.80B or Mexican tariff item 8466.94.02 or 8483.50.05, or subheading 8501.32 or 8501.52.

- 84.64 A change to heading 84.64 from any other heading, except from subheading 8466.91; or
- A change to heading 84.64 from subheading 8466.91, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
- 84.65 A change to heading 84.65 from any other heading, except from subheading 8466.92; or
- A change to heading 84.65 from subheading 8466.92, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
- 84.66 A change to heading 84.66 from any other heading.
- 8467.11-8467.89 A change to subheading 8467.11 through 8467.89 from any other heading; or
- A change to subheading 8467.11 through 8467.89 from subheading 8467.91, 8467.92 or 8467.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
- 8467.91-8467.99 A change to subheading 8467.91 through 8467.99 from any other heading.
- 8468.10-8468.80 A change to subheading 8468.10 through 8468.80 from any other heading; or
- A change to subheading 8468.10 through 8468.80 from subheading 8468.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
- 8468.90 A change to subheading 8468.90 from any other heading.

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8471.20-8471.91  
8471.92  
8471.92.aa

8469.10.aa

A change to Canadian tariff item 8469.10.20, U.S. tariff item 8469.10.00A or Mexican tariff item 8469.10.02 from any other heading, except from heading 84.73; or

A change to Canadian tariff item 8469.10.20, U.S. tariff item 8469.10.00A or Mexican tariff item 8469.10.02 from heading 84.73, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

84.69

A change to heading 84.69 from any other heading, except from heading 84.73; or

A change to heading 84.69 from heading 84.73, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

84.70

A change to heading 84.70 from any other heading, except from heading 84.73; or

A change to heading 84.70 from heading 84.73, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8471.10

A change to subheading 8471.10 from any other heading, except from heading 84.73; or

A change to subheading 8471.10 from heading 84.73, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8471.20-8471.91

A change to subheading 8471.20 through 8471.91 from any subheading outside that group.

8471.92

8471.92.aa

A change to Canadian tariff item 8471.92.31, U.S. tariff item 8471.92.40A or 8471.92.40B or Mexican tariff item 8471.92.02 from any other subheading, except from subheading 8540.30 or Canadian tariff item

- 8540.91.10, U.S. tariff item 8540.91.40A or Mexican tariff item 8540.91.03.
- 8471.92.bb A change to Canadian tariff item 8471.92.21, U.S. tariff item 8471.92.65A, 8471.92.65B or 8471.92.70A or Mexican tariff item 8471.92.03 from any other tariff item, except from Canadian tariff item 8473.30.10, 8473.30.21 or 8473.30.22, U.S. tariff item 8473.30.40A or 8473.30.40C or Mexican tariff item 8473.30.02 or 8473.30.03.
- 8471.92.cc A change to Canadian tariff item 8471.92.22, U.S. tariff item 8471.92.65C, 8471.92.65D or 8471.92.70B or Mexican tariff item 8471.92.08 from any other tariff item, except from Canadian tariff item 8473.30.21 or 8473.30.22, U.S. tariff item 8473.30.40A or Mexican tariff item 8473.30.03.
- 8471.92.dd A change to Canadian tariff item 8471.92.23, U.S. tariff item 8471.92.65E, 8471.92.65F or 8471.92.70C or Mexican tariff item 8471.92.04 from any other tariff item, except from Canadian tariff item 8473.30.10, 8473.30.21 or 8473.30.22, U.S. tariff item 8473.30.40A or 8473.30.40C or Mexican tariff item 8473.30.02 or 8473.30.03.
- 8471.92.ee A change to Canadian tariff item 8471.92.24, U.S. tariff item 8471.92.65G, 8471.92.65H or 8471.92.70D or Mexican tariff item 8471.92.05 from any other tariff item, except from Canadian tariff item 8473.30.10, U.S. tariff item 8473.30.40C or Mexican tariff item 8473.30.02.
- 8471.92.ff A change to Canadian tariff item 8471.92.25, U.S. tariff item 8471.92.65I, 8471.92.65J or 8471.92.70E or Mexican tariff item 8471.92.06 from any other tariff item, except from Canadian tariff item 8473.30.10, U.S. tariff item 8473.30.40C or Mexican tariff item 8473.30.02.
- 8471.92.gg A change to Canadian tariff item 8471.92.26, U.S. tariff item 8471.92.65K, 8471.92.65L or 8471.92.70F or Mexican tariff item 8471.92.07 from any other tariff item, except from Canadian tariff item 8473.30.10, U.S. tariff item 8473.30.40C or Mexican tariff item 8473.30.02.
- 8471.92 A change to subheading 8471.92 from any other subheading.
- 8471.93 A change to subheading 8471.93 from any other subheading.
- 8471.99
- 8471.99.aa A change to Canadian tariff item 8471.99.91, U.S. tariff item 8471.99.01 or Mexican tariff item 8471.99.01 from any other tariff item.

8471.99.bb

A change to Canadian tariff item 8471.99.92, U.S. tariff item 8471.99.32 or 8471.99.34 or Mexican tariff item 8471.99.02 from any other tariff item.

8471.99.cc

A change to Canadian tariff item 8471.99.98, U.S. tariff item 8471.99.60 or Mexican tariff item 8471.99.03 from any other tariff item.

8471.99

A change to any other tariff item within subheading 8471.99 from Canadian tariff item 8471.99.91, 8471.99.92 or 8471.99.98, U.S. tariff item 8471.99.15, 8471.99.32, 8471.99.34 or 8471.99.60 or Mexican tariff item 8471.99.01, 8471.99.02 or 8471.99.03, or any other subheading.

84.72

A change to heading 84.72 from any other heading, except from heading 84.73; or

A change to heading 84.72 from heading 84.73, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8473.10

8473.10.aa

A change to Canadian tariff item 8473.10.91, U.S. tariff item 8473.10.00A or Mexican tariff item 8473.10.01 from any other heading.

8473.10.bb

A change to Canadian tariff item 8473.10.92 or 8473.10.93, U.S. tariff item 8473.10.00B or Mexican tariff item 8473.10.02 from any other heading; or

No required change in tariff classification to Canadian tariff item 8473.10.92 or 8473.10.93, U.S. tariff item 8473.10.00B or Mexican tariff item 8473.10.02, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8473.21

A change to subheading 8473.21 from any other heading; or

No required change in tariff classification to subheading 8473.21, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

- 8473.29 A change to subheading 8473.29 from any other heading; or
- No required change in tariff classification to subheading 8473.29, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or  
 (b) 50 percent where the net cost method is used.
- 8473.30
- 8473.30.aa A change to Canadian tariff item 8473.30.21 or 8473.30.22, U.S. tariff item 8473.30.40A or Mexican tariff item 8473.30.03 from any other tariff item.
- 8473.30.bb A change to Canadian tariff item 8473.30.23, U.S. tariff item 8473.30.40B or Mexican tariff item 8473.30.04 from any other tariff item.
- 8473.30.cc A change to Canadian tariff item 8473.30.10, U.S. tariff item 8473.30.40C or Mexican tariff item 8473.30.02 from any other tariff item.
- 8473.30.ee A change to U.S. tariff item 8473.30.40E from any other tariff item.
- 8473.30 A change to subheading 8473.30 from any other heading.
- 8473.40 A change to subheading 8473.40 from any other heading; or
- No required change in tariff classification to subheading 8473.40, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or  
 (b) 50 percent where the net cost method is used.
- 8474.10-8474.80 A change to subheading 8474.10 through 8474.80 from any other heading; or
- A change to subheading 8474.10 through 8474.80 from subheading 8474.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or  
 (b) 50 percent where the net cost method is used.
- 8474.90 A change to subheading 8474.90 from any other heading; or
- No required change in tariff classification to subheading 8474.90, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or

or

473.29,

8475.10-8475.20

(b) 50 percent where the net cost method is used.

A change to subheading 8475.10 through 8475.20 from any other heading; or

used, or

A change to subheading 8475.10 through 8475.20 from subheading 8475.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

22, U.S. tariff  
in any other:

8475.90

(a) 60 percent where the transaction value method is used, or  
(b) 50 percent where the net cost method is used.

item  
other tariff

8476.11-8476.19

A change to subheading 8475.90 from any other heading.

A change to subheading 8476.11 through 8476.19 from any other heading; or

item  
other tariff

A change to subheading 8476.11 through 8476.19 from subheading 8476.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

tariff item

8476.90

(a) 60 percent where the transaction value method is used, or  
(b) 50 percent where the net cost method is used.

or

8477.10

A change to subheading 8476.90 from any other heading.

473.40.

A change to subheading 8477.10 from any other subheading, except from Canadian tariff item 8477.90.11 or 8477.90.21, U.S. tariff item 8477.90.00A or Mexican tariff item 8477.90.01 or more than one of the following:

used, or

- Canadian tariff item 8477.90.12 or 8477.90.22, U.S. tariff item 8477.90.00B or Mexican tariff item 8477.90.02,
- subheading 8537.10.

by other

8477.20

A change to subheading 8477.20 from any other subheading, except from Canadian tariff item 8477.90.11 or 8477.90.21, U.S. tariff item 8477.90.00A or Mexican tariff item 8477.90.01 or more than one of the following:

subheading  
other heading

- Canadian tariff item 8477.90.12 or 8477.90.22, U.S. tariff item 8477.90.00B or Mexican tariff item 8477.90.02,
- subheading 8537.10.

used, or

or

474.90.

used, or

8477.30	<p>A change to subheading 8477.30 from any other subheading, except from Canadian tariff item 8477.90.11 or 8477.90.21, U.S. tariff item 8477.90.00A or Mexican tariff item 8477.90.01 or more than one of the following:</p> <ul style="list-style-type: none"> <li>- Canadian tariff item 8477.90.13 or 8477.90.23, U.S. tariff item 8477.90.00C or Mexican tariff item 8477.90.03,</li> <li>- subheading 8537.10.</li> </ul>
8477.40-8477.80	<p>A change to subheading 8477.40 through 8477.80 from any other heading; or</p> <p>A change to subheading 8477.40 through 8477.80 from subheading 8477.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:</p> <ul style="list-style-type: none"> <li>(a) 60 percent where the transaction value method is used, or</li> <li>(b) 50 percent where the net cost method is used.</li> </ul>
8477.90	A change to subheading 8477.90 from any other heading.
8478.10	<p>A change to subheading 8478.10 from any other heading; or</p> <p>A change to subheading 8478.10 from subheading 8478.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:</p> <ul style="list-style-type: none"> <li>(a) 60 percent where the transaction value method is used, or</li> <li>(b) 50 percent where the net cost method is used.</li> </ul>
8478.90	A change to subheading 8478.90 from any other heading.
8479.10-8479.81	<p>A change to subheading 8479.10 through 8479.81 from any other heading; or</p> <p>A change to subheading 8479.10 through 8479.81 from subheading 8479.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:</p> <ul style="list-style-type: none"> <li>(a) 60 percent where the transaction value method is used, or</li> <li>(b) 50 percent where the net cost method is used.</li> </ul>
8479.82	
8479.82.aa	A change to Mexican tariff item 8479.82.03 from any other tariff item except from Canadian tariff item 8479.90.61, 8479.90.62, 8479.90.63, 8479.90.64, U.S. tariff item 8479.90.80B, 8479.90.80C, 8479.90.80D, 8479.90.80E or Mexican tariff item 8479.90.17, 8479.90.18, 8479.90.19 or 8479.90.20, or combinations thereof.



8479.82

A change to subheading 8479.82 from any other heading; or

A change to subheading 8479.82 from subheading 8479.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8479.89

8479.89.aa

A change to Canadian tariff item 8479.89.91 or U.S. tariff item 8479.89.60B from any other tariff item, except from Canadian tariff item 8479.90.61, 8479.90.62, 8479.90.63 or 8479.90.64, U.S. tariff item 8479.90.80B, 8479.90.80C, 8479.90.80D or 8479.90.80E or Mexican tariff item 8479.90.17, 8479.90.18, 8479.90.19 or 8479.90.20, or combinations thereof.

8479.89

A change to subheading 8479.89 from any other heading; or

A change to subheading 8479.89 from subheading 8479.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8479.90

8479.90.aa

A change to Canadian tariff item 8479.90.61, U.S. tariff item 8479.90.80B or Mexican tariff item 8479.90.17 from any other tariff item.

8479.90.bb

A change to Canadian tariff item 8479.90.62, U.S. tariff item 8479.90.80C or Mexican tariff item 8479.90.18 from any other tariff item.

8479.90.cc

A change to Canadian tariff item 8479.90.63, U.S. tariff item 8479.90.80D or Mexican tariff item 8479.90.19 from any other tariff item.

8479.90.dd

A change to Canadian tariff item 8479.90.64, U.S. tariff item 8479.90.80E or Mexican tariff item 8479.90.20 from any other tariff item.

8479.90

A change to subheading 8479.90 from any other heading.

A change to heading 84.80 from any other heading.

8481.10-8481.80<sup>24</sup>

A change to subheading 8481.10 through 8481.80 from any other heading; or

A change to subheading 8481.10 through 8481.80 from subheading 8481.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used,
- (b) 50 percent where the net cost method is used.

8481.90

A change to subheading 8481.90 from any other heading.

8482.10-8482.80<sup>25</sup>

A change to subheading 8482.10 through 8482.80 from any subheading outside that group, except from Canadian tariff item 8482.99.11 or 8482.99.91, U.S. tariff item 8482.99.10A, 8482.99.30A, 8482.99.50A or Mexican tariff item 8482.99.70A or 8482.99.01 or 8482.99.03; or

A change to subheading 8482.10 through 8482.80 from Canadian tariff item 8482.99.11 or 8482.99.91, U.S. tariff item 8482.99.10A, 8482.99.30A, 8482.99.50A or 8482.99.70A or Mexican tariff item 8482.99.01 or 8482.99.03, whether or not there is also a change from subheading outside that group, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8482.91-8482.99

A change to subheading 8482.91 through 8482.99 from any other heading.

8483.10<sup>26</sup>

A change to subheading 8483.10 from any other heading; or

A change to subheading 8483.10 from subheading 8483.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

<sup>24</sup> If the good provided for in subheading 8481.20, 8481.30 or 8481.80 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

<sup>25</sup> If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

<sup>26</sup> If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

483.20<sup>77</sup>  
A change to subheading 8483.20 from any other subheading, except from subheading 8482.10 through 8482.80, Canadian tariff item 8482.99.11 or 8482.99.91, U.S. tariff item 8482.99.10A, 8482.99.30A, 8482.99.50A or 8482.99.70A or Mexican tariff item 8482.99.01 or 8482.99.03, or subheading 8483.90; or

A change to subheading 8483.20 from subheading 8482.10 through 8482.80, Canadian tariff item 8482.99.11 or 8482.99.91, U.S. tariff item 8482.99.10A, 8482.99.30A, 8482.99.50A or 8482.99.70A or Mexican tariff item 8482.99.01 or 8482.99.03, or subheading 8483.90, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

483.30<sup>78</sup>  
A change to subheading 8483.30 from any other heading; or

A change to subheading 8483.30 from subheading 8483.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

483.40-8483.60<sup>79</sup>  
A change to subheading 8483.40 through 8483.60 from any subheading outside that group, except from subheading 8482.10 through 8482.80, Canadian tariff item 8482.99.11 or 8482.99.91, U.S. tariff item 8482.99.10A, 8482.99.30A, 8482.99.50A or 8482.99.70A or Mexican tariff item 8482.99.01 or 8482.99.03, or subheading 8483.90; or

A change to subheading 8483.40 through 8483.60 from subheading 8482.10 through 8482.80, Canadian tariff item 8482.99.11 or 8482.99.91, U.S. tariff item 8482.99.10A, 8482.99.30A, 8482.99.50A or 8482.99.70A or Mexican tariff item 8482.99.01 or 8482.99.03, or subheading 8483.90, whether or not there is also a change from any subheading outside that group, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

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If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

If the good provided for in subheading 8483.40 or 8483.50 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

8483.90

A change to subheading 8483.90 from any other heading.

84.84-84.85

A change to heading 84.84 through 84.85 from any other heading, including another heading within that group.

**Chapter 85**

**Electrical Machinery and Equipment and Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts and Accessories of Such Articles**

**Note 1:**

*For purposes of this Chapter, the term, "printed circuit assembly" means a good consisting of one or more printed circuits of heading 85.34.1, one or more active elements assembled thereon, with or without pass elements. For purposes of this Note, "active elements" means diodes, transistors and similar semiconductor devices, whether or not photosensitive, of heading 85.41, and integrated circuits and microassemblies of heading 85.42.*

**Note 2:**

*Canadian tariff item 8517.90.31, U.S. tariff item 8517.90.70A or B; tariff item 8517.90.10 covers the following parts for facsimile machines:*

- (a) *control or command assemblies, incorporating more than one of the following: printed circuit assembly; modem; hard or floppy (floppy) disc drive; keyboard; user interface;*
- (b) *optics module assemblies, incorporating more than one of the following: optics lamp; charge couples device and appropriate optics; lenses; mirror;*
- (c) *laser imaging assemblies, incorporating more than one of the following: photoreceptor belt or cylinder; toner receptacle or toner developing unit; charge/discharge unit; cleaning unit;*
- (d) *ink jet marking assemblies, incorporating more than one of the following: thermal print head; ink dispensing unit; nozzle or reservoir unit; ink heater;*
- (e) *thermal transfer imaging assemblies, incorporating more than one of the following: thermal print head; cleaning unit; supply or take-up roller;*
- (f) *ionographic imaging assemblies, incorporating more than one of the following: ion generation and emitting unit; air assist or printed circuit assembly; charge receptor belt or cylinder, or receptacle unit; toner distribution unit; developer receptacle or distribution unit; developing unit; charge/discharge unit; cleaning unit;*

- (g) *image fixing assemblies, incorporating more than one of the following: fuser; pressure roller; heating element; release oil dispenser; cleaning unit; electrical control;*
- (h) *paper handling assemblies, incorporating more than one of the following: paper transport belt; roller; print bar; carriage; gripper roller; paper storage unit; exit tray; or*
- (i) *combinations of the above specified assemblies.*

**Note 3:** *For purposes of this Chapter:*

- (a) *references to "high definition" as it applies to television receivers and cathode-ray tubes refers to goods having*
  - (i) *an aspect ratio of the screen equal to or greater than 16:9, and*
  - (ii) *a viewing screen capable of displaying more than 700 scanning lines; and*
- (b) *the video display diagonal is determined by measuring the maximum straight line dimension across the visible portion of the face plate used for displaying video.*

**Note 4:** *Canadian tariff item 8529.90.38 or 8529.90.39, U.S. tariff item 8529.90.10, 8529.90.15C, 8529.90.20C or 8529.90.35C or Mexican tariff item 8529.90.18 covers the following parts of television receivers (including video monitors and video projectors):*

- (a) *Video intermediate (IF) amplifying and detecting systems;*
- (b) *Video processing and amplification systems;*
- (c) *Synchronizing and deflection circuitry;*
- (d) *Tuners and tuner control systems;*
- (e) *Audio detection and amplification systems.*

**Note 5:** *For purposes of Canadian tariff item 8540.91.10, U.S. tariff item 8540.91.40A or Mexican tariff item 8540.91.03, the term "front panel assembly" refers to:*

- (a) *with respect to a color cathode-ray television picture tube, an assembly which consists of a glass panel and a shadow mask or aperture grille, attached for ultimate use, which is suitable for incorporation into a color cathode-ray television picture tube (including video monitor or video projector cathode-ray tube), and which has undergone the necessary chemical and physical processes for imprinting phosphors on the glass panel with sufficient precision to render a video image when excited by a stream of electrons; or*

(b) with respect to a monochrome cathode-ray picture tube, an assembly which consists of either a glass panel or a glass envelope, which is suitable for incorporation into a monochrome cathode-ray television picture tube (including video monitor or video projector cathode-ray tube), and which has undergone necessary chemical and physical processes for imprinting phosphors on the glass panel or glass envelope with sufficient precision to render a video image when excited by a stream of electrons.

**Note 6:** The origin of a television combination unit shall be determined in accordance with the rule that would be applicable to such unit if it were solely a television receiver.

85.01<sup>30</sup> A change to heading 85.01 from any other heading, except from Canadian tariff item 8503.00.11 through 8503.00.19, U.S. tariff item 8503.00.40A, 8503.00.60A or 8503.00.60C or Mexican tariff item 8503.00.01 or 8503.00.05; or

A change to heading 85.01 from Canadian tariff item 8503.00.11 through 8503.00.19, U.S. tariff item 8503.00.40A, 8503.00.60A or 8503.00.60C or Mexican tariff item 8503.00.01 or 8503.00.05, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

85.02 A change to heading 85.02 from any other heading, except from headings 84.06, 84.11, 85.01 or 85.03; or

A change to heading 85.02 from heading 84.06, 84.11, 85.01 or 85.03, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

85.03 A change to heading 85.03 from any other heading.

8504.10-8504.34 A change to subheading 8504.10 through 8504.34 from any other heading; or

<sup>30</sup> If the good provided for in subheading 8501.10, 8501.20, 8501.31 or 8501.32 is for use in a vehicle of Chapter 87, the provisions of Article 403 may apply.

A change to subheading 8504.10 through 8504.34 from subheading 8504.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8504.40

8504.40.aa

A change to Canadian tariff item 8504.40.40 or Mexican tariff item 8504.40.12 from any other subheading.

8504.40.bb

A change to Canadian tariff item 8504.40.50, U.S. tariff item 8504.40.00A or 8504.40.00B or Mexican tariff item 8504.40.13 from any other subheading, except from Canadian tariff item 8504.90.12, 8504.90.13, 8504.90.14, 8504.90.15, 8504.90.16 or 8504.90.17, U.S. tariff item 8504.90.00A or Mexican tariff item 8504.90.07 or 8504.90.09.

8504.40

A change to subheading 8504.40 from any other heading; or

A change to subheading 8504.40 from subheading 8504.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8504.50

A change to subheading 8504.50 from any other heading; or

A change to subheading 8504.50 from subheading 8504.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8504.90

8504.90.bb

A change to Canadian tariff item 8504.90.80 or Mexican tariff item 8504.90.08 from any other tariff item.

8504.90

A change to subheading 8504.90 from any other heading.

8505.11-8505.30

A change to subheading 8505.11 through 8505.30 from any other heading; or

A change to subheading 8505.11 through 8505.30 from subheading 8505.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
8505.90	A change to subheading 8505.90 from any other heading.
8506.11-8506.20	A change to subheading 8506.11 through 8506.20 from any other heading; or  A change to subheading 8506.11 through 8506.20 from subheading 8506.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:  (a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
8506.90	A change to subheading 8506.90 from any other heading.
8507.10-8507.80 <sup>31</sup>	A change to subheading 8507.10 through 8507.80 from any other heading; or  A change to subheading 8507.10 through 8507.80 from subheading 8507.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:  (a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
8507.90	A change to subheading 8507.90 from any other heading.
8508.10-8508.80	A change to subheading 8508.10 through 8508.80 from any other subheading outside that group, except from heading 85.01 or Canadian tariff item 8508.90.10, U.S. tariff item 8508.90.00A or Mexican tariff item 8508.90.01; or  A change to subheading 8508.10 through 8508.80 from heading 85.01, Canadian tariff item 8508.90.10, U.S. tariff item 8508.90.00A or Mexican tariff item 8508.90.01, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:  (a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
8508.90	A change to subheading 8508.90 from any other heading.
8509.10-8509.40	A change to subheading 8509.10 through 8509.40 from any other subheading outside that group, except from heading 85.01 or Canadian

<sup>31</sup> If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.



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tariff item 8509.90.11, 8509.90.21, 8509.90.31 or 8509.90.41, U.S. tariff item 8509.90.20A, 8509.90.30A or 8509.90.40A or Mexican tariff item 8509.90.02; or

A change to subheading 8509.10 through 8509.40 from heading 85.01 or Canadian tariff item 8509.90.11, 8509.90.21, 8509.90.31 or 8509.90.41, U.S. tariff item 8509.90.20A, 8509.90.30A or 8509.90.40A or Mexican tariff item 8509.90.02, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8509.80  
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A change to subheading 8509.80 from any other heading; or

A change to subheading 8509.80 from subheading 8509.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8509.90  
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A change to subheading 8509.90 from any other heading.

8510.10-8510.20  
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A change to subheading 8510.10 through 8510.20 from any other heading; or

A change to subheading 8510.10 through 8510.20 from subheading 8510.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

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A change to subheading 8510.90 from any other heading.

8511.10-8511.80<sup>32</sup>  
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A change to subheading 8511.10 through 8511.80 from any other heading; or

A change to subheading 8511.10 through 8511.80 from subheading 8511.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or

If the good provided for in subheading 8511.30, 8511.40 or 8511.50 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

	(b) 50 percent where the net cost method is used.	
8511.90	A change to subheading 8511.90 from any other heading.	8515.90
8512.10-8512.40 <sup>33</sup>	A change to subheading 8512.10 through 8512.40 from any other heading; or	8516.10-85
	A change to subheading 8512.10 through 8512.40 from subheading 8512.90, whether or not there is also a change from any other heading provided there is also a regional value content of not less than:	
	(a) 60 percent where the transaction value method is used, or	
	(b) 50 percent where the net cost method is used.	
8512.90	A change to subheading 8512.90 from any other heading.	
8513.10	A change to subheading 8513.10 from any other heading; or	8516.31
	A change to subheading 8513.10 from subheading 8513.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:	8516.32
	(a) 60 percent where the transaction value method is used, or	
	(b) 50 percent where the net cost method is used.	
8513.90	A change to subheading 8513.90 from any other heading.	
8514.10-8514.40	A change to subheading 8514.10 through 8514.40 from any other heading; or	8516.33
	A change to subheading 8514.10 through 8514.40 from subheading 8514.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:	8516.40
	(a) 60 percent where the transaction value method is used, or	
	(b) 50 percent where the net cost method is used.	8516.50
8514.90	A change to subheading 8514.90 from any other heading.	
8515.11-8515.80	A change to subheading 8515.11 through 8515.80 from any other heading; or	8516.60
	A change to subheading 8515.11 through 8515.80 from subheading 8515.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:	851

<sup>33</sup> If the good provided for in subheading 8512.20 or 8512.40 is for use in a motor vehicle of Chapter 85 the provisions of Article 403 may apply.

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8515.90

A change to subheading 8515.90 from any other heading.

8516.10-8516.29

A change to subheading 8516.10 through 8516.29 from subheading 8516.80 or any other heading; or

A change to subheading 8516.10 through 8516.29 from subheading 8516.90, whether or not there is also a change from subheading 8516.80 or any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8516.31

A change to subheading 8516.31 from any other subheading, except from subheading 8516.80 or heading 85.01.

8516.32

A change to subheading 8516.32 from subheading 8516.80 or any other heading; or

A change to subheading 8516.32 from subheading 8516.90, whether or not there is also a change from subheading 8516.80 or any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8516.33

A change to subheading 8516.33 from any other subheading, except from heading 85.01, subheading 8516.80 or Canadian tariff item 8516.90.21, U.S. tariff item 8516.90.60A or Mexican tariff item 8516.90.07.

8516.40

A change to subheading 8516.40 from any other subheading, except from heading 84.02, subheading 8481.40 or Canadian tariff item 8516.90.71, U.S. tariff item 8516.90.60B or Mexican tariff item 8516.90.08.

8516.50

A change to subheading 8516.50 from any other subheading, except from Canadian tariff item 8516.90.41 or 8516.90.42, U.S. tariff item 8516.90.60C or 8516.90.60D or Mexican tariff item 8516.90.09 or 8516.90.10.

8516.60

8516.60.aa

A change to Canadian tariff item 8516.60.20, U.S. tariff item 8516.60.40 or Mexican tariff item 8516.60.02 from any other tariff item, except from Canadian tariff item 8516.90.51, 8516.90.52, 8516.90.53, 8537.10.11, 8537.10.19, 8537.10.41 or 8537.10.49, U.S. tariff item 8516.90.20A, 8516.90.20B, 8516.90.20C or 8537.10.00A or Mexican tariff item 8516.90.11, 8516.90.12, 8516.90.13 or 8537.10.05.

- 8516.60 A change to subheading 8516.60 from subheading 8516.80 or any other heading; or
- A change to subheading 8516.60 from subheading 8516.90, whether or not there is also a change from subheading 8516.80 or any other heading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
- 8516.71 A change to subheading 8516.71 from subheading 8516.80 or any other heading; or
- A change to subheading 8516.71 from subheading 8516.90, whether or not there is also a change from subheading 8516.80 or any other heading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
- 8516.72 A change to subheading 8516.72 from any other subheading, except for Canadian tariff item 8516.90.61, U.S. tariff item 8516.90.60E or Mexican tariff item 8516.90.03, or subheading 9032.10; or
- A change to subheading 8516.72 from Canadian tariff item 8516.90.61, U.S. tariff item 8516.90.60E or Mexican tariff item 8516.90.03, or subheading 9032.10, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
- 8516.79 A change to subheading 8516.79 from subheading 8516.80 or any other heading; or
- A change to subheading 8516.79 from subheading 8516.90, whether or not there is also a change from subheading 8516.80 or any other heading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.
- 8516.80 A change to subheading 8516.80 from any other heading; or
- A change to subheading 8516.80 from subheading 8516.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or
  - (b) 50 percent where the net cost method is used.

8516.90	8516.90	
8516.90.cc		A change to Canadian tariff item 8516.90.42, U.S. tariff item 8516.90.60C or Mexican tariff item 8516.90.09 from any other tariff item.
8516.90.dd		A change to Canadian tariff item 8516.90.41, U.S. tariff item 8516.90.60D or Mexican tariff item 8516.90.10 from any other tariff item.
8516.90.ee		A change to Canadian tariff item 8516.90.51, U.S. tariff item 8516.90.20A or Mexican tariff item 8516.90.11 from any other tariff item.
8516.90.ff		A change to Canadian tariff item 8516.90.52, U.S. tariff item 8516.90.20B or Mexican tariff item 8516.90.12 from any other tariff item.
8516.90.gg		A change to Canadian tariff item 8516.90.53, U.S. tariff item 8516.90.20C or Mexican tariff item 8516.90.13 from any other tariff item.
8516.90		A change to subheading 8516.90 from any other heading.
8517.10	8517.10	A change to subheading 8517.10 from any other subheading, except from Canadian tariff item 8517.90.11, 8517.90.12, 8517.90.13, 8517.90.14 or 8517.90.41, U.S. tariff item 8517.90.05B, 8517.90.10B, 8517.90.15B, 8517.90.30A, 8517.90.30B, 8517.90.35B, 8517.90.40B, 8517.90.55B, 8517.90.60B, 8517.90.70D or 8517.90.80B or Mexican tariff item 8517.90.12 or 8517.90.15.
8517.20-8517.30	8517.20-8517.30	A change to subheading 8517.20 through 8517.30 from any other subheading, including another subheading within that group, provided that, with respect to printed circuit assemblies (PCAs) of Canadian tariff item 8473.30.21, 8473.30.22, 8517.90.11, 8517.90.12, 8517.90.13, 8517.90.14, 8517.90.43 or 8517.90.44, U.S. tariff item 8473.30.40A, 8517.90.05A, 8517.90.05B, 8517.90.10A, 8517.90.10B, 8517.90.15A, 8517.90.15B, 8517.90.30B, 8517.90.35A, 8517.90.35B, 8517.90.40A, 8517.90.40B, 8517.90.55B, 8517.90.60A, 8517.90.60B, 8517.90.70D or 8517.90.80B or Mexican tariff item 8473.30.03, 8517.90.13 or 8517.90.15:
		(a) except as provided in subparagraph (b), for each multiple of nine PCAs, or any portion thereof, that is contained in the good, only one PCA may be a non-originating PCA, and
		(b) if the good contains less than three PCAs, all of the PCAs must be originating PCAs.

8517.40

8517.40.bb

A change to Canadian tariff item 8517.40.91, U.S. tariff item 8517.40.03 or Mexican tariff item 8517.40.03 from any other subheading, provided that, with respect to printed circuit assemblies (PCAs) of Canadian tariff item 8473.30.21, 8473.30.22, 8517.90.11, 8517.90.12, 8517.90.13, 8517.90.14, 8517.90.43 or 8517.90.44, U.S. tariff item 8473.30.40A, 8517.90.05A, 8517.90.05B, 8517.90.10A, 8517.90.10B, 8517.90.15A, 8517.90.15B, 8517.90.30B, 8517.90.35A, 8517.90.35B, 8517.90.40A, 8517.90.40B, 8517.90.55B, 8517.90.60A, 8517.90.60B, 8517.90.70B, 8517.90.80B or Mexican tariff item 8473.30.03, 8517.90.13 or 8517.90.15:

- (a) except as provided in subparagraph (b), for each multiple of PCAs, or any portion thereof, that is contained in the good, one PCA may be a non-originating PCA, and
- (b) if the good contains less than three PCAs, all of the PCAs must be originating PCAs.

8517.40

A change to subheading 8517.40 from any other subheading.

8517.81

8517.81.aa

A change to Mexican tariff item 8517.81.05 from any other tariff item, except from Canadian tariff item 8517.90.31, U.S. tariff item 8517.90.70A or Mexican tariff item 8517.90.10.

8517.81

A change to subheading 8517.81 from any other subheading, provided that, with respect to printed circuit assemblies (PCAs) of Canadian tariff item 8473.30.21, 8473.30.22, 8517.90.11, 8517.90.12, 8517.90.13, 8517.90.14, 8517.90.43 or 8517.90.44, U.S. tariff item 8473.30.40A, 8517.90.05A, 8517.90.05B, 8517.90.10A, 8517.90.10B, 8517.90.15A, 8517.90.15B, 8517.90.30B, 8517.90.35A, 8517.90.35B, 8517.90.40A, 8517.90.40B, 8517.90.55B, 8517.90.60A, 8517.90.60B, 8517.90.70B, 8517.90.80B or Mexican tariff item 8473.30.03, 8517.90.13 or 8517.90.15:

- (a) except as provided in subparagraph (b), for each multiple of PCAs, or any portion thereof, that is contained in the good, one PCA may be a non-originating PCA, and
- (b) if the good contains less than three PCAs, all of the PCAs must be originating PCAs.

8517.82

8517.82.aa

A change to Canadian tariff item 8517.82.10 or U.S. tariff item 8517.82.00A from any other tariff item, except from Canadian tariff item

8517.90.31, U.S. tariff item 8517.90.70A or Mexican tariff item 8517.90.10.

8517.82

A change to subheading 8517.82 from any other subheading.

8517.90

8517.90.aa

A change to Canadian tariff item 8517.90.41, U.S. tariff item 8517.90.30A or Mexican tariff item 8517.90.12 from any other tariff item, except from Canadian tariff item 8517.90.11, 8517.90.12, 8517.90.13 or 8517.90.14, U.S. tariff item 8517.90.05B, 8517.90.10B, 8517.90.15B, 8517.90.30B, 8517.90.35B, 8517.90.40B, 8517.90.55B, 8517.90.60B, 8517.90.70D or 8517.90.80B or Mexican tariff item 8517.90.15.

8517.90.bb

A change to Canadian tariff item 8517.90.43 or 8517.90.44, U.S. tariff item 8517.90.05A, 8517.90.10A, 8517.90.15A, 8517.90.35A, 8517.90.40A or 8517.90.60A or Mexican tariff item 8517.90.13 from any other tariff item, provided that, with respect to printed circuit assemblies (PCAs) of Canadian tariff item 8473.30.21, 8473.30.22, 8517.90.11, 8517.90.12, 8517.90.13, 8517.90.14, 8517.90.42, 8517.90.45 or 8517.90.46, U.S. tariff item 8473.30.40A, 8517.90.05B, 8517.90.10B, 8517.90.15B, 8517.90.30B, 8517.90.35B, 8517.90.40B, 8517.90.55A, 8517.90.55B, 8517.90.60B, 8517.90.70C, 8517.90.70D, 8517.90.80A or 8517.90.80B or Mexican tariff item 8473.30.03, 8517.90.14 or 8517.90.15:

- (a) except as provided in subparagraph (b), for each multiple of nine PCAs, or any portion thereof, that is contained in the good, only one PCA may be a non-originating PCA, and
- (b) if the good contains less than three PCAs, all of the PCAs must be originating PCAs.

8517.90.cc

A change to Canadian tariff item 8517.90.31, U.S. tariff item 8517.90.70A or Mexican tariff item 8517.90.10 from any other tariff item.

8517.90.dd

A change to Canadian tariff item 8517.90.42, 8517.90.45 or 8517.90.46, U.S. tariff item 8517.90.55A, 8517.90.70C or 8517.90.80A or Mexican tariff item 8517.90.14 from any other tariff item.

8517.90.ee

A change to Canadian tariff item 8517.90.11, 8517.90.12, 8517.90.13 or 8517.90.14, U.S. tariff item 8517.90.05B, 8517.90.10B, 8517.90.15B, 8517.90.30B, 8517.90.35B, 8517.90.40B, 8517.90.55B, 8517.90.60B, 8517.90.70D or 8517.90.80B or Mexican tariff item 8517.90.15 from any other tariff item.

8517.90.ff

A change to Canadian tariff item 8517.90.21, 8517.90.22, 8517.90.23 or 8517.90.24, U.S. tariff item 8517.90.05C, 8517.90.10C, 8517.90.15C,

	8517.90.30C, 8517.90.35C, 8517.90.40C, 8517.90.55C, 8517.90.60C, 8517.90.70E or 8517.90.80C or Mexican tariff item 8517.90.16 from other heading.
8517.90.gg	A change to Canadian tariff item 8517.90.91, 8517.90.92 or 8517.90.93 U.S. tariff item 8517.90.05D, 8517.90.10D, 8517.90.15D, 8517.90.35D, 8517.90.40D, 8517.90.55D, 8517.90.60D, 8517.90.70E, 8517.90.80D or Mexican tariff item 8517.90.99 from Canadian tariff item 8517.90.21, 8517.90.22, 8517.90.23 or 8517.90.24, U.S. tariff item 8517.90.05C, 8517.90.10C, 8517.90.15C, 8517.90.30C, 8517.90.35C, 8517.90.40C, 8517.90.55C, 8517.90.60C, 8517.90.70E or 8517.90.80C or Mexican tariff item 8517.90.16, or any other heading.
8517.90	A change to subheading 8517.90 from any other heading.
8518.10-8518.21	A change to subheading 8518.10 through 8518.21 from any other heading; or  A change to subheading 8518.10 through 8518.21 from subheading 8518.90, whether or not there is also a change from any other heading; provided there is a regional value content of not less than:  (a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
8518.22	A change to subheading 8518.22 from any other heading; or  A change to subheading 8518.22 from subheading 8518.29 or 8518.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:  (a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
8518.29	A change to subheading 8518.29 from any other heading; or  A change to subheading 8518.29 from subheading 8518.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:  (a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
8518.30	
8518.30.aa	A change to Canadian tariff item 8518.30.10, U.S. tariff item 8518.30.03 or Mexican tariff item 8518.30.03 from any other tariff item.
8518.30	A change to subheading 8518.30 from any other heading; or



8517.90.60C  
90.16 from  
or 8517.90.3  
, 8517.90.30  
8517.90.70E  
Canadian tariff  
tariff item  
8517.90.35C  
or 8517.90.88  
  
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or

A change to subheading 8518.30 from subheading 8518.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8518.40-8518.50

A change to subheading 8518.40 through 8518.50 from any other heading; or

A change to subheading 8518.40 through 8518.50 from subheading 8518.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8518.90

A change to subheading 8518.90 from any other heading.

8519.10-8519.99<sup>34</sup>

A change to subheading 8519.10 through 8519.99 from any other subheading, including another subheading within that group, except from Canadian tariff item 8522.90.31, 8522.90.32 or 8522.90.39, U.S. tariff item 8522.90.40A, 8522.90.40B, 8522.90.60A or 8522.90.90A or Mexican tariff item 8522.90.14.

8520.10-8520.90

A change to subheading 8520.10 through 8520.90 from any other subheading, including another subheading within that group, except from Canadian tariff item 8522.90.31, 8522.90.32, 8522.90.33, 8522.90.34 or 8522.90.39, U.S. tariff item 8522.90.40A, 8522.90.40B, 8522.90.60A or 8522.90.90A or Mexican tariff item 8522.90.14.

8521.10-8521.90

A change to subheading 8521.10 through 8521.90 from any other subheading, including another subheading within that group, except from Canadian tariff item 8522.90.31, 8522.90.32, 8522.90.34, 8522.90.35 or 8522.90.39, U.S. tariff item 8522.90.40A, 8522.90.40B, 8522.90.60A or 8522.90.90A or Mexican tariff item 8522.90.14.

85.22

A change to heading 85.22 from any other heading.

85.23-85.24

A change to heading 85.23 through 85.24 from any other heading, including another heading within that group.

<sup>34</sup> If the good provided for in subheading 8519.91 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

8525.10-8525.20

A change to subheading 8525.10 through 8525.20 from any subheading outside that group, provided that, with respect to printed circuit assemblies (PCAs) of Canadian tariff item 8529.90.11, 8529.90.12, 8529.90.13 or 8529.90.14, U.S. tariff item 8529.90.15A, 8529.90.20A, 8529.90.30A, 8529.90.35A, 8529.90.40A, 8529.90.40B, 8529.90.45A, 8529.90.50A or Mexican tariff item 8529.90.16:

- (a) except as provided in subparagraph (b), for each multiple of PCAs, or any portion thereof, that is contained in the good, one PCA may be a non-originating PCA, and
- (b) if the good contains less than three PCAs, all of the PCAs must be originating PCAs.

8525.30

8525.30.aa

A change to Canadian tariff item 8525.30.11 or 8525.30.21, U.S. tariff item 8525.30.00A or Mexican tariff item 8525.30.03 from any other item, except from Canadian tariff item 8525.30.12 or 8525.30.22, U.S. tariff item 8525.30.00B or Mexican tariff item 8525.30.04.

8525.30

A change to subheading 8525.30 from any other subheading, except from Canadian tariff item 8529.90.11, 8529.90.12, 8529.90.13 or 8529.90.14, U.S. tariff item 8529.90.15A, 8529.90.20A, 8529.90.30A, 8529.90.35A, 8529.90.40A, 8529.90.40B, 8529.90.45A or 8529.90.50A or Mexican tariff item 8529.90.16.

8526.10

A change to subheading 8526.10 from any other subheading, except from subheading 8525.20, Canadian tariff item 8529.90.20, U.S. tariff item 8529.90.40C or 8529.90.40D or Mexican tariff item 8529.90.17 or more than two of the following:

- display unit provided for in subheading 8471.92 or 8529.90 incorporating a cathode-ray tube, flat panel screen or similar display,
- subheading 8529.10,
- Canadian tariff item 8529.90.11, 8529.90.12, 8529.90.13 or 8529.90.14, U.S. tariff item 8529.90.15A, 8529.90.20A, 8529.90.30A, 8529.90.35A, 8529.90.40A, 8529.90.40B, 8529.90.45A or 8529.90.50A or Mexican tariff item 8529.90.16.

8526.91-8526.92

A change to subheading 8526.91 through 8526.92 from any other heading, except from heading 85.29; or

A change to subheading 8526.91 through 8526.92 from heading 85.29 whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8527.11-8527.39<sup>35</sup>

A change to subheading 8527.11 through 8527.39 from any other subheading, including another subheading within that group, except from Canadian tariff item 8529.90.11, 8529.90.12, 8529.90.13 or 8529.90.14, U.S. tariff item 8529.90.15A, 8529.90.20A, 8529.90.30A, 8529.90.35A, 8529.90.40A, 8529.90.40B, 8529.90.45A or 8529.90.50A or Mexican tariff item 8529.90.16.

8527.90

A change to subheading 8527.90 from any other subheading, provided that, with respect to printed circuit assemblies (PCAs) of Canadian tariff item 8529.90.11, 8529.90.12, 8529.90.13 or 8529.90.14, U.S. tariff item 8529.90.15A, 8529.90.20A, 8529.90.30A, 8529.90.35A, 8529.90.40A, 8529.90.40B, 8529.90.45A or 8529.90.50A or Mexican tariff item 8529.90.16:

- (a) except as provided in subparagraph (b), for each multiple of nine PCAs, or any portion thereof, that is contained in the good, only one PCA may be a non-originating PCA, and
- (b) if the good contains less than three PCAs, all of the PCAs must be originating PCAs.

8528.10

8528.10.aa

A change to Canadian tariff item 8528.10.21, 8528.10.31, 8528.10.41 or 8528.10.51, U.S. tariff item 8528.10.30A or 8528.10.60B or Mexican tariff item 8528.10.01 or 8528.10.08 from any other heading, except from Canadian tariff item 8529.90.11, 8529.90.12, 8529.90.13, 8529.90.14, 8529.90.31, 8529.90.32, 8529.90.38 or 8529.90.39, U.S. tariff item 8529.90.10, 8529.90.15A, 8529.90.15C, 8529.90.15D, 8529.90.20A, 8529.90.20C, 8529.90.20D, 8529.90.30A, 8529.90.35A, 8529.90.35C, 8529.90.35D, 8529.90.40A, 8529.90.40B, 8529.90.45A or 8529.90.50A or Mexican tariff item 8529.90.16, 8529.90.18 or 8529.90.19.

8528.10.bb

A change to Canadian tariff item 8528.10.22, 8528.10.32, 8528.10.42 or 8528.10.52, U.S. tariff item 8528.10.30B or 8528.10.60C or Mexican tariff item 8528.10.02 or 8528.10.09 from Canadian tariff item 8528.10.11, 8528.10.12, 8528.10.18 or 8528.10.19, U.S. tariff item 8528.10.60A or Mexican tariff item 8528.10.07 or 8528.10.14, or any other heading, except from Canadian tariff item 8540.11.22, U.S. tariff item 8540.11.00A or Mexican tariff item 8540.11.01 or more than one of the following:

- Canadian tariff item 7011.20.10, U.S. tariff item 7011.20.00A or Mexican tariff item 7011.20.02 or 7011.20.03,
- Canadian tariff item 8540.91.10, U.S. tariff item 8540.91.40A or Mexican tariff item 8540.91.03.

If the good provided for in subheading 8527.21 or 8527.29 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

**Note:**

*Commencing on January 1, 1999, the above rule of origin for tariff item 8528.10.bb shall be replaced by the following:*

- 8528.10.bb A change to Canadian tariff item 8528.10.22, 8528.10.32, 8528.10.42, 8528.10.52, U.S. tariff item 8528.10.30B or 8528.10.60C or Mexican tariff item 8528.10.02 or 8528.10.09 from any other heading, except from Canadian tariff item 8529.90.31, 8529.90.32 or 8540.11.22, U.S. tariff item 8529.90.15D, 8529.90.20D, 8529.90.35D or 8540.11.00A or Mexican tariff item 8529.90.19 or 8540.11.01 or more than one of the following:
- Canadian tariff item 7011.20.10, U.S. tariff item 7011.20.00A or Mexican tariff item 7011.20.02 or 7011.20.03,
  - Canadian tariff item 8540.91.10, U.S. tariff item 8540.91.40A or Mexican tariff item 8540.91.03.
- 8528.10.cc A change to Canadian tariff item 8528.10.24, 8528.10.34, 8528.10.44, 8528.10.54, U.S. tariff item 8528.10.30C or 8529.10.60D or Mexican tariff item 8528.10.03 or 8528.10.10 from Canadian tariff item 8528.10.11, 8528.10.12, 8528.10.18 or 8528.10.19, U.S. tariff item 8528.10.60A or Mexican tariff item 8528.10.07 or 8528.10.14, or any other heading, except from Canadian tariff item 8540.12.90, U.S. tariff item 8540.12.40A or 8540.12.80A or Mexican tariff item 8540.12.90A or more than one of the following:
- Canadian tariff item 7011.20.10, U.S. tariff item 7011.20.00A or Mexican tariff item 7011.20.02 or 7011.20.03,
  - Canadian tariff item 8540.91.10, U.S. tariff item 8540.91.40A or Mexican tariff item 8540.91.03.
- 8528.10.dd A change to Canadian tariff item 8528.10.23, 8528.10.33, 8528.10.43, 8528.10.53, U.S. tariff item 8528.10.30D or 8528.10.60E or Mexican tariff item 8528.10.04 or 8528.10.11 from Canadian tariff item 8528.10.11, 8528.10.12, 8528.10.18 or 8528.10.19, U.S. tariff item 8528.10.60A or Mexican tariff item 8528.10.07 or 8528.10.14, or any other heading, except from Canadian tariff item 8540.11.11, 8540.11.11C or 8540.91.10, U.S. tariff item 8540.11.00C, 8540.11.00D or 8540.91.40A or Mexican tariff item 8540.11.03, 8540.11.04 or 8540.91.03. In addition, no more than half the number of semiconductor of Canadian tariff item 8542.11.10, U.S. tariff item 8542.11.00A or Mexican tariff item 8542.11.02, used in the television receiver component, may be non-originating; or
- A change to Canadian tariff item 8528.10.23, 8528.10.33, 8528.10.43, 8528.10.53, U.S. tariff item 8528.10.30D or 8528.10.60E or Mexican tariff item 8528.10.04 or 8528.10.11 from Canadian tariff item 8528.10.11, 8528.10.12, 8528.10.18 or 8528.10.19, U.S. tariff item 8528.10.60A or Mexican tariff item 8528.10.07 or 8528.10.14, or any other heading, except from Canadian tariff item 8540.11.11, 8540.11.11C or 8540.91.10, U.S. tariff item 8540.11.00C, 8540.11.00D or

8540.91.40A or Mexican tariff item 8540.11.03, 8540.11.04 or 8540.91.03. In addition, the regional value content must be not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8528.10.ee

A change to Canadian tariff item 8528.10.25, 8528.10.35, 8528.10.45 or 8528.10.55, U.S. tariff item 8528.10.30E or 8528.10.60F or Mexican tariff item 8528.10.05 or 8528.10.12 from Canadian tariff item 8528.10.11, 8528.10.12, 8528.10.18 or 8528.10.19, U.S. tariff item 8528.10.60A or Mexican tariff item 8528.10.07 or 8528.10.14, or any other heading, except from Canadian tariff item 8540.12.10 or 8540.91.10, U.S. tariff item 8540.12.40B, 8540.12.80B or 8540.91.40A or Mexican tariff item 8540.12.01 or 8540.91.03. In addition, no more than half the number of semiconductors of Canadian tariff item 8542.11.10, U.S. tariff item 8542.11.00A or Mexican tariff item 8542.11.02, used in the television receiver component, may be non-originating; or

A change to Canadian tariff item 8528.10.25, 8528.10.35, 8528.10.45 or 8528.10.55, U.S. tariff item 8528.10.30E or 8528.10.60F or Mexican tariff item 8528.10.05 or 8528.10.12 from Canadian tariff item 8528.10.11, 8528.10.12, 8528.10.18 or 8528.10.19, U.S. tariff item 8528.10.60A or Mexican tariff item 8528.10.07 or 8528.10.14, or any other heading, except from Canadian tariff item 8540.12.10 or 8540.91.10, U.S. tariff item 8540.12.40B, 8540.12.80B or 8540.91.40A or Mexican tariff item 8540.12.01 or 8540.91.03. In addition, the regional value content must be not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8528.10.ffa

A change to Canadian tariff item 8528.10.26, 8528.10.36, 8528.10.46 or 8528.10.56, U.S. tariff item 8528.10.30F or 8528.10.60G or Mexican tariff item 8528.10.06 or 8528.10.13 from Canadian tariff item 8528.10.11, 8528.10.12, 8528.10.18 or 8528.10.19, U.S. tariff item 8528.10.60A or Mexican tariff item 8528.10.07 or 8528.10.14, or any other heading, except from Canadian tariff item 8529.90.40, U.S. tariff item 8529.90.35E or Mexican tariff item 8529.90.20.

8528.10.gg

A change to Canadian tariff item 8528.10.11, 8528.10.12, 8528.10.18 or 8528.10.19, U.S. tariff item 8528.10.60A or Mexican tariff item 8528.10.07 or 8528.10.14 from any other heading, except Canadian tariff item 8529.90.31 or 8529.90.32, U.S. tariff item 8529.90.15D, 8529.90.20D or 8529.90.35D or Mexican tariff item 8529.90.19.

8528.10

A change to subheading 8528.10 from Canadian tariff item 8528.10.11, 8528.10.12, 8528.10.18 or 8528.10.19, U.S. tariff item 8528.10.60A or Mexican tariff item 8528.10.07 or 8528.10.14, or any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8528.20

A change to subheading 8528.20 from any other heading, provided the good is a printed circuit assembly (PCA) of Canadian tariff item 8529.90.11, 8529.90.12, 8529.90.13, 8529.90.14, 8529.90.38 or 8529.90.39, U.S. tariff item 8529.90.10, 8529.90.15A, 8529.90.15C, 8529.90.20A, 8529.90.20C, 8529.90.30A, 8529.90.35A, 8529.90.35B, 8529.90.40A, 8529.90.40B, 8529.90.45A or 8529.90.50A or Mexican tariff item 8529.90.16 or 8529.90.18:

- (a) except as provided in subparagraph (b), for each multiple of one PCA, or any portion thereof, that is contained in the good, one PCA may be a non-originating PCA, and
- (b) if the good contains less than three PCAs, all of the PCAs may be originating PCAs.

8529.10

A change to subheading 8529.10 from any other heading.

8529.90

8529.90.aa

A change to Canadian tariff item 8529.90.11, 8529.90.12, 8529.90.13, 8529.90.14, U.S. tariff item 8529.90.15A, 8529.90.20A, 8529.90.20B, 8529.90.35A, 8529.90.40A, 8529.90.40B, 8529.90.45A or 8529.90.50A or Mexican tariff item 8529.90.16 from any other tariff item.

8529.90.bb

A change to Canadian tariff item 8529.90.20, U.S. tariff item 8529.90.40C or 8529.90.40D or Mexican tariff item 8529.90.17 from any other tariff item.

8529.90.cc

A change to Canadian tariff item 8529.90.38 or 8529.90.39, U.S. tariff item 8529.90.10, 8529.90.15C, 8529.90.20C or 8529.90.35C or Mexican tariff item 8529.90.18 from any other tariff item.

8529.90.dd

A change to Canadian tariff item 8529.90.31 or 8529.90.32, U.S. tariff item 8529.90.15D, 8529.90.20D or 8529.90.35D or Mexican tariff item 8529.90.19 from any other tariff item.

8529.90.ee

A change to Canadian tariff item 8529.90.40, U.S. tariff item 8529.90.35E or Mexican tariff item 8529.90.20 from any other tariff item.

8529.90.ff

A change to Canadian tariff item 8529.90.51, 8529.90.52, 8529.90.53, 8529.90.54, U.S. tariff item 8529.90.15B, 8529.90.20B, 8529.90.35B, 8529.90.45C or 8529.90.50B or Mexican tariff item 8529.90.21 from any other tariff item.

used, or 8529.90.gg

A change to Canadian tariff item 8529.90.60, U.S. tariff item 8529.90.30C or 8529.90.50C or Mexican tariff item 8529.90.22 from any other heading; or

provided the Canadian tariff item 8529.90.38 or 8529.90.15C, 8529.90.35C or Mexican tariff item 8529.90.22, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

multiple of in the good. 8529.90

A change to subheading 8529.90 from any other heading.

the PCAs 8530.10-8530.80

A change to subheading 8530.10 through 8530.80 from any other heading; or

A change to subheading 8530.10 through 8530.80 from subheading 8530.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

2, 8529.90.15C, 8529.90.35C or 8529.90.50C item.

A change to subheading 8530.90 from any other heading.

item 8531.10

A change to subheading 8531.10 from any other subheading, except from Canadian tariff item 8531.90.11 or 8531.90.21, U.S. tariff item 8531.90.00A or Mexican tariff item 8531.90.03.

39, U.S. tariff 8531.20

A change to subheading 8531.20 from any other heading; or

32, U.S. tariff 8531.20

A change to subheading 8531.20 from subheading 8531.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

item 8531.80

8531.80.aa

A change to U.S. tariff item 8531.80.00A or 8531.80.00B from any other subheading, provided that, with respect to printed circuit assemblies (PCAs) of Canadian tariff item 8531.90.11 or 8531.90.21, U.S. tariff item 8531.90.00A or Mexican tariff item 8531.90.03:

- (a) except as provided in subparagraph (b), for each multiple of nine PCAs, or any portion thereof, that is contained in the good, only one PCA may be a non-originating PCA, and

	(b)	if the good contains less than three PCAs, all of the PCAs must be originating PCAs.
8531.80		A change to subheading 8531.80 from any other heading; or  A change to subheading 8531.80 from subheading 8531.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:  (a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
8531.90		A change to subheading 8531.90 from any other heading.
8532.10		A change to subheading 8532.10 from any other heading; or  A change to subheading 8532.10 from subheading 8532.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:  (a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
8532.21-8532.30		A change to subheading 8532.21 through 8532.30 from any other subheading, including another subheading within that group.
8532.90		A change to subheading 8532.90 from any other heading.
8533.10-8533.39		A change to subheading 8533.10 through 8533.39 from any other subheading, including another subheading within that group.
8533.40		A change to subheading 8533.40 from any other subheading, except for Canadian tariff item 8533.90.11, U.S. tariff item 8533.90.00A or Mexican tariff item 8533.90.02.
8533.90		A change to subheading 8533.90 from any other heading.
85.34		A change to heading 85.34 from any other heading.
85.35		
8535.90.aa		A change to Canadian tariff item 8535.90.30, U.S. tariff item 8535.90.00A or Mexican tariff item 8535.90.08, 8535.90.20 or 8535.90.24 from any other tariff item, except from Canadian tariff item 8538.90.20, U.S. tariff item 8538.90.00B or Mexican tariff item 8538.90.12; or  A change to Canadian tariff item 8535.90.30, U.S. tariff item 8535.90.00A or Mexican tariff item 8535.90.08, 8535.90.20 or 8535.90.24 from Canadian tariff item 8538.90.20, U.S. tariff item



8538.90.00B or Mexican tariff item 8538.90.12, whether or not there is also a change from any other tariff item, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

85.35

A change to heading 85.35 from any other heading, except from Canadian tariff item 8538.90.30 or 8538.90.60, U.S. tariff item 8538.90.00A or 8538.90.00C or Mexican tariff item 8538.90.13 or 8538.90.14; or

A change to heading 85.35 from Canadian tariff item 8538.90.30 or 8538.90.60, U.S. tariff item 8538.90.00A or 8538.90.00C or Mexican tariff item 8538.90.13 or 8538.90.14, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8536.30.aa

A change to Canadian tariff item 8536.30.12, U.S. tariff item 8536.30.00A or Mexican tariff item 8536.30.05 from any other tariff item, except from Canadian tariff item 8538.90.20, U.S. tariff item 8538.90.00B or Mexican tariff item 8538.90.12; or

A change to Canadian tariff item 8536.30.12, U.S. tariff item 8536.30.00A or Mexican tariff item 8536.30.05 from Canadian tariff item 8538.90.20, U.S. tariff item 8538.90.00B or Mexican tariff item 8538.90.12, whether or not there is also a change from any other tariff item, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8536.50.aa

A change to Canadian tariff item 8536.50.21 or 8536.50.29 or U.S. tariff item 8536.50.00A from any other tariff item, except from Canadian tariff item 8538.90.20, U.S. tariff item 8538.90.00B or Mexican tariff item 8538.90.12; or

A change to Canadian tariff item 8536.50.21 or 8536.50.29 or U.S. tariff item 8536.50.00A from Canadian tariff item 8538.90.20, U.S. tariff item 8538.90.00B or Mexican tariff item 8538.90.12, whether or not there is also a change from any other tariff item, provided there is a regional value content of not less than:

If the good provided for in subheading 8536.50 or 8536.90 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8536.90.aa

A change to Mexican tariff item 8536.90.07 or 8536.90.27 from any other tariff item, except from Canadian tariff item 8538.90.20, U.S. tariff item 8538.90.00B or Mexican tariff item 8538.90.12; or

A change to Mexican tariff item 8536.90.07 or 8536.90.27 from Canadian tariff item 8538.90.20, U.S. tariff item 8538.90.00B or Mexican tariff item 8538.90.12, whether or not there is also a change from any other tariff item, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

85.36

A change to heading 85.36 from any other heading, except from Canadian tariff item 8538.90.30 or 8538.90.60, U.S. tariff item 8538.90.00A or 8538.90.00C or Mexican tariff item 8538.90.13 or 8538.90.14; or

A change to heading 85.36 from Canadian tariff item 8538.90.30 or 8538.90.60, U.S. tariff item 8538.90.00A or 8538.90.00C or Mexican tariff item 8538.90.13 or 8538.90.14, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

85.37<sup>37</sup>

A change to heading 85.37 from any other heading, except from Canadian tariff item 8538.90.30 or 8538.90.60, U.S. tariff item 8538.90.00A or 8538.90.00C or Mexican tariff item 8538.90.13 or 8538.90.14; or

A change to heading 85.37 from Canadian tariff item 8538.90.30 or 8538.90.60, U.S. tariff item 8538.90.00A or 8538.90.00C or Mexican tariff item 8538.90.13 or 8538.90.14, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

85.38

A change to heading 85.38 from any other heading.

<sup>37</sup> If the good provided for in subheading 8537.10 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

used, or 8539.10-8539.40<sup>38</sup>

A change to subheading 8539.10 through 8539.40 from any other heading; or

27 from any  
90.20, U.S. tariff

A change to subheading 8539.10 through 8539.40 from subheading 8539.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

27 from Canada  
Mexican tariff  
from any other  
not less than 8539.90

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

s used, or 8540.11

A change to subheading 8539.90 from any other heading.

cept from Canada  
8538.90.00A or  
90.14; or

8540.11.aa

A change to Canadian tariff item 8540.11.22, U.S. tariff item 8540.11.00A or Mexican tariff item 8540.11.01 from any other subheading, except from more than one of the following:

38.90.30 or  
DC or Mexican  
there is also a  
regional value content

- Canadian tariff item 7011.20.10, U.S. tariff item 7011.20.00A or Mexican tariff item 7011.20.02 or 7011.20.03,
- Canadian tariff item 8540.91.10, U.S. tariff item 8540.91.40A or Mexican tariff item 8540.91.03.

s used, or

8540.11.bb

A change to Canadian tariff item 8540.11.21, U.S. tariff item 8540.11.00B or Mexican tariff item 8540.11.02 from any other subheading, except from more than one of the following:

cept from  
tariff item  
8538.90.13 or

- Canadian tariff item 7011.20.10, U.S. tariff item 7011.20.00A or Mexican tariff item 7011.20.02 or 7011.20.03,
- Canadian tariff item 8540.91.10, U.S. tariff item 8540.91.40A or Mexican tariff item 8540.91.03.

38.90.30 or  
DC or Mexican  
there is also a  
regional value content

8540.11.cc

A change to Canadian tariff item 8540.11.12, U.S. tariff item 8540.11.00C or Mexican tariff item 8540.11.03 from any other subheading, except from Canadian tariff item 8540.91.10, U.S. tariff item 8540.91.40A or Mexican tariff item 8540.91.03.

s used, or

8540.11.dd

A change to Canadian tariff item 8540.11.11, U.S. tariff item 8540.11.00D or Mexican tariff item 8540.11.04 from any other subheading, except from Canadian tariff item 8540.91.10, U.S. tariff item 8540.91.40A or Mexican tariff item 8540.91.03.

8540.11

A change to subheading 8540.11 from any other heading; or

of Chapter 87

If the good provided for in subheading 8539.10 or 8539.21 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

A change to subheading 8540.11 from subheading 8540.91, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8540.12

**Note:** For a good of 8540.12.aa incorporating a glass panel referred to in subparagraph (b) of Note 5 of Chapter 85 and a glass cone provided by Canadian tariff item 7011.20.10, U.S. tariff item 7011.20.00A or Mexican tariff item 7011.20.02 or 7011.20.03:

8540.12.aa A change to Canadian tariff item 8540.12.90, U.S. tariff item 8540.12.40A or 8540.12.80A or Mexican tariff item 8540.12.99 from other subheading, except from more than one of the following:

- Canadian tariff item 7011.20.10, U.S. tariff item 7011.20.01 or Mexican tariff item 7011.20.02 or 7011.20.03,
- Canadian tariff item 8540.91.10, U.S. tariff item 8540.91.40 or Mexican tariff item 8540.91.03.

**Note:** For a good of 8540.12.aa incorporating a glass envelope referred to in subparagraph (b) of Note 5 of Chapter 85:

8540.12.aa A change to Canadian tariff item 8540.12.90, U.S. tariff item 8540.12.40A or 8540.12.80A or Mexican tariff item 8540.12.99 from other subheading, except from Canadian tariff item 8540.91.10, U.S. tariff item 8540.91.40A or Mexican tariff item 8540.91.03.

8540.12.bb A change to Canadian tariff item 8540.12.10, U.S. tariff item 8540.12.40B or 8540.12.80B or Mexican tariff item 8540.12.01 from other subheading, except from Canadian tariff item 8540.91.10, U.S. tariff item 8540.91.40A or Mexican tariff item 8540.91.03.

8540.12 A change to subheading 8540.12 from any other heading; or  
A change to subheading 8540.12 from subheading 8540.91, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8540.20

A change to subheading 8540.20 from any other heading; or

A change to subheading 8540.20 from subheading 8540.91 through 8540.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8540.30

A change to subheading 8540.30 from any other subheading, except from Canadian tariff item 8540.91.10, U.S. tariff item 8540.91.40A or Mexican tariff item 8540.91.03.

8540.41-8540.49

A change to subheading 8540.41 through 8540.49 from any subheading outside of that group, except from Canadian tariff item 8540.99.10, U.S. tariff item 8540.99.00A or Mexican tariff item 8540.99.05.

8540.81-8540.89

A change to subheading 8540.81 through 8540.89 from any other subheading, including another subheading within that group.

8540.91

8540.91.aa

A change to Canadian tariff item 8540.91.10, U.S. tariff item 8540.91.40A or Mexican tariff item 8540.91.03 from any other tariff item.

8540.91

A change to subheading 8540.91 from any other heading.

8540.99

8540.99.aa

A change to Canadian tariff item 8540.99.10, U.S. tariff item 8540.99.00A or Mexican tariff item 8540.99.05 from any other tariff item.

8540.99

A change to subheading 8540.99 from any other heading.

8541.85.42

Note:

*Notwithstanding Article 411 (Transshipment), a good provided for in subheading 8541.10 through 8541.60 or 8542.11 through 8542.80 qualifying under the rule below as an originating good may undergo further production outside the territory of the Parties and, when imported into the territory of a Party, will originate in the territory of a Party, provided that such further production did not result in a change to a subheading outside of that group.*

A change to subheading 8541.10 through 8542.90 from any other subheading, including another subheading within that group.

8543.10-8543.30

A change to subheading 8543.10 through 8543.30 from any other heading; or

A change to subheading 8543.10 through 8543.30 from subheading 8543.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8543.80

8543.80.aa

A change to Canadian tariff item 8543.80.60, U.S. tariff item 8543.80.90A or Mexican tariff item 8543.80.20 from any other subheading, except from subheading 8504.40 or Canadian tariff item 8543.90.11, 8543.90.12, 8543.90.13 or 8543.90.14, U.S. tariff item 8543.90.40A, 8543.90.40B or 8543.90.80A or Mexican tariff item 8543.90.01; or

A change to Canadian tariff item 8543.80.60, U.S. tariff item 8543.80.90A or Mexican tariff item 8543.80.20 from subheading 8543.90.11, 8543.90.12, 8543.90.13 or 8543.90.14, U.S. tariff item 8543.90.40A, 8543.90.40B or 8543.90.80A or Mexican tariff item 8543.90.01, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8543.80

A change to subheading 8543.80 from any other heading; or

A change to subheading 8543.80 from subheading 8543.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8543.90

A change to subheading 8543.90 from any other heading.

8544.11-8544.60<sup>39</sup>

A change to subheading 8544.11 through 8544.60 from any subheading outside that group, except from heading 74.08, 74.13, 76.05 or 76.14

<sup>39</sup> If the good provided for in subheading 8544.30 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

A change to subheading 8544.11 through 8544.60 from heading 74.08, 74.13, 76.05 or 76.14, whether or not there is also a change from any other subheading, including another subheading within subheading 8544.11 through 8544.60, provided there is also a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to subheading 8544.70 from any other subheading, except from heading 70.02 or 90.01; or

A change to subheading 8544.70 from heading 70.02 or 90.01, whether or not there is also a change from any other subheading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to heading 85.45 through 85.48 from any other heading, including another heading within that group.

Section XVII -

**Vehicles, Aircraft, Vessels and Associated Transport Equipment  
(Chapter 86-89)**

Chapter 86

**Railway or Tramway Locomotives, Rolling-Stock and Parts Thereof;  
Railway or Tramway Track Fixtures and Fittings and Parts Thereof;  
Mechanical (Including Electro-Mechanical) Traffic Signalling  
Equipment of all Kinds**

A change to heading 86.01 through 86.06 from any other heading, including another heading within that group, except from heading 86.07; or

A change to heading 86.01 through 86.06 from heading 86.07, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to subheading 8607.11 through 8607.12 from any other heading.

8607.19

8607.19.aa

A change to Canadian tariff item 8607.19.11, U.S. tariff item 8607.19.10A or Mexican tariff item 8607.19.02 or 8607.19.06 from any other heading; or

A change to Canadian tariff item 8607.19.11, U.S. tariff item 8607.19.10A or Mexican tariff item 8607.19.02 or 8607.19.06 from Canadian tariff item 8607.19.13, U.S. tariff item 8607.19.10B or Mexican tariff item 8607.19.07, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8607.19.cc

A change to Canadian tariff item 8607.19.12, U.S. tariff item 8607.19.20A or Mexican tariff item 8607.19.03 from any other heading; or

A change to Canadian tariff item 8607.19.12, U.S. tariff item 8607.19.20A or Mexican tariff item 8607.19.03 from Canadian tariff item 8607.19.13, U.S. tariff item 8607.19.20B or Mexican tariff item 8607.19.07, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8607.19

A change to subheading 8607.19 from any other heading.

8607.21-8607.99

A change to subheading 8607.21 through 8607.99 from any other heading.

86.08-86.09

A change to heading 86.08 through 86.09 from any other heading, including another heading within that group.

Chapter 87

**Vehicles Other Than Railway or Tramway Rolling-Stock, and Parts and Accessories Thereof**

87.01<sup>40</sup>

A change to heading 87.01 from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

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<sup>40</sup> The provisions of Article 403 apply.



7.02 <sup>2</sup>	8702.10.aa	A change to Canadian tariff item 8702.10.10, U.S. tariff item 8702.10.00A or Mexican tariff item 8702.10.03 from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.
f item .19.06 from a	8702.10.bb	A change to Canadian tariff item 8702.10.90, U.S. tariff item 8702.10.00B or Mexican tariff item 8702.10.01 or 8702.10.02 from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.
f item .19.06 from 19.10B or also a change ue content of	8702.90.aa	A change to Canadian tariff item 8702.90.10, U.S. tariff item 8702.90.00A or Mexican tariff item 8702.90.04 from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.
is used, or	8702.90.bb	A change to Canadian tariff item 8702.90.90, U.S. tariff item 8702.90.00B or Mexican tariff item 8702.90.01, 8702.90.02 or 8702.90.03 from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.
f item ny other headi	8703.10	A change to subheading 8703.10 from any other heading, provided there is a regional value content of not less than:  (a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
f item anadian tariff ariff item any other ot less than:	8703.21-8703.90 <sup>42</sup>	A change to subheading 8703.21 through 8703.90 from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.
is used, or	8704.10 <sup>43</sup>	A change to subheading 8704.10 from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.
g. any other	8704.21 <sup>44</sup>	A change to subheading 8704.21 from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.
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vided  
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<sup>42</sup> The provisions of Article 403 apply.

<sup>43</sup> The provisions of Article 403 apply.

<sup>44</sup> The provisions of Article 403 apply.

<sup>45</sup> The provisions of Article 403 apply.

- 8704.22-8704.23<sup>45</sup> A change to subheading 8704.22 through 8704.23 from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.
- 8704.31<sup>46</sup> A change to subheading 8704.31 from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.
- 8704.32-8704.90<sup>47</sup> A change to subheading 8704.32 through 8704.90 from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.
- 87.05<sup>48</sup> A change to heading 87.05 from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.
- 87.06<sup>49</sup>
- 8706.00.aa A change to Canadian tariff item 8706.00.20, U.S. tariff item 8706.00.10A or 8706.00.15 or Mexican tariff item 8706.00.02 from any other chapter, provided there is a regional value content of not less than 50 percent under the net cost method.
- 8706.00.bb A change to Canadian tariff item 8706.00.10 or 8706.00.90, U.S. tariff item 8706.00.10B, 8706.00.25, 8706.00.30 or 8706.00.50 or Mexican tariff item 8706.00.99 from any other chapter, provided there is a regional value content of not less than 50 percent under the net cost method.
- 87.07<sup>50</sup> A change to heading 87.07 from any other chapter; or
- A change to heading 87.07 from heading 87.08, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than 50 percent under the net cost method.

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<sup>45</sup> The provisions of Article 403 apply.

<sup>46</sup> The provisions of Article 403 apply.

<sup>47</sup> The provisions of Article 403 apply.

<sup>48</sup> The provisions of Article 403 apply.

<sup>49</sup> The provisions of Article 403 apply.

<sup>50</sup> The provisions of Article 403 apply.

any other  
at less than 50

708.10<sup>51</sup>

A change to subheading 8708.10 from any other heading; or

, provided the  
under the net cost

A change to subheading 8708.10 from subheading 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

any other  
at less than 50

708.21<sup>52</sup>

A change to subheading 8708.21 from any other heading; or

vided  
ent under the

A change to subheading 8708.21 from subheading 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

f item  
0.00.02 from  
of not less than

708.29<sup>53</sup>

A change to subheading 8708.29 from any other heading; or

No required change in tariff classification to subheading 8708.29, provided there is a regional value content of not less than 50 percent under the net cost method.

0.90, U.S. tariff  
50 or Mexico  
there is a  
the net cost

708.31

A change to subheading 8708.31 from any other heading; or

A change to subheading 8708.31 from subheading 8708.39 or 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

or not there is  
a regional value  
method.

708.39<sup>54</sup>

A change to subheading 8708.39 from any other heading; or

A change to subheading 8708.39 from subheading 8708.31 or 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

708.40<sup>55</sup>

A change to subheading 8708.40 from any other heading; or

The provisions of Article 403 apply.

The provisions of Article 403 apply.

The provisions of Article 403 apply.

The provisions of Article 403 apply.

The provisions of Article 403 apply.

A change to subheading 8708.40 from subheading 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

8708.50<sup>56</sup>

8708.50.aa

A change to Canadian tariff item 8708.50.20, U.S. tariff item 8708.50.06 or Mexican tariff item 8708.50.06 or 8708.50.07 from any other heading, except from subheading 8482.10 through 8482.80; or

A change to Canadian tariff item 8708.50.20, U.S. tariff item 8708.50.06 or Mexican tariff item 8708.50.06 or 8708.50.07 from subheading 8482.10 through 8482.80 or 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

8708.50

A change to subheading 8708.50 from any other heading; or

A change to subheading 8708.50 from subheading 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

8708.60<sup>57</sup>

8708.60.aa

A change to Canadian tariff item 8708.60.20, U.S. tariff item 8708.60.07 or Mexican tariff item 8708.60.07 from any other heading, except from subheading 8482.10 through 8482.80; or

A change to Canadian tariff item 8708.60.20, U.S. tariff item 8708.60.07 or Mexican tariff item 8708.60.07 from subheading 8482.10 through 8482.80 or 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

8708.60

A change to subheading 8708.60 from any other heading; or

A change to subheading 8708.60 from subheading 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

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<sup>56</sup> The provisions of Article 403 apply.

<sup>57</sup> The provisions of Article 403 apply.

8708.70<sup>98</sup>  
.99, whether  
ided there is  
the net cost

A change to subheading 8708.70 from any other heading; or

A change to subheading 8708.70 from subheading 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

8708.80<sup>99</sup>  
f item 8708.5  
any other heading

8708.80.aa

A change to Canadian tariff item 8708.80.10, U.S. tariff item 8708.80.10A or 8708.80.50A or Mexican tariff item 8708.80.04 from any other subheading, provided there is a regional value content of not less than 50 percent under the net cost method.

8708.80  
f item 8708.5  
subheading  
ere is also a  
onal value con

8708.80

A change to subheading 8708.80 from any other heading; or

A change to subheading 8708.80 from subheading 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent of the net cost method.

8708.91<sup>60</sup>  
.99, whether  
ided there is a  
the net cost

A change to subheading 8708.91 from any other heading; or

A change to subheading 8708.91 from subheading 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent of the net cost method.

8708.92<sup>41</sup>  
f item 8708.6  
ng, except for

A change to subheading 8708.92 from any other heading; or

A change to subheading 8708.92 from subheading 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

8708.93<sup>2</sup>  
f item 8708.5  
2.10 through  
ge from any  
t less than 50

A change to subheading 8708.93 from any other heading; or

A change to subheading 8708.93 from subheading 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

8708.99<sup>41</sup>  
.99, whether  
ided there is  
the net cost

- The provisions of Article 403 apply.
- The provisions of Article 403 apply.
- The provisions of Article 403 apply.
- The provisions of Article 403 apply.
- The provisions of Article 403 apply.

8708.94<sup>63</sup>

A change to subheading 8708.94 from any other heading; or

A change to subheading 8708.94 from subheading 8708.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

8708.99<sup>64</sup>

8708.99.aa

A change to Canadian tariff item 8708.99.15, 8708.99.25 or 8708.99.25 U.S. tariff item 8708.99.10A, 8708.99.20A or 8708.99.50A or Mexican tariff item 8708.99.42 from any other subheading, provided there is a regional value content of not less than 50 percent under the net cost method.

8708.99.bb

A change to Canadian tariff item 8708.99.16, 8708.99.26 or 8708.99.26 U.S. tariff item 8708.99.10B, 8708.99.20B or 8708.99.50B or Mexican tariff item 8708.99.43 from any other heading, except from subheadings 8482.10 through 8482.80 or Canadian tariff item 8482.99.11 or 8482.99.91, U.S. tariff item 8482.99.10A, 8482.99.30A, 8482.99.50A or 8482.99.70A or Mexican tariff item 8482.99.01 or 8482.99.03; or

A change to Canadian tariff item 8708.99.16, 8708.99.26 or 8708.99.26 U.S. tariff item 8708.99.10B, 8708.99.20B or 8708.99.50B or Mexican tariff item 8708.99.43 from subheading 8482.10 through 8482.80 or Canadian tariff item 8482.99.11 or 8482.99.91, U.S. tariff item 8482.99.10A, 8482.99.30A, 8482.99.50A or 8482.99.70A or Mexican tariff item 8482.99.01 or 8482.99.03, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50 percent under the net cost method.

8708.99

A change to subheading 8708.99 from any other heading; or

No required change in tariff classification to subheading 8708.99, provided there is a regional value content of not less than 50 percent under the net cost method.

8709.11-8709.19

A change to subheading 8709.11 through 8709.19 from any other heading; or

A change to subheading 8709.11 through 8709.19 from subheading 8709.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

(a) 60 percent where the transaction value method is used, or

<sup>63</sup> The provisions of Article 403 apply.

<sup>64</sup> The provisions of Article 403 apply.

; or  
99, whether  
ded there is  
the net cost

(b) 50 percent where the net cost method is used.

A change to subheading 8709.90 from any other heading.

A change to heading 87.10 from any other heading.

A change to heading 87.11 from any other heading, except from heading 87.14; or

A change to heading 87.11 from heading 87.14, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to heading 87.12 from any other heading, except from heading 87.14; or

A change to heading 87.12 from heading 87.14, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to heading 87.13 from any other heading, except from heading 87.14; or

A change to heading 87.13 from heading 87.14, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to heading 87.14 from any other heading.

A change to heading 87.15 from any other heading.

A change to subheading 8716.10 through 8716.80 from any other heading; or

A change to subheading 8716.10 through 8716.80 from subheading 8716.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

8716.90	A change to subheading 8716.90 from any other heading.
<b>Chapter 88</b>	<b>Aircraft, Spacecraft, and Parts Thereof</b>
8801.10-8803.90	A change to subheading 8801.10 through 8803.90 from any other subheading, including another subheading within that group.
88.04-88.05	A change to heading 88.04 through 88.05 from any other heading, including another heading within that group.
<b>Chapter 89</b>	<b>Ships, Boats and Floating Structures</b>
89.01-89.02	A change to heading 89.01 through 89.02 from any other chapter; or
	A change to heading 89.01 through 89.02 from any other heading within Chapter 89, including another heading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
89.03	A change to heading 89.03 from any other heading, provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
89.04-89.05	A change to heading 89.04 through 89.05 from any other chapter; or
	A change to heading 89.04 through 89.05 from any other heading within Chapter 89, including another heading within that group, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
89.06-89.08	A change to heading 89.06 through 89.08 from any other heading, including another heading within that group.



Section XVIII-

**Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical or Surgical Instruments and Apparatus; Clocks and Watches; Musical Instruments; Parts and Accessories Thereof (Chapter 90-92)**

Chapter 90

**Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical or Surgical Instruments and Apparatus; Parts and Accessories Thereof**

- Note 1:** *For purposes of this Chapter, the term, "printed circuit assembly", means a good consisting of one or more printed circuits of heading 85.34 with one or more active elements assembled thereon, with or without passive elements. For purposes of this Note, "active elements" means diodes, transistors and similar semiconductor devices, whether or not photosensitive, of heading 85.41, and integrated circuits and microassemblies of heading 85.42.*
- Note 2:** *The origin of the goods of Chapter 90 shall be determined without regard to the origin of any automatic data processing machines or units thereof of heading 84.71, or parts and accessories thereof of heading 84.73, which may be included therewith.*
- Note 3:** *Canadian tariff item 9009.90.10, U.S. tariff item 9009.90.00A or 9009.90.00B or Mexican tariff item 9009.90.02 covers the following parts for photo-copying apparatus of subheading 9009.12:*
- (a) *imaging assemblies, incorporating more than one of the following: photoreceptor belt or cylinder; toner receptacle unit; toner distribution unit; developer receptacle unit; developer distribution unit; charge/discharge unit; cleaning unit;*
  - (b) *optics assemblies, incorporating more than one of the following: lens; mirror; illumination source; document exposure glass;*
  - (c) *user control assemblies, incorporating more than one of the following: printed circuit assembly; power supply; user input keyboard; wiring harness; display unit (cathode-ray type or flat panel);*
  - (d) *image fixing assemblies, incorporating more than one of the following: fuser; pressure roller; heating element; release oil dispenser; cleaning unit; electrical control;*
  - (e) *paper handling assemblies, incorporating more than one of the following: paper transport belt; roller; print bar; carriage; gripper roller; paper storage unit; exit tray; or*
  - (f) *combinations of the above specified assemblies.*

9001.10	<p>A change to subheading 9001.10 from any other chapter, except from heading 70.02; or</p> <p>A change to subheading 9001.10 from heading 70.02, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or  (b) 50 percent where the net cost method is used.</p>
9001.20-9001.90	A change to subheading 9001.20 through 9001.90 from any other heading.
90.02	A change to heading 90.02 from any other heading, except from heading 90.01.
9003.11-9003.19	<p>A change to subheading 9003.11 through 9003.19 from any other heading; or</p> <p>A change to subheading 9003.11 through 9003.19 from subheading 9003.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or  (b) 50 percent where the net cost method is used.</p>
9003.90	A change to subheading 9003.90 from any other heading.
90.04	<p>A change to heading 90.04 from any other chapter; or</p> <p>A change to heading 90.04 from any other heading within Chapter 90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or  (b) 50 percent where the net cost method is used.</p>
9005.10-9005.80	A change to subheading 9005.10 through 9005.80 from any subheading outside that group, except from heading 90.01 through 90.02 or Canadian tariff item 9005.90.11 or 9005.90.91, U.S. tariff item 9005.90.00A or Mexican tariff item 9005.90.03.
9005.90	
9005.90.aa	A change to Canadian tariff item 9005.90.11 or 9005.90.91, U.S. tariff item 9005.90.00A or Mexican tariff item 9005.90.03 from any other heading, except from heading 90.01 or 90.02.
9005.90	A change to subheading 9005.90 from any other heading.

except from 9006.10-9006.69

A change to subheading 9006.10 through 9006.69 from any other heading; or

whether or not there is a regional

A change to subheading 9006.10 through 9006.69 from subheading 9006.91 or 9006.99, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

is used, or

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

any other 9006.91-9006.99

A change to subheading 9006.91 through 9006.99 from any other heading.

pt from heading 9007.11

A change to subheading 9007.11 from any other heading; or

any other

A change to subheading 9007.11 from subheading 9007.91, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

subheading other heading

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

1: 9007.19

is used, or

9007.19.aa

A change to Canadian tariff item 9007.19.10, U.S. tariff item 9007.19.00A or Mexican tariff item 9007.19.01 from any other tariff item.

9007.19

A change to subheading 9007.19 from any other heading; or

in Chapter 90  
apter, provided

A change to subheading 9007.19 from subheading 9007.91, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

is used, or

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

any subheading 9007.21-9007.29

0.02 or Canada  
005.90.00A or

A change to subheading 9007.21 through 9007.29 from any other heading; or

9.91, U.S. tariff  
from any other

A change to subheading 9007.21 through 9007.29 from subheading 9007.92, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

9007.91

A change to subheading 9007.91 from any other heading.

9007.92

A change to subheading 9007.92 from any other heading; or

	No required change in tariff classification to subheading 9007.92, provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or
	(b) 50 percent where the net cost method is used.
9008.10-9008.40	A change to subheading 9008.10 through 9008.40 from any other heading; or
	A change to subheading 9008.10 through 9008.40 from subheading 9008.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or
	(b) 50 percent where the net cost method is used.
9008.90	A change to subheading 9008.90 from any other heading.
9009.11	A change to subheading 9009.11 from any other subheading.
9009.12	A change to subheading 9009.12 from any other tariff item, except for Canadian tariff item 9009.90.10, U.S. tariff item 9009.90.00A or 9009.90.00B or Mexican tariff item 9009.90.02.
9009.21-9009.30	A change to subheading 9009.21 through 9009.30 from any other subheading, including another subheading within that group.
9009.90	
9009.90.aa	A change to Canadian tariff item 9009.90.10, U.S. tariff item 9009.90.00A or 9009.90.00B or Mexican tariff item 9009.90.02 from Canadian tariff item 9009.90.90, U.S. tariff item 9009.90.00C or 9009.90.00D or Mexican tariff item 9009.90.99, or any other heading, provided that at least one of the components of such assembly named in Note 3 to Chapter 90 is originating.
9009.90	A change to subheading 9009.90 from any other heading.
9010.10-9010.30	A change to subheading 9010.10 through 9010.30 from any other heading; or
	A change to subheading 9010.10 through 9010.30 from subheading 9010.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or
	(b) 50 percent where the net cost method is used.
9010.90	A change to subheading 9010.90 from any other heading.

9007.92, 9011.10-9011.80

in:

is used, or

any other

subheading

or other heading

in:

is used, or

g.

ding.

item, except for

90.00A or

any other

roup.

if item

99.90.02 from

90.00C or

other heading;

assembly named in

g.

any other

subheading

or other heading

in:

is used, or

g.

9011.90

9012.10

9012.90

9013.10-9013.80

9013.90

9014.10-9014.80

9014.90

9015.10-9015.80

A change to subheading 9011.10 through 9011.80 from any other heading; or

A change to subheading 9011.10 through 9011.80 from subheading 9011.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to subheading 9011.90 from any other heading.

A change to subheading 9012.10 from any other heading; or

A change to subheading 9012.10 from subheading 9012.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to subheading 9012.90 from any other heading.

A change to subheading 9013.10 through 9013.80 from any other heading; or

A change to subheading 9013.10 through 9013.80 from subheading 9013.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to subheading 9013.90 from any other heading.

A change to subheading 9014.10 through 9014.80 from any other heading; or

A change to subheading 9014.10 through 9014.80 from subheading 9014.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to subheading 9014.90 from any other heading.

A change to subheading 9015.10 through 9015.80 from any other heading; or

	A change to subheading 9015.10 through 9015.80 from subheading 9015.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
9015.90	A change to subheading 9015.90 from any other heading; or  No required change in tariff classification to subheading 9015.90, provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
90.16	A change to heading 90.16 from any other heading.
9017.10-9017.80	A change to subheading 9017.10 through 9017.80 from any other heading; or  A change to subheading 9017.10 through 9017.80 from subheading 9017.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
9017.90	A change to subheading 9017.90 from any other heading.
9018.11	
9018.11.aa	A change to Canadian tariff item 9018.11.10, U.S. tariff item 9018.11.00A or Mexican tariff item 9018.11.01 from any other tariff item, except from Canadian tariff item 9018.11.91, U.S tariff item 9018.11.00B or Mexican tariff item 9018.11.02.
9018.11	A change to subheading 9018.11 from any other heading.
9018.19	
9018.19.aa	A change to Canadian tariff item 9018.19.10, U.S. tariff item 9018.19.80A or Mexican tariff item 9018.19.16 from any other tariff item, except from Canadian tariff item 9018.19.91, U.S tariff item 9018.19.80B or Mexican tariff item 9018.19.17.
9018.19	A change to subheading 9018.19 from any other heading.
9018.20-9018.50	A change to subheading 9018.20 through 9018.50 from any other heading.

subheading other heading	9018.90	
used, or	9018.90.aa	A change to Canadian tariff item 9018.90.10, U.S. tariff item 9018.90.70A or Mexican tariff item 9018.90.25 from any other tariff item, except from Canadian tariff item 9018.90.91, U.S. tariff item 9018.90.70B or Mexican tariff item 9018.90.26.
or	9018.90	A change to subheading 9018.90 from any other heading.
015.90,	90.19-90.21	A change to heading 90.19 through 90.21 from any heading outside that group.
used, or	9022.11	A change to subheading 9022.11 from any other subheading, except from Canadian tariff item 9022.90.10, U.S. tariff item 9022.90.90A or Mexican tariff item 9022.90.04.
ny other	9022.19	A change to subheading 9022.19 from any other subheading, except from subheading 9022.30 or Canadian tariff item 9022.90.10, U.S. tariff item 9022.90.90A or Mexican tariff item 9022.90.04.
subheading other heading	9022.21	A change to subheading 9022.21 from any other subheading, except from Canadian tariff item 9022.90.20, U.S. tariff item 9022.90.90B or Mexican tariff item 9022.90.05.
used, or	9022.29-9022.30	A change to subheading 9022.29 through 9022.30 from any other heading; or  A change to subheading 9022.29 through 9022.30 from subheading 9022.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:  (a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
item other tariff tariff item	9022.90	
	9022.90.aa	A change to Canadian tariff item 9022.90.10, U.S. tariff item 9022.90.90A or Mexican tariff item 9022.90.04 from any other tariff item.
item other tariff tariff item	9022.90	A change to subheading 9022.90 from any other heading; or  No required change in tariff classification to subheading 9022.90, provided there is a regional value content of not less than:  (a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
ny other	90.23	A change to heading 90.23 from any other heading.

9024.10-9024.80

A change to subheading 9024.10 through 9024.80 from any other heading; or

A change to subheading 9024.10 through 9024.80 from subheading 9024.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

9024.90

A change to subheading 9024.90 from any other heading.

9025.11-9025.80

A change to subheading 9025.11 through 9025.80 from any other heading; or

A change to subheading 9025.11 through 9025.80 from subheading 9025.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

9025.90

A change to subheading 9025.90 from any other heading.

9026.10-9026.80

A change to subheading 9026.10 through 9026.80 from any other heading; or

A change to subheading 9026.10 through 9026.80 from subheading 9026.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

9026.90

A change to subheading 9026.90 from any other heading.

9027.10-9027.50

A change to subheading 9027.10 through 9027.50 from any other heading; or

A change to subheading 9027.10 through 9027.50 from subheading 9027.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

9027.80

9027.80.aa

A change to Canadian tariff item 9027.80.20, U.S. tariff item 9027.80.40A or Mexican tariff item 9027.80.08 from any other



any other

subheading, except from subheading 8505.19 or Canadian tariff item 9027.90.31, 9027.90.32 or 9027.90.33, U.S. tariff item 9027.90.44A or Mexican tariff item 9027.90.04.

subheading  
other heading: 9027.80

A change to subheading 9027.80 from any other heading; or

n:

A change to subheading 9027.80 from subheading 9027.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

s used, or

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

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any other

9027.90

A change to subheading 9027.90 from any other heading.

subheading  
other heading: 9028.10-9028.30

A change to subheading 9028.10 through 9028.30 from any other heading; or

n:

A change to subheading 9028.10 through 9028.30 from subheading 9028.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

s used, or

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

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any other

9028.90

A change to subheading 9028.90 from any other heading.

subheading  
other heading: 9029.10-9029.20

A change to subheading 9029.10 through 9029.20 from any other heading; or

n:

A change to subheading 9029.10 through 9029.20 from subheading 9029.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

s used, or

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

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any other

9029.90

A change to subheading 9029.90 from any other heading.

subheading  
other heading: 9030.10

A change to subheading 9030.10 from any other heading; or

n:

A change to subheading 9030.10 from subheading 9030.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

s used, or

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

if item  
by other 9030.20-9030.39

A change to subheading 9030.20 through 9030.39 from any other subheading, including another subheading within that group, except from

Canadian tariff item 9030.90.21 or 9030.90.23, U.S. tariff item 9030.90.40A, 9030.90.40B, 9030.90.80A or 9030.90.80B or Mexican tariff item 9030.90.02.

9030.40-9030.89

A change to subheading 9030.40 through 9030.89 from any other heading; or

A change to subheading 9030.40 through 9030.89 from subheading 9030.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

9030.90

A change to subheading 9030.90 from any other heading.

9031.10-9031.30

A change to subheading 9031.10 through 9031.30 from any other heading; or

A change to subheading 9031.10 through 9031.30 from subheading 9031.90, whether or not there is also a change from any other heading provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

9031.40

9031.40.aa

A change to Canadian tariff item 9031.40.10, U.S. tariff item 9031.40.00A or Mexican tariff item 9031.40.02 from any other tariff item, except from subheading 8537.10 or Canadian tariff item 9031.90.61, U.S. tariff item 9031.90.40A or Mexican tariff item 9031.90.02.

9031.40

A change to subheading 9031.40 from any other heading; or

A change to subheading 9031.40 from subheading 9031.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

9031.80<sup>65</sup>

A change to subheading 9031.80 from any other heading; or

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<sup>65</sup> If the good is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

A change to subheading 9031.80 from subheading 9031.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to subheading 9031.90 from any other heading.

A change to subheading 9032.10 through 9032.89 from any other heading; or

A change to subheading 9032.10 through 9032.89 from subheading 9032.90, whether or not there is also a change from any other heading, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to subheading 9032.90 from any other heading.

A change to heading 90.33 from any other heading.

#### Chapter 91

#### Clocks and Watches and Parts Thereof

A change to heading 91.01 through 91.07 from any other chapter; or

A change to heading 91.01 through 91.07 from heading 91.14, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to heading 91.08 through 91.10 from any other heading, including another heading within that group, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

A change to subheading 9111.10 through 9111.80 from subheading 9111.90 or any other heading, provided there is a regional value content of not less than:

If the good provided for in subheading 9032.89 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

- (a) 60 percent where the transaction value method is used, or  
 (b) 50 percent where the net cost method is used; or
- 9111.90 A change to subheading 9111.90 from any other heading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or  
 (b) 50 percent where the net cost method is used.
- 9112.10-9112.80 A change to subheading 9112.10 through 9112.80 from subheading 9112.90 or any other heading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or  
 (b) 50 percent where the net cost method is used.
- 9112.90 A change to subheading 9112.90 from any other heading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or  
 (b) 50 percent where the net cost method is used.
- 91.13 A change to heading 91.13 from any other heading, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or  
 (b) 50 percent where the net cost method is used.
- 91.14 A change to heading 91.14 from any other heading.
- Chapter 92 Musical Instruments; Parts and Accessories of Such Articles**
- 92.01-92.08 A change to heading 92.01 through 92.08 from any other chapter; or
- A change to heading 92.01 through 92.08 from heading 92.09, where there is also a change from any other chapter, provided there is a regional value content of not less than:
- (a) 60 percent where the transaction value method is used, or  
 (b) 50 percent where the net cost method is used.
- 92.09 A change to heading 92.09 from any other heading.

Section XIX -

**Arms and Ammunition; Parts and Accessories Thereof (Chapter 93)**

Chapter 93

**Arms and Ammunition; Parts and Accessories Thereof**

93.01-93.04

A change to heading 93.01 through 93.04 from any other chapter; or

A change to heading 93.01 through 93.04 from heading 93.05, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

93.05

A change to heading 93.05 from any other heading.

93.06-93.07

A change to heading 93.06 through 93.07 from any other chapter.

Section XX -

**Miscellaneous Manufactured Articles (Chapter 94-96)**

Chapter 94

**Furniture; Bedding, Mattresses, Mattress Supports, Cushions and Similar Stuffed Furnishings; Lamps and Lighting Fittings, Not Elsewhere Specified or Included; Illuminated Signs, Illuminated Name-Plates and the Like; Prefabricated Buildings**

94.01-94.01.80<sup>67</sup>

A change to subheading 9401.10 through 9401.80 from any other chapter; or

A change to subheading 9401.10 through 9401.80 from subheading 9401.90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

94.01.90

A change to subheading 9401.90 from any other heading.

94.02

A change to heading 94.02 from any other chapter.

<sup>67</sup> If the good provided for in subheading 9401.20 is for use in a motor vehicle of Chapter 87, the provisions of Article 403 may apply.

9403.10-9403.80	<p>A change to subheading 9403.10 through 9403.80 from any other chapter or</p> <p>A change to subheading 9403.10 through 9403.80 from subheading 9403.90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>
9403.90	A change to subheading 9403.90 from any other heading.
9404.10-9404.30	A change to subheading 9404.10 through 9404.30 from any other chapter.
9404.90	A change to subheading 9404.90 from any other chapter, except from heading 50.07, 51.11 through 51.13, 52.08 through 52.12, 53.09 through 53.11, 54.07 through 54.08 or 55.12 through 55.16.
9405.10-9405.60	<p>A change to subheading 9405.10 through 9405.60 from any other chapter or</p> <p>A change to subheading 9405.10 through 9405.60 from subheading 9405.91 through 9405.99, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>
9405.91-9405.99	A change to subheading 9405.91 through 9405.99 from any other heading.
94.06	A change to heading 94.06 from any other chapter.
<b>Chapter 95</b>	<b>Toys, Games and Sports Requisites; Parts and Accessories Thereof</b>
95.01	A change to heading 95.01 from any other chapter.
9502.10	<p>A change to subheading 9502.10 from any other chapter; or</p> <p>A change to subheading 9502.10 from subheading 9502.91 through 9502.99, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:</p> <p>(a) 60 percent where the transaction value method is used, or</p> <p>(b) 50 percent where the net cost method is used.</p>

any other classification: 9502.91-9502.99

A change to subheading 9502.91 through 9502.99 from any other heading.

subheading 9503-95.05

A change to heading 95.03 through 95.05 from any other chapter.

by other classification: 9506.11-9506.29

A change to subheading 9506.11 through 9506.29 from any other chapter.

is used, or 9506.31<sup>18</sup>

A change to subheading 9506.31 from any other chapter; or

g.

A change to subheading 9506.31 from subheading 9506.39, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

any other classification:

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

er, except from

12, 53.09 through

9506.32

A change to subheading 9506.32 from any other chapter.

any other classification: 9506.39

9506.39.aa

A change to Mexican tariff item 9506.39.01 from any other chapter; or

subheading

a change from

t of not less than

A change to Mexican tariff item 9506.39.01 from any other tariff item, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

is used, or

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

any other

9506.39

A change to subheading 9506.39 from any other chapter.

9506.40-9506.99

A change to subheading 9506.40 through 9506.99 from any other chapter.

9507-95.08

A change to heading 95.07 through 95.08 from any other chapter.

ories Thereof

Chapter 96

### Miscellaneous Manufactured Articles

er; or

96.01-96.05

A change to heading 96.01 through 96.05 from any other chapter.

2.91 through

any other classification:

9606.10

A change to subheading 9606.10 from any other chapter.

is used, or

9506.31

U.S. and Canada classify golf clubs, whether or not in sets, in subheading 9506.31. Parts of golf clubs are classified in subheading 9506.39.

Mexico classifies in subheading 9506.31 only complete sets of golf clubs; individual golf clubs and parts of golf clubs are classified in subheading 9506.39 under tariff item 9506.39.01.

9606.21-9606.29	A change to subheading 9606.21 through 9606.29 from any other chapter or
	A change to subheading 9606.21 through 9606.29 from subheading 9606.30, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
9606.30	A change to subheading 9606.30 from any other heading.
9607.11-9607.19	A change to subheading 9607.11 through 9607.19 from any other chapter or
	A change to subheading 9607.11 through 9607.19 from subheading 9607.20, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
9607.20	A change to subheading 9607.20 from any other heading.
9608.10-9608.50	A change to subheading 9608.10 through 9608.50 from any other chapter or
	A change to subheading 9608.10 through 9608.50 from subheading 9608.60 through 9608.99, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
9608.60-9608.99	A change to subheading 9608.60 through 9608.99 from any other heading.
96.09-96.12	A change to heading 96.09 through 96.12 from any other chapter.
9613.10-9613.80	A change to subheading 9613.10 through 9613.80 from any other chapter or
	A change to subheading 9613.10 through 9613.80 from subheading 9613.90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:
	(a) 60 percent where the transaction value method is used, or (b) 50 percent where the net cost method is used.
9613.90	A change to subheading 9613.90 from any other heading.



any other chapter: 9614.10

A change to subheading 9614.10 from any other chapter.

subheading 9614.20

A change to subheading 9614.20 from any other subheading, except from subheading 9614.90.

any other chapter:

9614.90

A change to subheading 9614.90 from any other heading.

is used, or 9615.11-9615.19

A change to subheading 9615.11 through 9615.19 from any other chapter; or

g. any other chapter:

A change to subheading 9615.11 through 9615.19 from subheading 9615.90, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

subheading 9615.90

- (a) 60 percent where the transaction value method is used, or
- (b) 50 percent where the net cost method is used.

any other chapter:

9615.90

A change to subheading 9615.90 from any other heading.

is used, or 9616-9618

A change to heading 96.16 through 96.18 from any other chapter.

g.

**Section XXI -**

**Works of Art, Collectors' Pieces and Antiques (Chapter 97)**

any other chapter: Chapter 97

**Works of Art, Collectors' Pieces and Antiques**

subheading 97.01-97.06

A change to heading 97.01 through 97.06 from any other chapter.

a change from 97.01-97.06 of not less than

is used, or

any other

chapter.

any other chapter:

subheading

any other chapter:

an:

is used, or

g.

## NEW TARIFF ITEMS FOR NAFTA

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
1806.10.aa	1806.10.10	1806.10.41 1806.10.42A 1806.10.42B	1806.10.01	Containing 90 percent or more by weight of sugar
1901.10.aa	1901.10.31	1901.10.00A 1901.10.00B 1901.10.00C 1901.10.00D	1901.10.01	Containing over 10 percent by weight of milk solids
1901.20.aa	1901.20.11 1901.20.21	1901.20.00A 1901.20.00B 1901.20.00C 1901.20.00D 1901.20.00E 1901.20.00F	1901.20.02	Containing over 25 percent by weight of butterfat put up for retail sale
1901.90.aa	1901.90.31	1901.90.30A 1901.90.30B 1901.90.30C 1901.90.30D 1901.90.30E 1901.90.40A 1901.90.40B 1901.90.40C 1901.90.40D 1901.90.80A 1901.90.80B 1901.90.80C 1901.90.80D 1901.90.80E 1901.90.80F 1901.90.80G	1901.90.03	Dairy preparations containing over 10 percent by weight of milk solids
2008.11.aa	2008.11.20	2008.11.00B 2008.11.00C 2008.11.00D	2008.11.01	Peanuts, blanched
2101.10.aa	2101.10.11	2101.10.20A	2101.10.01	Instant coffee, not flavored
2103.20.aa	2103.20.10	2103.20.20	2103.20.01	Ketchup

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
2106.90.bb	2106.90.91	2106.90.16A 2106.90.16B 2106.90.19A	2106.90.06	Concentrated fruit or vegetable juices, fortified with minerals or vitamins: Of any single fruit or vegetable
2106.90.cc 2106.90.dd	2106.90.92 2106.90.32	2106.90.19B 2106.90.05A 2106.90.05B 2106.90.05C 2106.90.15A 2106.90.15B 2106.90.15C 2106.90.15D 2106.90.40A 2106.90.40B 2106.90.40C 2106.90.40D 2106.90.50A 2106.90.50B 2106.90.50C 2106.90.50D 2106.90.50E 2106.90.50F 2106.90.65A	2106.90.07 2106.90.08	Of mixtures of fruit or vegetable juices Containing over 10 percent by weight of milk solids
2202.90.aa 2202.90.bb 2202.90.cc	2202.90.31 2202.90.32 2202.90.40	2202.90.30A 2202.90.30B 2202.90.35 2202.90.39A 2202.90.39B 2202.90.10 2202.90.20A 2202.90.20B 2202.90.20C	2202.90.02 2202.90.03 2202.90.04	Fruit or vegetable juices, fortified with minerals or vitamins: Of any single fruit or vegetable  Of mixtures of fruit or vegetable juices Beverages containing milk
2309.90.aa	2309.90.31 2309.90.32	2309.90.30A 2309.90.30B 2309.90.30C	2309.90.10 2309.90.11	Containing over 10 percent by weight of milk solids
2401.10.aa	2401.10.10	2401.10.20A	2401.10.01	Wrapper tobacco
2403.91.aa	2403.91.10	2403.91.20	2403.91.01	Of a kind used as wrapper tobacco
4008.19.aa	4008.19.10	4008.19.10A 4008.19.50A	4008.19.01	Profile shapes
4008.29.aa	4008.29.10	4008.29.00A 4008.29.00B	4008.29.01	Profile shapes

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
4012.20.aa	4012.20.20	4012.20.20A 4012.20.50A	4012.20.01	Of a kind used on vehicles, including tractors, for on-highway transport of passengers or goods, or vehicles of heading 87.05
4016.93.aa	4016.93.10	4016.93.00B	4016.93.04	Of a kind for use in automotive goods of Chapter 87
4016.99.aa	4016.99.30	4016.99.25A 4016.99.50B	4016.99.10	Vibration control goods of a kind used in the vehicles of heading 87.01 through 87.05
4105.19.aa	4105.19.10	4105.19.00A	4105.19.01	Wet blue
4106.19.aa	4106.19.10	4106.19.00A	4106.19.01	Wet blue
4107.10.aa	4107.10.10	4107.10.00A	4107.10.02	Wet blue
5402.43.aa	5402.43.10	5402.43.00A	5402.43.01	Wholly of polyester, measuring not less than 33 filaments per yarn but not more than 80 decitex, and having 24 filaments per yarn
5402.52.aa	5402.52.10	5402.52.00A	5402.52.02	Wholly of polyester, measuring not less than 33 filaments per yarn but not more than 80 decitex, and having 24 filaments per yarn
5407.60.aa	5407.60.10	5407.60.05A 5407.60.10A 5407.60.20A	5407.60.02	Wholly of polyester, of single yarns measuring not less than 75 decitex but not more than 80 decitex, having 24 filaments per yarn and with a twist of 900 or more turns per meter
5408.22.aa	5408.22.10	5408.22.00A	5408.22.04	Of cuprammonium rayon
5408.23.aa	5408.23.10	5408.23.10A 5408.23.20A	5408.23.05	Of cuprammonium rayon
5408.24.aa	5408.24.10	5408.24.00A	5408.24.01	Of cuprammonium rayon
5903.10.aa	5903.10.20	5903.10.15 5903.10.18 5903.10.20 5903.10.25	5903.10.01	Of man-made fibers
5903.20.aa	5903.20.20	5903.20.15 5903.20.18 5903.20.20 5903.20.25	5903.20.01	Of man-made fibers
5903.90.aa	5903.90.20	5903.90.15 5903.90.18 5903.90.20 5903.90.25	5903.90.02	Of man-made fibers
5906.99.aa	5906.99.20	5906.99.20 5906.99.25	5906.99.03	Of man-made fibers

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
5700.aa	5907.00.13	5907.00.10A 5907.00.90A 5907.00.10B 5907.00.90B	5907.00.06	Of man-made fibers
6002.92.aa	6002.92.10	6002.92.00A	6002.92.01	Circular knit, wholly of cotton yarns exceeding 100 metric number per single yarn
6103.19.aa	6103.19.90	6103.19.40	6103.19.02 6103.19.99	Of textile materials other than artificial fibers or cotton
6103.39.aa	6103.39.90	6103.39.20A 6103.39.20B	6103.39.02 6103.39.99	Of other than artificial fibers
6104.19.aa	6104.19.90	6104.19.20A 6104.19.20B	6104.19.02 6104.19.99	Of other than artificial fibers
6104.39.aa	6104.39.90	6104.39.20A 6104.39.20B	6104.39.02 6104.39.99	Of other than artificial fibers
6104.59.aa	6104.59.90	6104.59.20A 6104.59.20B	6104.59.02 6104.59.99	Of other than artificial fibers
6203.19.aa	6203.19.90	6203.19.40A 6203.19.40B	6203.19.02 6203.19.99	Of other than cotton or artificial fibers
6203.39.aa	6203.39.90	6203.39.40A 6203.39.40B	6203.39.02 6203.39.99	Of other than artificial fibers
6204.19.aa	6204.19.90	6204.19.30A 6204.19.30B	6204.19.02 6204.19.99	Of other than artificial fibers
6204.39.aa	6204.39.90	6204.39.60 6204.39.80	6204.39.02 6204.39.99	Of other than artificial fibers
6204.59.aa	6204.59.90	6204.59.40A 6204.59.40B	6204.59.02 6204.59.04 6204.59.99	Of other than artificial fibers
6303.92.aa	6303.92.10	6303.92.00A 6303.92.00B	6303.92.01	Made up from fabrics described in Canadian tariff item 5407.60.10, U.S. tariff item 5407.60.05A, 5407.60.10A or 5407.60.20A or Mexican tariff item 5407.60.02
6701.00.aa	6701.00.10	6701.00.00A	6701.00.01 6701.00.02	Articles of feathers or down
7011.20.aa	7011.20.10	7011.20.00A	7011.20.02 7011.20.03	Cones
7304.41.aa	7304.41.10	7304.41.00A 7304.41.00B	7304.41.02	Of an external diameter of less than 19 mm
7321.11.aa	7321.11.19	7321.11.30	7321.11.02	Stoves or ranges (other than portable)

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
7321.90.aa	7321.90.51	7321.90.30A	7321.90.05	Parts: Of stoves or ranges (other than portable cooking chambers, whether or not assembled) Top surface panels with or without burners or control Door assemblies, incorporating not more than one of the following: inner panel, outer panel, window, insulation
7321.90.bb	7321.90.52	7321.90.30B	7321.90.06	
7321.90.cc	7321.90.53	7321.90.30C	7321.90.07	
7404.00.aa	7404.00.11 7404.00.21 7404.00.91	7404.00.00A	7404.00.03	Spent anodes; waste and scrap with a copper content less than 94 percent by weight
7407.10.aa	7407.10.13 7407.10.22	7407.10.10A	7407.10.03	Hollow profiles
7407.21.aa	7407.21.13 7407.21.22	7407.21.10A	7407.21.03	Hollow profiles
7407.22.aa	7407.22.14 7407.22.22	7407.22.10A	7407.22.03	Hollow profiles
7407.29.aa	7407.29.13 7407.29.22	7407.29.10A	7407.29.03	Hollow profiles
7408.11.aa	7408.11.11 7408.11.12	7408.11.60	7408.11.01	With a maximum cross-sectional dimension not exceeding 9.5 mm
7506.10.aa	7506.10.22	7506.10.50A	7506.10.01	Foil, not exceeding 0.15 mm in thickness
7506.20.aa	7506.20.92	7506.20.50A	7506.20.01	Foil, not exceeding 0.15 mm in thickness
8102.92.aa	8102.92.10	8102.92.00A	8102.92.01	Bars and rods
8111.00.aa	8111.00.21 8111.00.22 8111.00.40	8111.00.60	8111.00.01	Manganese powders and articles of manganese
8406.90.aa	8406.90.22 8406.90.32	8406.90.10A 8406.90.90A	8406.90.01	Rotors, finished for final assembly
8406.90.bb	8406.90.24 8406.90.34	8406.90.10C 8406.90.90C	8406.90.02	Blades, rotating or stationary
8406.90.cc	8406.90.21 8406.90.31	8406.90.10B 8406.90.90B	8406.90.03	Rotors, not further advanced than cleaned or machined for removal of fins, gates, sprues, and risers, or for permit location in finishing machinery
8407.34.aa	8407.34.10	8407.34.10A 8407.34.20A 8407.34.90A	8407.34.02	Engines of a cylinder capacity exceeding 1000 cc and not exceeding 2000 cc
8407.34.bb	8407.34.20	8407.34.10B 8407.34.20B 8407.34.90B	8407.34.99	Engines of a cylinder capacity exceeding 2000 cc

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8449.aa	see 8414.80.aa	8414.59.80B	see 8414.80.aa	Turbochargers and superchargers for motor vehicles, where not provided for under subheading 8414.80
8448.aa	8414.80.10	8414.80.10B	8414.80.14	Turbochargers and superchargers for motor vehicles, where not provided for under subheading 8414.59
8449.aa	8414.90.21 8414.90.51	8414.90.20A 8414.90.20B	8414.90.14	Stators and rotors of goods of subheading 8414.30
8450.aa	8415.90.11 8415.90.21 8415.90.31 8415.90.41	8415.90.00A 8415.90.00B	8415.90.01	Chassis, chassis bases and outer cabinets
8418.aa	8418.99.11 8418.99.21 8418.99.31 8418.99.41 8418.99.51	8418.99.00A	8418.99.12	Door assemblies incorporating more than one of the following: inner panel; outer panel; insulation; hinges; handles
8421.39.aa	8421.39.20	8421.39.00B	8421.39.09	Catalytic converters
8421.91.aa	8421.91.11	8421.91.00A	8421.91.02	Drying chambers for the goods of subheading 8421.12 and other parts of clothes-dryers incorporating drying chambers
8421.91.bb	8421.91.12	8421.91.00B	8421.91.03	Furniture designed to receive the goods of subheading 8421.12
8422.90.aa	8422.90.11 8422.90.22	8422.90.05A	8422.90.05	Water containment chambers for the goods of subheading 8422.11 and other parts of dishwashing machines of the household type incorporating water containment chambers
8422.90.bb	8422.90.12 8422.90.23	8422.90.05B	8422.90.06	Door assemblies for the goods of subheading 8422.11
8427.10.aa	8427.10.10	8427.10.00A	8427.10.03 8427.10.04	Rider-type, counterbalanced fork-lift trucks
8427.20.aa	8427.20.10	8427.20.00A	8427.20.04 8427.20.05	Rider-type, counterbalanced fork-lift trucks
8450.aa	8450.90.11 8450.90.21 8450.90.31 8450.90.41	8450.90.00A	8450.90.01	Tubs and tub assemblies
8450.bb	8450.90.12 8450.90.22 8450.90.32 8450.90.42	8450.90.00B	8450.90.02	Furniture designed to receive the goods of subheading 8450.11 through 8450.20

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8451.90.aa	8451.90.11 8451.90.21 8451.90.31	8451.90.00A	8451.90.01	Drying chambers for the goods of subheading 8451.20 or 8451.29 and other parts of drying machines incorporating drying chambers
8451.90.bb	8451.90.12 8451.90.22 8451.90.32	8451.90.00B	8451.90.02	Furniture designed to receive the goods of subheading 8451.21 or 8451.29
8455.90.aa	8455.90.10	8455.90.00A	8455.90.01	Castings or weldments, individually weighing less than 90 tons, for the machines of heading 84.55
8459.70.aa	8459.70.10	8459.70.00A	8459.70.03	Numerically controlled
8460.40.aa	8460.40.10	8460.40.00A	8460.40.02	Numerically controlled
8460.90.aa	8460.90.11 8460.90.91	8460.90.00A	8460.90.03	Numerically controlled
8461.10.aa	8461.10.10	8461.10.00A	8461.10.03	Numerically controlled
8461.20.aa	8461.20.11 8461.20.21	8461.20.00A	8461.20.01	Numerically controlled
8461.30.aa	8461.30.10	8461.30.00A	8461.30.01	Numerically controlled
8461.50.aa	8461.50.10	8461.50.00A	8461.50.03	Numerically controlled
8461.90.aa	8461.90.11 8461.90.91	8461.90.00A	8461.90.02	Numerically controlled
8462.91.aa	8462.91.10	8462.91.00A	8462.91.05	Numerically controlled
8462.99.aa	8462.99.10	8462.99.00A	8462.99.05	Numerically controlled
8466.93.aa	8466.93.11 8466.93.91	8466.93.10A 8466.93.50A 8466.93.70A	8466.93.04	Bed, base, table, head, tail, saddle, cradle, cross slide, column, arm, saw arm, wheelhead, saddle, tailstock, headstock, ram, frame, work-arbor support, and castings, weldments or fabrications
8466.94.aa	8466.94.11 8466.94.91	8466.94.10A 8466.94.50A	8466.94.02	Bed, base, table, column, cradle, frame, bolster, slide, rod, tailstock and headstock castings, weldments or fabrications
8469.10.aa	8469.10.20	8469.10.00A	8469.10.02	Word processing machines



TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8471.92.aa	8471.92.31	8471.92.40A 8471.92.40B	8471.92.02	Color cathode-ray tube monitors
8471.92.bb	8471.92.21	8471.92.65A 8471.92.65B 8471.92.70A	8471.92.03	Printer units: Laser: Capable of producing more than 20 pages per minute
8471.92.cc	8471.92.22	8471.92.65C 8471.92.65D 8471.92.70B	8471.92.08	Other
8471.92.dd	8471.92.23	8471.92.65E 8471.92.65F 8471.92.70C	8471.92.04	Light bar type electronic
8471.92.ee	8471.92.24	8471.92.65G 8471.92.65H 8471.92.70D	8471.92.05	Ink jet
8471.92.ff	8471.92.25	8471.92.65I 8471.92.65J 8471.92.70E	8471.92.06	Thermal transfer
8471.92.gg	8471.92.26	8471.92.65K 8471.92.65L 8471.92.70F	8471.92.07	Ionographic
8471.92.hh	8471.92.10	8471.92.10	8471.92.09	Combined input/output units
8471.92.ii	8471.92.32 8471.92.34 8471.92.39	8471.92.40C 8471.92.40D	8471.92.10	Display units with monochrome cathode-ray tubes; display units with flat panels exceeding 30.5 cm; other display units excluding display units with color cathode-ray tubes
8471.92.jj	8471.92.33	8471.92.30	8471.92.11	Display units without a cathode-ray tube having a visual display diagonal not exceeding 30.5 cm
8471.92.kk	8471.92.40	8471.92.90A 8471.92.90B	8471.92.12	Optical scanners and magnetic ink recognition devices
8471.92.ll	8471.92.50 8471.92.90	8471.92.80 8471.92.90C 8471.92.90D	8471.92.99	Other input or output units
8471.99.aa	8471.99.91	8471.99.15	8471.99.01	Control or adapter units
8471.99.bb	8471.99.92	8471.99.32 8471.99.34	8471.99.02	Power supplies
8471.99.cc	8471.99.98	8471.99.60	8471.99.03	Other units suitable for physical incorporation into automatic data processing machines or units thereof
8473.10.aa	8473.10.91	8473.10.00A	8473.10.01	Parts for word processing machines of heading 84.69
8473.10.bb	8473.10.92 8473.10.93	8473.10.00B	8473.10.02	Parts of other machines of heading 84.69

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8473.30.aa	8473.30.21 8473.30.22	8473.30.40A	8473.30.03	Printed circuit assemblies, other than for power supplies for automatic data processing machines of heading 84.71
8473.30.bb	8473.30.23	8473.30.40B	8473.30.04	Parts and accessories, including face plates and latches, of printed circuit assemblies
8473.30.cc	8473.30.10	8473.30.40C	8473.30.02	Other parts for printers of subheading 8471.92, specified in Note 2 of Chapter 84
8473.30.dd	see 8504.90.aa	8473.30.40D	see 8504.90.aa	Printed circuit assemblies for power supplies of automatic data processing machines of heading 84.71
8473.30.ee	see 8504.90.bb	8473.30.40E	see 8504.90.bb	Other parts of power supplies for automatic data processing machines of heading 84.71
8477.90.aa	8477.90.11 8477.90.21	8477.90.00A	8477.90.01	Base, bed, platen, clamp cylinder, ram and injection castings, weldments, and fabrications
8477.90.bb	8477.90.12 8477.90.22	8477.90.00B	8477.90.02	Barrel screws
8477.90.cc	8477.90.13 8477.90.23	8477.90.00C	8477.90.03	Hydraulic assemblies incorporating more than one of the following: manifold, valves, pump, oil cooler
8479.82.aa	see 8479.89.aa	see 8479.89.aa	8479.82.03	Trash compactors
8479.89.aa	8479.89.91	8479.89.60B	see 8479.82.aa	Trash compactors
8479.90.aa	8479.90.61	8479.90.80B	8479.90.17	Frame assemblies incorporating more than one of the following: baseplate, side frames, power screws, and plates
8479.90.bb	8479.90.62	8479.90.80C	8479.90.18	Ram assemblies incorporating a ram wrapper and ram cover
8479.90.cc	8479.90.63	8479.90.80D	8479.90.19	Container assemblies incorporating more than one of the following: container bottom, container wrapper, side track, container front
8479.90.dd	8479.90.64	8479.90.80E	8479.90.20	Cabinet or cases
8482.99.aa	8482.99.11 8482.99.91	8482.99.10A 8482.99.30A 8482.99.50A 8482.99.70A	8482.99.01 8482.99.03	Inner or outer rings or races
8483.50.aa	8483.50.20	8483.50.80A 8483.50.80B	8483.50.05	Fly wheels
8501.32.aa	8501.32.12	8501.32.40A	8501.32.06	Electric motors that provide primary source for electrically powered vehicles of subheading 8703.90

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8503.00.aa	8503.00.11 8503.00.12 8503.00.13 8503.00.14 8503.00.15 8503.00.16 8503.00.17 8503.00.18 8503.00.19	8503.00.40A 8503.00.60A 8503.00.60C	8503.00.01 8503.00.05	Stators and rotors for the goods of heading 85.01
8504.40.aa	8504.40.40	see 8471.99.bb	8504.40.12	Power supplies for the automatic data processing machines of heading 84.71
8504.40.bb	8504.40.50	8504.40.00A 8504.40.00B	8504.40.13	Speed drive controllers for electric motors
8504.90.aa	8504.90.12 8504.90.13 8504.90.14 8504.90.15 8504.90.16 8504.90.17 8504.90.18 8504.90.19	8504.90.00A see 8473.30.dd	8504.90.07 8504.90.09	Printed circuit assemblies for the goods of subheadings 8504.40 and 8504.90.
8504.90.bb	8504.90.80	see 8473.30.ee	8504.90.08	Other parts of power supplies for automatic data processing machines of heading 84.71
8507.20.aa	8507.20.10	8507.20.00B	8507.20.05	Batteries that provide primary source for electric cars
8507.30.aa	8507.30.10	8507.30.00B	8507.30.04	Batteries that provide primary source for electric cars
8507.40.aa	8507.40.10	8507.40.00B	8507.40.04	Batteries that provide primary source for electric cars
8507.80.aa	8507.80.10	8507.80.00B	8507.80.04	Batteries that provide primary source for electric cars
8508.90.aa	8508.90.10	8508.90.00A	8508.90.01	Housings
8509.90.aa	8509.90.11 8509.90.21 8509.90.31 8509.90.41	8509.90.20A 8509.90.30A 8509.90.40A	8509.90.02	Housings
8516.60.aa	8516.60.20	8516.60.40	8516.60.02	Ovens, cooking stoves and ranges

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8516.90.aa 8516.90.bb	8516.90.21 8516.90.71	8516.90.60A 8516.90.60B	8516.90.07 8516.90.08	Housings for the goods of subheading 8516.33 Housings and steel bases for the goods of subheading 8516.40
8516.90.cc	8516.90.42	8516.90.60C	8516.90.09	Assemblies for the goods of subheading 8516.50, incorporating more than one of the following: outer chamber; structural supporting chassis; door; outer case
8516.90.dd	8516.90.41	8516.90.60D	8516.90.10	Printed circuit assemblies for the goods of subheading 8516.50 For the goods of Canadian tariff item 8516.60.20, tariff item 8516.60.40 or Mexican tariff item 8516.60.02:
8516.90.ee 8516.90.ff	8516.90.51 8516.90.52	8516.90.20A 8516.90.20B	8516.90.11 8516.90.12	Cooking chambers whether or not assembled Top surface panels with or without heating elements or controls
8516.90.gg	8516.90.53	8516.90.20C	8516.90.13	Door assemblies incorporating more than one of the following: inner panel; outer panel; window; insulation
8516.90.hh	8516.90.61	8516.90.60E	8516.90.03	Housings for toasters
8517.40.aa 8517.40.bb 8517.40.cc	8517.40.10 8517.40.91 8517.40.92	8517.40.10 8517.40.50 8517.40.70	8517.40.02 8517.40.03 8517.40.04	Modems, of a kind used with data processing equipment of heading 84.71 Other apparatus for carrier-current line systems, telephonic Other apparatus for carrier-current line systems, telegraphic
8517.81.aa	see 8517.82.aa	see 8517.82.aa	8517.81.05	Facsimile machines
8517.82.aa	8517.82.10	8517.82.00A	see 8517.81.aa	Facsimile machines



TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8522.90.aa	8522.90.31 8522.90.32 8522.90.33 8522.90.34 8522.90.35 8522.90.39	8522.90.40A 8522.90.40B 8522.90.60A 8522.90.90A	8522.90.14	Printed circuit assemblies for the apparatus provided in headings 85.19, 85.20 and 85.21
8525.30.aa	8525.30.11 8525.30.21	8525.30.00A	8525.30.03	Gyrostabilized television cameras
8525.30.bb	8525.30.12 8525.30.22	8525.30.00B	8525.30.04	Studio television cameras, excluding shoulder-carried and other portable cameras
8527.90.aa	8527.90.91	see 8531.80.aa	8527.90.13	Paging alert devices
8528.10.aa	8528.10.21 8528.10.31 8528.10.41 8528.10.51	8528.10.30A 8528.10.60B	8528.10.01 8528.10.08	Non-high definition, having a single picture tube intended for direct viewing (non-projection type), video display diagonal not exceeding 14 inches (35.5 cm)
8528.10.bb	8528.10.22 8528.10.32 8528.10.42 8528.10.52	8528.10.30B 8528.10.60C	8528.10.02 8528.10.09	Non-high definition, having a single picture tube intended for direct viewing (non-projection type), video display diagonal exceeding 14 inches (35.5 cm)
8528.10.cc	8528.10.24 8528.10.34 8528.10.44 8528.10.54	8528.10.30C 8528.10.60D	8528.10.03 8528.10.10	Non-high definition, projection type, with cathode-ray tube
8528.10.dd	8528.10.23 8528.10.33 8528.10.43 8528.10.53	8528.10.30D 8528.10.60E	8528.10.04 8528.10.11	High definition, non-projection type, with cathode-ray tube
8528.10.ee	8528.10.25 8528.10.35 8528.10.45 8528.10.55	8528.10.30E 8528.10.60F	8528.10.05 8528.10.12	High definition, projection type, with cathode-ray tube
8528.10.ff	8528.10.26 8528.10.36 8528.10.46 8528.10.56	8528.10.30F 8528.10.60G	8528.10.06 8528.10.13	with flat panel screen
8528.10.gg	8528.10.11 8528.10.12 8528.10.18 8528.10.19	8528.10.60A	8528.10.07 8528.10.14	Incomplete or unfinished (including assemblies for television receivers consisting of all the parts specified in Note 4 to Chapter 85 plus a power supply), and assemblies for video monitors and video projectors consisting of the parts specified in subparagraphs (b), (c) and (e) in Note 4 to Chapter 85 plus a power supply), not incorporating a cathode-ray tube, flat panel screen or similar display

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8529.90.aa	8529.90.11 8529.90.12 8529.90.13 8529.90.14	8529.90.15A 8529.90.20A 8529.90.30A 8529.90.35A 8529.90.40A 8529.90.40B 8529.90.45A 8529.90.50A	8529.90.16	Printed circuit assemblies for goods classified under heading 85.25 through 85.28
8529.90.bb	8529.90.20	8529.90.40C 8529.90.40D	8529.90.17	Transceiver assemblies for the apparatus of subheading 8526.10, not elsewhere specified
8529.90.cc	8529.90.38 8529.90.39	8529.90.10 8529.90.15C 8529.90.20C 8529.90.35C	8529.90.18	Parts specified in Note 4 to Chapter 85, other than printed circuit assemblies classified under Canadian tariff item 8529.90.11, 8529.90.12, 8529.90.13 or 8529.90.14, U.S. tariff item 8529.90.15A, 8529.90.20A, 8529.90.30A, 8529.90.35A, 8529.90.40A, 8529.90.40B, 8529.90.45A or 8529.90.50A or Mexican tariff item 8529.90.16
8529.90.dd	8529.90.31 8529.90.32	8529.90.15D 8529.90.20D 8529.90.35D	8529.90.19	Combinations of parts specified in Note 4 to Chapter 85
8528.10.ee	8529.90.40	8529.90.35E	8529.90.20	Flat panel screen assemblies for the goods of Canadian tariff item 8528.10.26, 8528.10.36, 8528.10.46 or 8528.10.56, U.S. tariff item 8528.10.30F or 8528.10.60G or Mexican tariff item 8528.10.06 or 8528.10.13
8529.90.ffi	8529.90.51 8529.90.52 8529.90.53 8529.90.54	8529.90.15B 8529.90.20B 8529.90.30B 8529.90.35B 8529.90.45C 8529.90.50B 8529.90.50C	8529.90.21	Parts, including face plates and lock latches, of printed circuit assemblies
8529.90.ffi	8529.90.60	8529.90.30C 8529.90.50C	8529.90.22	Other parts of goods of headings 85.25 and 85.27 (except parts of cellular telephones)
8531.80.aa	see 8527.90.aa	8531.80.00A 8531.80.00B	see 8527.90.aa	Paging alert devices
8531.90.aa	8531.90.11 8531.90.21	8531.90.00A	8531.90.03	Printed circuit assemblies
8533.40.aa	8533.40.10	8533.40.00A	8533.40.07	Metal oxide varistors
8533.90.aa	8533.90.11	8533.90.00A	8533.90.02	For the goods of subheading 8533.40, of ceramic or metallic materials, electrically or mechanically reactive to changes in temperature
8535.90.aa	8535.90.30	8535.90.00A	8535.90.08 8535.90.20 8535.90.24	Motor starters and motor overload protectors
8536.30.aa	8536.30.12	8536.30.00A	8536.30.05	Motor overload protectors

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8536.50.aa	8536.50.21 8536.50.29	8536.50.00A	see 8536.90.aa	Motor starters
8536.90.aa	see 8536.50.aa	see 8536.50.aa	8536.90.07 8536.90.27	Motor starters
8537.10.aa	8537.10.11 8537.10.19 8537.10.41 8537.10.49	8537.10.00A	8537.10.05	Assembled with outer housing or supports, for the goods of heading 84.21, 84.22, 84.50 or 85.16
8537.10.bb	8537.10.31 8537.10.39	8537.10.00B	8537.10.06	Motor control centers
8538.90.aa	8538.90.20	8538.90.00B	8538.90.12	For the goods of Canadian tariff item 8535.90.01, 8536.30.12, 8536.50.21 or 8536.50.29, U.S. tariff items 8535.90.00A, 8536.30.00A or 8536.50.00A or Mexican tariff item 8535.90.08, 8535.90.20, 8535.90.24, 8536.30.05, 8536.90.07 or 8536.90.27, of certain metallic materials, electrically or mechanically resistant to changes in temperature
8538.90.bb	8538.90.30	8538.90.00A	8538.90.13	Printed circuit assemblies
8538.90.cc	8538.90.60	8538.90.00C	8538.90.14	Moulded parts
8540.11.aa	8540.11.22	8540.11.00A	8540.11.01	Non-high definition, non-projection, having a video display diagonal exceeding 14 inches (35.56 cm)
8540.11.bb	8540.11.21	8540.11.00B	8540.11.02	Non-high definition, non-projection, having a video display diagonal not exceeding 14 inches (35.56 cm)
8540.11.cc	8540.11.12	8540.11.00C	8540.11.03	High definition, having a video display diagonal exceeding 14 inches (35.56 cm)
8540.11.dd	8540.11.11	8540.11.00D	8540.11.04	High definition, having a video display diagonal not exceeding 14 inches (35.56 cm)
8540.12.aa	8540.12.90	8540.12.40A 8540.12.80A	8540.12.99	Non-high definition
8540.12.bb	8540.12.10	8540.12.40B 8540.12.80B	8540.12.01	High definition
8540.91.aa	8540.91.10	8540.91.40A	8540.91.03	Front panel assemblies
8540.99.aa	8540.99.10	8540.99.00A	8540.99.05	Electron guns; radio frequency (RF) interaction structures for microwave tubes of subheading 8540.49 through 8540.49
8542.11.aa	8542.11.10	8542.11.00A	8542.11.02	Monolithic integrated circuits for high definition television, having greater than 100,000 gates
8543.80.aa	8543.80.60	8543.80.90A	8543.80.20	Microwave amplifiers
8543.90.aa	8543.90.11 8543.90.12 8543.90.13 8543.90.14	8543.90.40A 8543.90.40B 8543.90.80A	8543.90.01	Printed circuit assemblies



ION	TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
	8707.19.aa	8607.19.11	8607.19.10A	8607.19.02 8607.19.06	Axles
	8707.19.bb	8607.19.13	8607.19.10B	8607.19.07	Parts of axles
	8707.19.cc	8607.19.12	8607.19.20A	8607.19.03	Wheels, whether or not fitted with axles
	8707.19.dd	8607.19.13	8607.19.20B	8607.19.07	Parts of wheels
er supports, for the 84.50 or 85.16	8702.10.aa	8702.10.10	8702.10.00A	8702.10.03	Designed for the transport of 16 or more persons, including the driver
	8702.10.bb	8702.10.90	8702.10.00B	8702.10.01 8702.10.02	Other
	8702.90.aa	8702.90.10	8702.90.00A	8702.90.04	Designed for the transport of 16 or more persons, including the driver
item 8535.90.00 85.50.29, U.S. tariff 8536.50.00A or 8536.50.00B, 8520, 8535.90.00, 8535.90.01, 8535.90.02, 8535.90.03, 8535.90.04, 8535.90.05, 8535.90.06, 8535.90.07, of certain mechanically propelled	8702.90.bb	8702.90.90	8702.90.00B	8702.90.01 8702.90.02 8702.90.03	Other
	8706.00.aa	8706.00.20	8706.00.10A 8706.00.15	8706.00.02	Chassis of vehicles of heading 87.03 and subheadings 8704.21 and 8704.31
	8706.00.bb	8706.00.10 8706.00.90	8706.00.10B 8706.00.25 8706.00.30 8706.00.50	8706.00.99	Chassis for other vehicles
ion, having a width of not more than 1.6 meters (5.2 feet) and trucks (35.56 centi-	8708.10.aa	8708.10.10	8708.10.00A	8708.10.01	Bumpers, but not parts thereof
ion, having a width of not more than 1.6 meters (5.2 feet) and trucks (35.56 centi-	8708.29.aa	8708.29.11 8708.29.96	8708.29.00A	8708.29.23	Body stampings
	8708.29.bb	8708.29.97	8708.29.00B	8708.29.21	Inflators and modules for airbags
display diagonal	8708.29.cc	8708.29.12	8708.29.00C	8708.29.22	Door assemblies
display diagonal	8708.29.dd	8708.29.20 8708.29.98	see 8708.99.cc	see 8708.99.cc	Airbags for use in motor vehicles, where not provided for under subheading 8708.99
	8708.50.aa	8708.50.20	8708.50.50	8708.50.06 8708.50.07	For vehicles of heading 87.03
	8708.60.aa	8708.60.20	8708.60.50	8708.60.07	For vehicles of heading 87.03
	8708.70.aa	8708.70.11 8708.70.91	8708.70.10A 8708.70.30A 8708.70.80A	8708.70.01 8708.70.02 8708.70.03 8708.70.04 8708.70.05 8708.70.99	Road wheels, but not parts or accessories thereof
(RF) interaction of subheading 8535.90.00	8708.80.aa	8708.80.10	8708.80.10A 8708.80.50A	8708.80.04	McPherson Struts
er high definition television sets with more than 100,000 gates	8708.93.aa	8708.93.11 8708.93.91	8708.93.10A 8708.93.50A	8708.93.01 8708.93.02 8708.93.03 8708.93.04	Clutches, but not parts thereof

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
8708.99.aa	8708.99.15 8708.99.25 8708.99.96	8708.99.10A 8708.99.20A 8708.99.50A	8708.99.42	Vibration control goods containing rubber
8708.99.bb	8708.99.16 8708.99.26 8708.99.97	8708.99.10B 8708.99.20B 8708.99.50B	8708.99.43	Doubled flanged wheel hub units incorporating bearings
8708.99.cc	see 8708.29.dd	8708.99.10C 8708.99.20C 8708.99.50C	8708.99.48	Airbags for use in motor vehicles, where not provided for under subheading 8708.29
8708.99.dd	8708.99.11 8708.99.21 8708.99.92	8708.99.10D 8708.99.20D 8708.99.50D	8708.99.44	Half-shafts and drive shafts
8708.99.ee	8708.99.12 8708.99.22 8708.99.93	8708.99.10E 8708.99.20E 8708.99.50E	8708.99.45	Other parts for powertrains
8708.99.ff	8708.99.13 8708.99.23 8708.99.94	8708.99.10F 8708.99.20F 8708.99.50F	8708.99.46	Parts for suspension systems
8708.99.gg	8708.99.14 8708.99.24 8708.99.95	8708.99.10G 8708.99.20G 8708.99.50G	8708.99.47	Parts for steering systems
8708.99.hh	8708.99.19 8708.99.29 8708.99.99	8708.99.10H 8708.99.20H 8708.99.50H	8708.99.99	Other parts and accessories not elsewhere classified under subheading 8708.99
9005.90.aa	9005.90.11 9005.90.91	9005.90.00A	9005.90.03	Incorporating goods of heading 90.01 or 90.02
9007.19.aa	9007.19.10	9007.19.00A	9007.19.01	Gyrostabilized
9009.90.aa	9009.90.10	9009.90.00A 9009.90.00B	9009.90.02	Parts of photocopying apparatus of subheading 90.09
9009.90.bb	9009.90.90	9009.90.00C 9009.90.00D	9009.90.99	Other
9018.11.aa	9018.11.10	9018.11.00A	9018.11.01	Electrocardiographs
9018.11.bb	9018.11.91	9018.11.00B	9018.11.02	Printed circuit assemblies
9018.19.aa	9018.19.10	9018.19.80A	9018.19.16	Patient monitoring systems
9018.19.bb	9018.19.91	9018.19.80B	9018.19.17	Printed circuit assemblies for parameter acquisition modules
9018.90.aa	9018.90.10	9018.90.70A	9018.90.25	Defibrillators
9018.90.bb	9018.90.91	9018.90.70B	9018.90.26	Printed circuit assemblies for the goods of Canadian tariff item 9018.90.10, U.S. tariff item 9018.90.10, Mexican tariff item 9018.90.25
9022.90.aa	9022.90.10	9022.90.90A	9022.90.04	Radiation generator units
9022.90.bb	9022.90.20	9022.90.90B	9022.90.05	Radiation beam delivery units
9027.80.aa	9027.80.20	9027.80.40A	9027.80.08	Nuclear magnetic resonance instruments

TARIFF ITEM	CANADA	USA	MEXICO	DESCRIPTION
9027.90.aa	9027.90.31 9027.90.32 9027.90.33	9027.90.44A	9027.90.04	Printed circuit assemblies for the goods of subheading 9027.80
9030.90.aa	9030.90.21 9030.90.23	9030.90.40A 9030.90.40B 9030.90.80A 9030.90.80B	9030.90.02	Printed circuit assemblies
9031.40.aa	9031.40.10	9031.40.00A	9031.40.02	Coordinate-measuring machines
9031.90.aa	9031.90.61	9031.90.40A	9031.90.02	Bases and frames for the goods of Canadian tariff item 9031.40.10, U.S. tariff item 9031.40.00A or Mexican tariff item 9031.40.02
9506.39.aa	see 9506.31	see 9506.31	9506.39.01	Individual golf clubs

**ANNEXES**

**RESERVATIONS AND EXCEPTIONS**

**for**

**Chapter Eleven  
(Investment)**

**Chapter Twelve  
(Cross-Border Trade in Services)**

**Chapter Fourteen  
(Financial Services)**

- ANNEX I**      **Reservations for Existing Measures and Liberalization  
Commitments**  
(Chapters Eleven, Twelve and Fourteen)
- ANNEX II**      **Reservations for Future Measures**  
(Chapters Eleven, Twelve and Fourteen)
- ANNEX III**      **Activities Reserved to the State**  
(Chapter Eleven)
- ANNEX IV**      **Exceptions from Most-Favored-Nation Treatment**  
(Chapter Eleven)
- ANNEX V**      **Quantitative Restrictions**  
(Chapter Twelve)
- ANNEX VI**      **Miscellaneous Commitments**  
(Chapter Twelve)
- ANNEX VII**      **Reservations, Specific Commitments and Other Items**  
(Chapter Fourteen)

**ANNEX I**

**RESERVATIONS FOR EXISTING MEASURES  
AND LIBERALIZATION COMMITMENTS**

## Annex I

1. The Schedule of a Party sets out, pursuant to Articles 1108(1) (Investment), 1206(1) (Cross-Border Trade in Services) and 1409(4) (Financial Services), the reservations taken by that Party with respect to existing measures that do not conform with obligations imposed by:

- (a) Article 1102, 1202 or 1405 (National Treatment),
- (b) Article 1103, 1203 or 1406 (Most-Favored-Nation Treatment),
- (c) Article 1205 (Local Presence),
- (d) Article 1106 (Performance Requirements), or
- (e) Article 1107 (Senior Management and Boards of Directors),

and, in certain cases, sets out commitments for immediate or future liberalization.

2. Each reservation sets out the following elements:

- (a) **Sector** refers to the general sector in which the reservation is taken;
- (b) **Sub-Sector** refers to the specific sector in which the reservation is taken;
- (c) **Industry Classification** refers, where applicable, to the activity covered by the reservation according to domestic industry classification codes;
- (d) **Type of Reservation** specifies the obligation referred to in paragraph 1 for which a reservation is taken;
- (e) **Level of Government** indicates the level of government maintaining the measure for which a reservation is taken;
- (f) **Measures** identifies the laws, regulations or other measures, as qualified, where indicated, by the **Description** element, for which the reservation is taken. A measure cited in the **Measures** element

- (i) means the measure as amended, continued or renewed as of the date of entry into force of this Agreement, and
- (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure;
- (g) **Description** sets out commitments, if any, for liberalization on the date of entry into force of this Agreement, and the remaining non-conforming aspects of the existing measures for which the reservation is taken; and
- (h) **Phase-Out** sets out commitments, if any, for liberalization after the date of entry into force of this Agreement.

3. In the interpretation of a reservation, all elements of the reservation shall be considered. A reservation shall be interpreted in the light of the relevant provisions of the Chapters against which the reservation is taken. To the extent that:

- (a) the **Phase-Out** element provides for the phasing out of non-conforming aspects of measures, the **Phase-Out** element shall prevail over all other elements;
- (b) the **Measures** element is qualified by a liberalization commitment from the **Description** element, the **Measures** element as so qualified shall prevail over all other elements; and
- (c) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

4. Where a Party maintains a measure that requires that a service provider be a citizen, permanent resident or resident of its territory as a condition to the provision of a service in its territory, a reservation for that measure taken with respect to Article 1202, 1203 or 1205 or Article 1404, 1405 or 1406 shall operate as a reservation with respect to Article 1102, 1103 or 1106 to the extent of that measure.

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5. For purposes of this Annex:

**CMAP** means Clasificación Mexicana de Actividades y Productos (CMAP) numbers as set out in Instituto Nacional de Estadística, Geografía e Informática, *Clasificación Mexicana de Actividades y Productos*, 1988;

**concession** means an authorization provided by the State to a person to exploit a natural resource or provide a service, for which Mexican nationals and Mexican enterprises are granted priority over foreigners;

**CPC** means Central Product Classification (CPC) numbers as set out in Statistical Office of the United Nations, Statistical Papers, Series M, No. 77, *Provisional Central Product Classification*, 1991;

**foreigners' exclusion clause** means the express provision in an enterprise's by-laws stating that the enterprise shall not allow foreigners, directly or indirectly, to become partners or shareholders of the enterprise;

**international cargo** means goods that have an origin or destination outside the territory of a Party;

**Mexican enterprise** means an enterprise constituted under the law of Mexico; and

**SIC** means:

- (a) with respect to Canada, Standard Industrial Classification (SIC) numbers as set out in Statistics Canada, *Standard Industrial Classification*, fourth edition, 1980; and
- (b) with respect to the United States, Standard Industrial Classification (SIC) numbers as set out in the United States Office of Management and Budget, *Standard Industrial Classification Manual*, 1987.



**Annex I**  
**Schedule of Canada**

Sector:	Agriculture
Sub-Sector:	
Industry Classification:	
Type of Reservation:	National Treatment (Article 1102)
Level of Government:	Federal
Measures:	<i>Farm Credit Act</i> , R.S.C. 1985, c. F-2 <i>Farm Credit Regulations</i> , C.R.C. 1978, c. 644
Description:	<u>Investment</u>  Loans by the Farm Credit Corporation may be made only to:  (a) individuals who are Canadian citizens or permanent residents;  (b) farming corporations controlled by Canadian citizens or permanent residents; or  (c) cooperative farm associations, all members of which are Canadian citizens or permanent residents.
Phase-Out:	None

<b>Sector:</b>	All Sectors
<b>Sub-Sector:</b>	
<b>Industry Classification:</b>	
<b>Type of Reservation:</b>	National Treatment (Article 1102) Performance Requirements (Article 1106) Senior Management and Boards of Directors (Article 1107)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Investment Canada Act</i> , R.S.C. 1985, c. 28 (1st Supp.)  <i>Investment Canada Regulations</i> , SOR/85-611  As qualified by paragraphs 8 through 12 of the Descriptive element
<b>Description:</b>	<u>Investment</u>  1. Under the <i>Investment Canada Act</i> , the following acquisitions of Canadian businesses by "non-Canadians" are subject to review by Investment Canada:  (a) all direct acquisitions of Canadian businesses with assets of C\$5 million or more;  (b) all indirect acquisitions of Canadian businesses with assets of C\$50 million or more; and  (c) indirect acquisitions of Canadian businesses with assets between C\$5 million and C\$50 million that represent more than 50 percent of the value of the assets of the entities the control of which is being acquired, directly or indirectly, in the transaction in question.

2. A "non-Canadian" is an individual, government or agency thereof or an entity that is not "Canadian". "Canadian" means a Canadian citizen or permanent resident, government in Canada or agency thereof or Canadian-controlled entity as provided for in the *Investment Canada Act*.

3. In addition, specific acquisitions or new businesses in designated types of business activities relating to Canada's cultural heritage or national identity, which are normally notifiable, may be reviewed if the Governor in Council authorizes a review in the public interest.

4. An investment subject to review under the *Investment Canada Act* may not be implemented unless the Minister responsible for the *Investment Canada Act* advises the applicant that the investment is likely to be of net benefit to Canada. Such a determination is made in accordance with six factors described in the Act, summarized as follows:

- (a) the effect of the investment on the level and nature of economic activity in Canada, including the effect on employment, on the utilization of parts, components and services produced in Canada, and on exports from Canada;
- (b) the degree and significance of participation by Canadians in the investment;
- (c) the effect of the investment on productivity, industrial efficiency, technological development and product innovation in Canada;
- (d) the effect of the investment on competition within any industry or industries in Canada;
- (e) the compatibility of the investment with national industrial, economic and cultural policies, taking into

consideration industrial, economic and cultural objectives enunciated by the government or legislature of any province likely to be significantly affected by investment; and

- (f) the contribution of the investment to Canada's ability to compete in world markets.

5. In making a net benefit determination, the Minister through Investment Canada, may review plans under which an applicant demonstrates the net benefit to Canada of the proposed acquisition. An applicant may also submit undertakings to the Minister in connection with any proposed acquisition which is the subject of review. In the event of noncompliance with an undertaking by an applicant, the Minister may seek a court order directing compliance or any other remedy authorized under the Act.

6. Non-Canadians who establish or acquire Canadian businesses, other than those described above, must notify Investment Canada.

7. Investment Canada will review an "acquisition of control", as defined in the *Investment Canada Act*, of a Canadian business by an investor of Mexico or of the United States if the value of the gross assets of the Canadian business is not less than the applicable threshold.

8. The review threshold applicable to investors of Mexico or of the United States, calculated as set out in the Phase II element, is higher than those described in paragraph 1. However, this higher review threshold does not apply in the following sectors: uranium production and ownership of uranium producing properties; oil and gas; financial services; transportation services; and cultural businesses.

9. Notwithstanding the definition of "investor of a Party" in Article 1139, only investors who are nationals, or entities controlled by nationals as provided for in the *Investment Canada Act*, of Mexico or of the United States may benefit from the higher review threshold.

10. An indirect "acquisition of control" of a Canadian business by an investor of Mexico or of the United States is not reviewable.

11. Notwithstanding Article 1106(1), Canada may impose requirements, or enforce any commitment or undertaking, in connection with the establishment, acquisition, expansion, conduct or operation of an investment of an investor of another Party or of a non-Party for the transfer of technology, production process or other proprietary knowledge to a national or enterprise, affiliated to the transferor, in Canada, in connection with the review of an acquisition of an investment under the *Investment Canada Act*.

12. Except for requirements, commitments or undertakings relating to technology transfer as set out in paragraph 11, Article 1106(1) shall apply to requirements, commitments or undertakings imposed or enforced under the *Investment Canada Act*. Article 1106(1) shall not be construed to apply to any requirement, commitment or undertaking imposed or enforced in connection with a review under the *Investment Canada Act*, to locate production, carry out research and development, employ or train workers, or to construct or expand particular facilities, in Canada.

For investors of Mexico or of the United States, the applicable threshold for the review of a direct acquisition of control of a Canadian business will be:

- (a) for the 12-month period beginning on the date of entry into force of this Agreement, the monetary amount as

determined in accordance with Annex 1607.3 of the  
Canada - United States Free Trade Agreement; and

- (b) beginning one year after the date of entry into force of this Agreement, the monetary amount for the preceding year multiplied by an annual adjustment representing the increase in nominal Gross Domestic Product, as set out below.

The calculation of the annual adjustment will be determined in January of each year after 1994 using the most recently available data published by Statistics Canada and using the following formula:

$$\text{Annual Adjustment} = \frac{\text{Current nominal GDP at market prices}}{\text{Previous year nominal GDP at market prices}}$$

"Current nominal GDP at market prices" means the arithmetic mean of the nominal Gross Domestic Product at market prices for the most recent four consecutive quarters (seasonally adjusted at annual rates).

"Previous year nominal GDP at market prices" means the arithmetic mean of the nominal Gross Domestic Product at market prices for the four consecutive quarters (seasonally adjusted at annual rates) for the comparable period in the year preceding the year used in calculating the "current nominal GDP at market prices".

The amounts determined in this manner will be rounded to the nearest million dollars.

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**Sector:** All Sectors

**Sub-Sector:**

**Industry Classification:**

**Type of Reservation:** National Treatment (Article 1102)  
Senior Management and Boards of Directors (Article 1107)

**Level of Government:** Federal  
Provincial

**Measures:** As set out in the Description element

**Description:** Investment

Canada or any province, when selling or disposing of its equity interests in, or the assets of, an existing state enterprise or an existing governmental entity, may prohibit or impose limitations on the ownership of such interests or assets, and on the ability of owners of such interests or assets to control any resulting enterprise, by investors of another Party or of a non-Party or their investments. With respect to such a sale or other disposition, Canada or any province may adopt or maintain any measure relating to the nationality of senior management or members of the board of directors.

For purposes of this reservation:

- (a) any measure maintained or adopted after the date of entry into force of this Agreement that, at the time of sale or other disposition, prohibits or imposes limitations on the ownership of equity interests or assets or imposes nationality requirements described in this reservation shall be deemed to be an existing measure; and

- (b) "state enterprise" means an enterprise owned or controlled through ownership interests by Canada or a province and includes an enterprise established after the date of entry into force of this Agreement solely for the purposes of selling or disposing of equity interests in the assets of, an existing state enterprise or government entity.

**Phase-Out:**

None



owned or	Sector:	All Sectors
by Canada or	Sub-Sector:	
established after	Industry Classification:	
entirely for	Type of Reservation:	National Treatment (Article 1102)
ity interests in	Level of Government:	Federal
se or governm	Measures:	<i>Canada Business Corporations Act</i> , R.S.C. 1985, c. C-44 <i>Canada Corporations Act</i> , R.S.C. 1970, c. C-32 <i>Canada Business Corporations Act Regulations</i> , SOR/79-316
	Description:	<u>Investment</u>  "Constraints" may be placed on the issue, transfer and ownership of shares in federally incorporated corporations. The object is to permit corporations to meet Canadian ownership requirements, under certain laws set out in the <i>Canada Business Corporations Act Regulations</i> , in sectors where ownership is required as a condition to operate or to receive licenses, permits, grants, payments or other benefits. In order to maintain certain "Canadian" ownership levels, a corporation is permitted to sell shareholders' shares without the consent of those shareholders, and to purchase its own shares on the open market. "Canadian" is defined in the <i>Canada Business Corporations Act Regulations</i> .
	Take-Out:	None

<b>Sector:</b>	All Sectors
<b>Sub-Sector:</b>	
<b>Industry Classification:</b>	
<b>Type of Reservation:</b>	Senior Management and Boards of Directors (Article 1107-28-0)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<p><i>Canada Business Corporations Act</i>, R.S.C. 1985, c. C-44</p> <p><i>Canada Business Corporations Act Regulations</i>, SOR/79-3</p> <p><i>Canada Corporations Act</i>, R.S.C. 1970, c. C-32</p> <p>Special Acts of Parliament incorporating specific compet</p>
<b>Description:</b>	<p><u>Investment</u></p> <p>The <i>Canada Business Corporations Act</i> requires that a simple majority of the board of directors, or of a committee thereof, of a federally-incorporated corporation be resident Canadians. For the purposes of the Act, "resident Canadian" means an individual who is a Canadian citizen ordinarily resident in Canada, a Canadian citizen who is a member of a class set out in the <i>Canada Business Corporations Act Regulations</i>, or a permanent resident as defined in the <i>Immigration Act</i> other than one who has become eligible to apply for Canadian citizenship.</p> <p>In the case of a holding corporation, not more than one-third of the directors need be resident Canadians if the earnings in Canada of the holding corporation and its subsidiaries are less than five percent of the gross earnings of the holding corporation and its subsidiaries.</p>

Under the *Canada Corporations Act*, a simple majority of the elected directors of a Special Act corporation must be resident in Canada and citizens of a Commonwealth country. This requirement applies to every joint stock company incorporated subsequent to June 22, 1869 by any Special Act of Parliament.

(Article 1107) - Out:

None

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<b>Sector:</b>	All Sectors
<b>Sub-Sector:</b>	
<b>Industry Classification:</b>	
<b>Type of Reservation:</b>	National Treatment (Article 1102)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Citizenship Act</i> , R.S.C. 1985, c. C-29 <i>Foreign Ownership of Land Regulations</i> , SOR/79-416
<b>Description:</b>	<p><u>Investment</u></p> <p>The <i>Foreign Ownership of Land Regulations</i> are made pursuant to the <i>Citizenship Act</i> and the <i>Alberta Agricultural and Recreational Land Ownership Act</i>. In Alberta, an ineligible person or foreign-owned or controlled corporation may not hold an interest in controlled land consisting of not more than two parcels containing, in the aggregate, not more than 20 acres. An "ineligible person" is:</p> <ul style="list-style-type: none"> <li>(a) an individual who is not a Canadian citizen or permanent resident;</li> <li>(b) a foreign government or agency thereof; or</li> <li>(c) a corporation incorporated elsewhere than in Canada.</li> </ul> <p>"Controlled land" means land in Alberta but does not include:</p> <ul style="list-style-type: none"> <li>(a) land other than land owned by the Crown;</li> </ul>

- (b) land within a city, town, new town, village or summer village; and
- (c) mines or minerals.

Phase-Out:

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<b>Sector:</b>	All Sectors
<b>Sub-Sector:</b>	
<b>Industry Classification:</b>	
<b>Type of Reservation:</b>	National Treatment (Article 1102)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<p><i>Air Canada Public Participation Act</i>, R.S.C. 1985, c. 35 (Supp.)</p> <p><i>Canada Development Corporation Reorganization Act</i>, S.C. 1985, c. 49</p> <p><i>Petro-Canada Public Participation Act</i>, S.C. 1991, c. 10</p> <p><i>Canadian Arsenal Limited Divestiture Authorization Act</i>, S.C. 1986, c. 20</p> <p><i>Cooperative Energy Act</i>, S.C. 1980-81-82-83, c. 108</p> <p><i>Eldorado Nuclear Limited Reorganization and Divestiture Act</i>, S.C. 1988, c. 41</p> <p><i>Nordion and Theratronics Divestiture Authorization Act</i>, S.C. 1990, c. 4</p>
<b>Description:</b>	<p><u>Investment</u></p> <p>A "non-resident" may not own more than a specified percentage of the voting shares of the corporation to which each Act applies. For each company the restriction is as follows:</p> <p>Air Canada: 25 percent Canada Development Corporation: 25 percent</p>

- Petro-Canada Inc: 25 percent
- Canadian Arsenals Limited: 25 percent
- Eldorado Nuclear Limited: 5 percent
- Nordion Limited: 25 percent
- Theratronics Limited: 49 percent
- Cooperative Energy Corporation: 49 percent

"Non-resident" generally means:

- (a) an individual, other than a Canadian citizen, who is not ordinarily resident in Canada;
- (b) a corporation incorporated, formed or otherwise organized outside Canada;
- (c) the government of a foreign state or any political subdivision thereof, or a person empowered to perform a function or duty on behalf of such a government;
- (d) a corporation that is controlled directly or indirectly by non-residents as defined in any of paragraphs (a) through (c);
- (e) a trust
  - (i) established by a non-resident as defined in any of paragraphs (b) through (d), other than a trust for the administration of a pension fund for the benefit of individuals a majority of whom are residents, or
  - (ii) in which non-residents as defined in any of paragraphs (a) through (d) have more than 50 percent of the beneficial interest; or
- (f) a corporation that is controlled directly or indirectly by a trust referred to in paragraph (e).

Case-Out:

None

**Sector:** All Sectors

**Sub-Sector:**

**Industry Classification:**

**Type of Reservation:** Local Presence (Article 1205)

**Level of Government:** Federal

**Measures:** *Export and Import Permits Act*, R.S.C. 1985, c. E-19

**Description:** Cross-Border Services  
Only individuals ordinarily resident in Canada, enterprises having their head offices in Canada or branch offices in Canada and foreign enterprises may apply for and be issued import-export permits or transit authorization certificates for goods and related services subject to controls under the *Export and Import Permits Act*.

**Phase-Out:** None



Sector: Automotive

Sub-Sector:

Industry Classification:

Type of Reservation: Performance Requirements (Article 1106)

Level of Government: Federal

Measures: *Canada - United States Free Trade Agreement Implementation Act, S.C. 1988, c. 65*

Description: Investment

Canada may grant waivers of customs duties conditioned, explicitly or implicitly, on the fulfillment of performance requirements:

- (a) to those manufacturers of automotive goods set out in Part One of Annex 1002.1 of the *Canada - United States Free Trade Agreement*, in accordance with the headnote to that Part; and
- (b) for the applicable periods specified in Article 1002(2) and (3) of the *Canada - United States Free Trade Agreement* to those manufacturers of automotive goods set out in Parts Two and Three, respectively, of Annex 1002.1 of that Agreement.

Phase-Out:

- (a) None
- (b) For Part Two, until January 1, 1998; and for Part Three, until January 1, 1996 or such earlier date specified in existing agreements between Canada and the recipient of the waiver.

<b>Sector:</b>	Business Service Industries
<b>Sub-Sector:</b>	Customs Brokerages and Brokers
<b>Industry Classification:</b>	SIC 7794 Customs Brokers
<b>Type of Reservation:</b>	National Treatment (Article 1202) Local Presence (Article 1205) Senior Management and Boards of Directors (Article 1107)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Customs Act</i> , R.S.C. 1985, c. 1 (2nd Supp.) <i>Customs Brokers Licensing Regulations</i> , SOR/86-1067
<b>Description:</b>	<u>Cross-Border Services and Investment</u> To be a licensed customs broker or brokerage in Canada: <ul style="list-style-type: none"> <li>(a) an individual must be a Canadian citizen or permanent resident;</li> <li>(b) a corporation must be incorporated in Canada with a majority of its directors being Canadian citizens or permanent residents; and</li> <li>(c) a partnership must be composed of persons who are Canadian citizens or permanent residents, or corporations incorporated in Canada with a majority of their directors being Canadian citizens or permanent residents.</li> </ul> <p>An individual who is not a licensed customs broker but who transacts business as a customs broker on behalf of a licensed customs broker or brokerage must be a Canadian citizen or permanent resident.</p>
<b>Phase-Out:</b>	None. Subject to discussion by the Parties five years after date of entry into force of this Agreement.

**Sector:** Business Service Industries

**Sub-Sector:** Duty Free Shops

**Industry Classification:** SIC 6599 Other Retail Stores, Not Elsewhere Classified  
(limited to duty free shops)

**Type of Reservation:** National Treatment (Articles 1102, 1202)  
Local Presence (Article 1205)

**Level of Government:** Federal

**Measures:** *Customs Act*, R.S.C. 1985, c. 1 (2nd Supp.)  
*Duty Free Shop Regulations*, SOR/86-1072

**Description:** Cross-Border Services and Investment

1. To be a licensed duty free shop operator at a land border crossing in Canada, an individual must:
  - (a) be a Canadian citizen or permanent resident;
  - (b) be of good character;
  - (c) be principally resident in Canada; and
  - (d) have resided in Canada for at least 183 days of the year preceding the year of application for the license.
  
2. To be a licensed duty free shop operator at a land border crossing in Canada, a corporation must:
  - (a) be incorporated in Canada; and
  - (b) have all of its shares beneficially owned by Canadian citizens or permanent residents who meet the requirements of paragraph 1.

**Phase-Out:** None

<b>Sector:</b>	Business Service Industries
<b>Sub-Sector:</b>	Examination Services relating to the Export and Import of Cultural Property
<b>Industry Classification:</b>	SIC 999      Other Services, Not Elsewhere Classified (to cultural property examination services)
<b>Type of Reservation:</b>	Local Presence (Article 1205)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Cultural Property Export and Import Act</i> , R.S.C. 1985, c.
<b>Description:</b>	<p><u>Cross-Border Services</u></p> <p>Only a "resident of Canada" or an "institution" in Canada be designated as an "expert examiner" of cultural property purposes of the <i>Cultural Property Export and Import Act</i>. "resident" of Canada is an individual who is ordinarily resident in Canada, or a corporation that has its head office in Canada maintains one or more establishments in Canada to which employees employed in connection with the business of the corporation ordinarily report for work. An "institution" is an institution that is publicly owned and operated solely for the benefit of the public, that is established for educational or cultural purposes and that conserves objects and exhibits of</p>
<b>Phase-Out:</b>	None

Sector:	Business Service Industries
Sub-Sector:	Patent Agents and Agencies
Industry Classification:	SIC 999 Other Services, Not Elsewhere Classified (limited to patent agency)
Type of Reservation:	National Treatment (Article 1202) Local Presence (Article 1205)
Level of Government:	Federal
Legislation:	<i>Patent Act</i> , R.S.C. 1985, c. P-4  <i>Patent Rules</i> , C.R.C. 1978, c. 1250  <i>Patent Cooperation Treaty Regulations</i> , SOR/89-453
Description:	<u>Cross-Border Services</u>  To represent persons in the presentation and prosecution of applications for patents or in other business before the Patent Office, a patent agent must be resident in Canada and registered by the Patent Office.  A registered patent agent who is not resident in Canada must appoint a registered patent agent who is resident in Canada as an associate to prosecute an application for a patent.  An enterprise may be added to the patent register provided that it has at least one member who is also on the register.
Notes-Out:	Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of this Agreement in accordance with Article 1210(3).

<b>Sector:</b>	Business Service Industries
<b>Sub-Sector:</b>	Trade-Mark Agents
<b>Industry Classification:</b>	SIC 999      Other Services, Not Elsewhere Classified (to trade-mark agency)
<b>Type of Reservation:</b>	National Treatment (Article 1202) Most-Favored-Nation Treatment (Article 1203) Local Presence (Article 1205)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Trade-Marks Act</i> , R.S.C. 1985, c. T-13  <i>Trade-Marks Regulations</i> , C.R.C. 1978, c. 1559
<b>Description:</b>	<u>Cross-Border Services</u>  To represent persons in the presentation and prosecution of applications for trade-marks or in other business before the Trade-Mark Office, a trade-mark agent must be resident in Canada and registered by the Trade-Mark Office.  A registered trade-mark agent who is not resident in Canada must appoint a registered trade-mark agent who is resident in Canada as an associate to prosecute an application for a trade-mark.  Trade-mark agents who are resident, and are registered (if standing), in a Commonwealth country or the United States be added to the register of trade-mark agents.
<b>Phase-Out:</b>	Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of the Agreement in accordance with Article 1210(3).

Sector: Energy

Sub-Sector: Oil and Gas

Industry Classification: SIC 071 Crude Petroleum and Natural Gas Industries

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures:

*Canada Petroleum Resources Act*, R.S.C. 1985, c. 36 (2nd Supp.)

*Territorial Lands Act*, R.S.C. 1985, c. T-7

*Public Lands Grants Act*, R.S.C. 1985, c. P-30

*Canada - Newfoundland Atlantic Accord Implementation Act*, S.C. 1987, c. 3

*Canada - Nova Scotia Offshore Petroleum Resources Accord Implementation Act*, S.C. 1988, c. 28

*Canada Oil and Gas Land Regulations*, C.R.C. 1978, c. 1518

Description: Investment

This reservation applies to production licenses issued with respect to "frontier lands" and "offshore areas" (areas not under provincial jurisdiction) as defined in the applicable measures.

Persons who hold oil and gas production licenses or shares therein for discoveries made after March 5, 1982 must be Canadian citizens ordinarily resident in Canada, permanent residents or corporations incorporated in Canada. No production license may be issued for discoveries made after March 5, 1982 unless the Minister of Energy, Mines and Resources is satisfied that the Canadian ownership rate of the interest-owner in relation to the production license on the date of issuance would not be less than 50 percent. "Interest-owner" is

defined in the *Canada Petroleum Resources Act* to mean "an interest holder who owns an interest or the group of interest holders who hold all the shares of an interest".

The Canadian ownership requirements for oil and gas production licenses for discoveries made prior to March 5, 1982, are set out in the *Canada Oil and Gas Land Regulations*.

**Phase-Out:**

None



Act to mean group of interest".	Sector:	Energy
oil and gas production, 1982, regulations.	Sub-Sector:	Oil and Gas
Industry Classification:	Industry Classification:	SIC 071 Crude Petroleum and Natural Gas Industries
Type of Reservation:	Type of Reservation:	Performance Requirements (Article 1106) Local Presence (Article 1205)
Level of Government:	Level of Government:	Federal
Measures:	Measures:	<i>Canada Oil and Gas Production and Conservation Act</i> , R.S.C. 1985, c. O-7, as amended by <i>Canada Oil and Gas Operations Act</i> , S.C. 1992, c. 35  <i>Canada - Nova Scotia Offshore Petroleum Resources Accord Implementation Act</i> , S.C. 1988, c. 28  <i>Canada - Newfoundland Atlantic Accord Implementation Act</i> , S.C. 1987, c. 3  Measures implementing Yukon Oil and Gas Accord  Measures implementing Northwest Territories Oil and Gas Accord
Description:	Description:	<u>Cross-Border Services and Investment</u>  1. Under the <i>Canada Oil and Gas Operations Act</i> , the approval of the Minister of Energy, Mines and Resources of a "benefits plan" is required to receive authorization to proceed with any oil and gas development project.  2. A "benefits plan" is a plan for the employment of Canadians and for providing Canadian manufacturers, consultants, contractors and service companies with a full and fair opportunity to participate on a competitive basis in the supply of goods and services used in any proposed work or

activity referred to in the benefits plan. The Act permits the Minister to impose an additional requirement on the applicant as part of the benefits plan, to ensure that disadvantaged individuals or groups have access to training and employment opportunities or can participate in the supply of goods and services used in any proposed work referred to in the benefits plan.

3. The *Canada - Nova Scotia Offshore Petroleum Resources Accord Implementation Act* and the *Canada - Newfoundland and Atlantic Accord Implementation Act* have the same requirements for a benefits plan but also require that the benefits plan ensure that:

- (a) prior to carrying out any work or activity in the offshore area, the corporation or other body submitting the plan establish in the applicable province an office where appropriate levels of decision-making are to take place;
- (b) expenditures be made for research and development to be carried out in the province, and for education and training to be provided in the province; and
- (c) first consideration be given to goods produced or services provided from within the province, where the goods or services are competitive in terms of fair market price, quality and delivery.

4. The Boards administering the benefits plan under the Acts may also require that the plan include provisions to ensure that disadvantaged individuals or groups, or corporations or cooperatives operated by them, participate in the supply of goods and services used in any proposed work or activity referred to in the plan.

5. In addition, Canada may impose any requirement or enforce any commitment or undertaking for the transfer of technology, a production process or other proprietary knowledge to a person of Canada in connection with the approval of development projects under the applicable Acts.

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6. Provisions similar to those set out above will be included in laws or regulations to implement the Yukon Oil and Gas Accord and Northwest Territories Oil and Gas Accord which for purposes of this reservation shall be deemed, once concluded, to be existing measures.

Phase-Out:

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<b>Sector:</b>	Energy
<b>Sub-Sector:</b>	Oil and Gas
<b>Industry Classification:</b>	SIC 071 Crude Petroleum and Natural Gas Industries
<b>Type of Reservation:</b>	Performance Requirements (Article 1106)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Canada - Newfoundland Atlantic Accord Implementation Act</i> , S.C. 1987, c. 3  <i>Hibernia Development Project Act</i> , S.C. 1990, c. 41
<b>Description:</b>	<u>Investment</u>  Pursuant to the <i>Hibernia Development Project Act</i> , Canada and the "Hibernia Project Owners" may enter into agreements whereby the Project Owners undertake to perform certain work in Canada and Newfoundland and to use their "best efforts" to achieve specific Canadian and Newfoundland "target levels" in relation to the provisions of any "benefit plan" required under the <i>Canada-Newfoundland Atlantic Accord Implementation Act</i> . "Benefits plans" are further described in Schedule of Canada Annex I, page I-C-25.  In addition, Canada may impose in connection with the Hibernia project any requirement or enforce any commitment or undertaking for the transfer of technology, a production process or other proprietary knowledge to a national or enterprise in Canada.
<b>Phase-Out:</b>	None

Sector: Energy

Sub-Sector: Uranium

Industry Classification: SIC 0616 Uranium Mines

Type of Reservation: National Treatment (Article 1102)  
Most-Favored-Nation Treatment (Article 1103)

Level of Government: Federal

Measures: *Investment Canada Act*, R.S.C. 1985, c. 28 (1st Supp.)  
*Investment Canada Regulations*, SOR/85-611  
*Policy on Non-Resident Ownership in the Uranium Mining Sector*, 1987

Description: Investment  
Ownership by "non-Canadians", as defined in the *Investment Canada Act*, of a uranium mining property is limited to 49 percent at the stage of first production. Exceptions to this limit may be permitted if it can be established that the property is in fact "Canadian-controlled" as defined in the *Investment Canada Act*.  
Exemptions from the policy are permitted, subject to approval of the Governor in Council, only in cases where Canadian participants in the ownership of the property are not available. Investments in properties by non-Canadians, made prior to December 23, 1987 and that are beyond the permitted ownership level, may remain in place. No increase in non-Canadian ownership is permitted.

Phase-Out: None

<b>Sector:</b>	Fisheries
<b>Sub-Sector:</b>	Fish Harvesting and Processing
<b>Industry Classification:</b>	SIC 031 Fishing Industry
<b>Type of Reservation:</b>	National Treatment (Article 1102) Most-Favored-Nation Treatment (Article 1103)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Coastal Fisheries Protection Act</i> , R.S.C. 1985, c. C-33 <i>Fisheries Act</i> , R.S.C. 1985, c. F-14 <i>Coastal Fisheries Protection Regulations</i> , C.R.C. 1978, c. 42 <i>Policy on Foreign Investment in the Canadian Fisheries Sector</i> , 1985 <i>Commercial Fisheries Licensing Policy</i>
<b>Description:</b>	<u>Investment</u> Under the <i>Coastal Fisheries Protection Act</i> , foreign fishing vessels are prohibited from entering Canada's Exclusive Economic Zone except under authority of a license or under treaty. "Foreign" vessels are those which are not "Canadian" as defined in the <i>Coastal Fisheries Protection Act</i> . Under the <i>Fisheries Act</i> , the Minister of Fisheries and Oceans has discretionary authority with respect to the issuance of licenses.  Fish processing enterprises that have a foreign ownership level of more than 49 percent are prohibited from holding Canadian commercial fishing licenses.
<b>Phase-Out:</b>	None

Sector: Fisheries

Sub-Sector: Fishing-Related Services

Industry Classification: SIC 032 Services Incidental to Fishing

Type of Reservation: National Treatment (Article 1202)  
Most-Favored-Nation Treatment (Article 1203)

Level of Government: Federal

Measures: *Coastal Fisheries Protection Act*, R.S.C. 1985, c. C-33

Description: Cross-Border Services

Under the *Coastal Fisheries Protection Act*, the Department of Fisheries and Oceans is responsible for controlling the activities of foreign fishing vessels in Canada's Exclusive Economic Zone, including access to Canadian ports (port privileges).

In general, the Department grants such port privileges, including the purchase of fuel and supplies, ship repair, crew exchanges and transshipment of fish catches, only to fishing vessels from a country with which it has favorable fishery relations, based primarily on adherence by that country to Canadian and international conservation practices and policies. Exceptions to this general rule are permitted in cases of emergency ("force majeure") and where the specific provisions of bilateral fisheries treaties apply.

Phase-Out: None

<b>Sector:</b>	Transportation
<b>Sub-Sector:</b>	Air Transportation
<b>Industry Classification:</b>	SIC 451 Air Transport Industries
<b>Type of Reservation:</b>	National Treatment (Article 1102) Most-Favored-Nation Treatment (Article 1103) Senior Management and Boards of Directors (Article 1107)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>National Transportation Act, 1987, R.S.C. 1985, c. 28</i> (3rd Supp.)  <i>Aeronautics Act, R.S.C. 1985, c. A-2</i>  <i>Air Regulations, C.R.C. 1978, c. 2</i>  <i>Aircraft Marking and Registration Regulations, SOR/90-59</i>
<b>Description:</b>	<u>Investment</u>  Only "Canadians" may provide the following commercial air transportation services:  (a) "domestic services" (air services between points, or to and to the same point, in the territory of Canada, or between a point in the territory of Canada and a point not in the territory of another country);  (b) "scheduled international services" (scheduled air services between a point in the territory of Canada and a point in the territory of another country) where those services have been reserved to Canadian carriers under existing or future bilateral agreements; and  (c) "non-scheduled international services" (non-scheduled air services between a point in the territory of Canada and a point in the territory of another country) where those



services have been reserved to Canadian carriers under the *National Transportation Act, 1987*.

"Canadian" is defined in the *National Transportation Act, 1987* to mean a Canadian citizen or permanent resident, a government in Canada or agent thereof or any other person or entity that is controlled in fact by, and of which at least 75 percent of the voting interests are owned and controlled by, persons otherwise meeting these requirements.

Regulations made under the *Aeronautics Act* also require that a Canadian air carrier operate Canadian-registered aircraft. To be qualified to register aircraft in Canada, a carrier must be a Canadian citizen or permanent resident, or a corporation incorporated and having its principal place of business in Canada, its chief executive officer and not fewer than two-thirds of its directors as Canadian citizens or permanent residents and not less than 75 percent of its voting interest owned and controlled by persons otherwise meeting these requirements. In addition, all commercial air services in Canada require a Canadian operating certificate to ensure their safety and security. An operating certificate for the provision of services restricted to Canadian carriers is issued only to qualified persons.

A corporation incorporated in Canada but that does not meet the Canadian ownership and control requirements may only register a private aircraft when the corporation is the sole owner of the aircraft. The regulations also have the effect of limiting "non-Canadian" corporations operating foreign-registered private aircraft within Canada to the carriage of their own employees.

For specialty air services, see Schedule of Canada, Annex II, page II-C-10.

None

**Sector:** Transportation

**Sub-Sector:** Air Transportation

**Industry Classification:** SIC 4513 Non-Scheduled Air Transport, Specialty, Index

**Type of Reservation:** National Treatment (Articles 1102, 1202)  
Local Presence (Article 1205)  
Senior Management and Boards of Directors (Article 1107)

**Level of Government:** Federal

**Measures:** *Aeronautics Act*, R.S.C. 1985, c. A-2  
*Air Regulations*, C.R.C. 1978, c. 2  
*Aircraft Marking and Registration Regulations*, SOR/90-59  
*Foreign Air Carrier Certification Manual*, TP 11524, and  
*Personnel Licensing Handbook*, TP 193 (Department of  
Transport)

As qualified by paragraph 2 of the **Description** element

**Description:** Cross-Border Services

1. An operating certificate issued by the Department of Transport is required to provide specialty air services in the territory of Canada. The Department of Transport will issue an operating certificate to a person applying for authority to provide specialty air services, subject to compliance by that person with Canadian safety requirements. An operating certificate for the provision of aerial construction, helicopter aerial inspection, aerial surveillance, flight training, aerial sightseeing, and aerial spraying services is not issued to a person that is not Canadian as provided for in the applicable

regulations. For investment, see Schedule of Canada, Annex II, page II-C-10.

2. A person of Mexico or of the United States may obtain an operating certificate, subject to compliance by that person with Canadian safety requirements, for the provision of aerial mapping, aerial surveying, aerial photography, forest fire management, fire-fighting, aerial advertising, glider towing and parachute jumping services.

Cross-Border Services

A person of Mexico or of the United States will be permitted to obtain an operating certificate, subject to compliance by that person with Canadian safety requirements, for the provision of the following specialty air services:

- (a) two years after the date of entry into force of this Agreement, aerial construction and heli-logging services;
- (b) three years after the date of entry into force of this Agreement, aerial inspection, aerial surveillance, flight training, and aerial sightseeing services; and
- (c) six years after the date of entry into force of this Agreement, aerial spraying services.

<b>Sector:</b>	Transportation	Sector:
<b>Sub-Sector:</b>	Air Transportation	Sub-Sector:
<b>Industry Classification:</b>	SIC 4523 Aircraft Servicing Industry SIC 3211 Aircraft and Aircraft Parts Industry	Industry C
<b>Type of Reservation:</b>	Most-Favored-Nation Treatment (Article 1203) Local Presence (1205)	Type of Re
<b>Level of Government:</b>	Federal	Level of G
<b>Measures:</b>	<i>Aeronautics Act</i> , R.S.C. 1985, c. A-2  <i>Airworthiness Manual</i> , chapters 573 and 575, made under authority of <i>Air Regulations</i> , C.R.C. 1978, c. 2  <i>Agreement Concerning Airworthiness Certification</i> , Exchange Letters between Canada and the United States, dated August 1984, CTS 1984/26	Measures:
<b>Description:</b>	<u>Cross-Border Services</u>  Aircraft repair, overhaul or maintenance activities required to maintain the airworthiness of Canadian-registered aircraft must be performed by Canadian-certified persons (approved maintenance organizations and aircraft maintenance engineers). Certifications are not provided for persons located outside Canada, except sub-organizations of approved maintenance organizations that are themselves located in Canada.  Pursuant to an airworthiness agreement between Canada and the United States, Canada recognizes the certifications and overhauls provided by the United States for all repair, overhaul and maintenance facilities and individuals performing the work located in the United States.	Description
<b>Phase-Out:</b>	None	Phase-Out:

Sector: Transportation

Sub-Sector: Land Transportation

Industry Classification: SIC 456 Truck Transport Industries  
 SIC 4572 Interurban and Rural Transit Systems Industry  
 SIC 4573 School Bus Operations Industry  
 SIC 4574 Charter and Sightseeing Bus Services Industry

Type of Reservation: National Treatment (Article 1202)  
 Local Presence (Article 1205)

Measures: *Motor Vehicle Transport Act, 1987, R.S.C. 1985, c. 29 (3rd Supp.), Parts I and II*

*National Transportation Act, 1987, R.S.C. 1985, c. 28 (3rd Supp.), Part IV*

*Customs Tariff, R.S.C. 1985, c. 41 (3rd Supp.)*

Description: Cross-Border Services

Only persons of Canada, using Canadian-registered and either Canadian-built or duty-paid trucks or buses, may provide truck or bus services between points in the territory of Canada.

Phase-Out: None

<b>Sector:</b>	Transportation
<b>Sub-Sector:</b>	Water Transportation
<b>Industry Classification:</b>	SIC 4541 Freight and Passenger Water Transport Ind. SIC 4542 Ferry Industry SIC 4543 Marine Towing Industry SIC 4549 Other Water Transport Industries SIC 4553 Marine Salvage Industry SIC 4559 Other Service Industries Incidental to Water Transport
<b>Type of Reservation:</b>	National Treatment (Article 1202) Most-Favored-Nation Treatment (Article 1203) Local Presence (Article 1205)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Canada Shipping Act, R.S.C. 1985, c. S-9, Part II</i>
<b>Description:</b>	<p><u>Cross-Border Services</u></p> <p>To register a vessel in Canada for purposes of providing international maritime transportation services, the owner of vessel must be:</p> <ul style="list-style-type: none"> <li>(a) a Canadian citizen or a citizen of a Commonwealth country; or</li> <li>(b) a corporation incorporated under the laws of, and its principal place of business in, Canada or a Commonwealth country.</li> </ul> <p>For domestic maritime transportation services (cabotage).          Schedule of Canada, Annex II, page II-C-11.</p>
<b>Phase-Out:</b>	None

ector:	Transportation
Sub-Sector:	Water Transportation
Industry Classification:	SIC 4541 Freight and Passenger Water Transport Industry SIC 4542 Ferry Industry SIC 4543 Marine Towing Industry SIC 4549 Other Water Transport Industries SIC 4553 Marine Salvage Industry SIC 4554 Piloting Service, Water Transport Industry SIC 4559 Other Service Industries Incidental to Water Transport
Type of Reservation:	National Treatment (Article 1202) Local Presence (Article 1205)
Level of Government:	Federal
Measures:	<i>Canada Shipping Act, R.S.C. 1985, c. S-9, Part II</i>
Description:	<u>Cross-Border Services</u>
providing e owner of monwealth	Masters, mates, and engineers must be certified by the Department of Transport as ship's officers while engaged on a Canadian-registered vessel. Only Canadian citizens or permanent residents may be certified as ship's officers.
se-Out:	None

<b>Sector:</b>	Transportation
<b>Sub-Sector:</b>	Water Transportation
<b>Industry Classification:</b>	SIC 4554 Piloting Service, Water Transport Industry
<b>Type of Reservation:</b>	National Treatment (Article 1202) Local Presence (Article 1205)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Pilotage Act</i> , R.S.C. 1985, c. P-14  <i>General Pilotage Regulations</i> , C.R.C. 1978, c. 1263  <i>Atlantic Pilotage Authority Regulations</i> , C.R.C. 1978, c. 1264  <i>Laurentian Pilotage Authority Regulations</i> , C.R.C. 1978, c. 1268  <i>Great Lakes Pilotage Regulations</i> , C.R.C. 1978, c. 1266  <i>Pacific Pilotage Regulations</i> , C.R.C. 1978, c. 1270
<b>Description:</b>	<u>Cross-Border Services</u>  Subject to Schedule of Canada, Annex II, page II-C-14, a license issued by the Department of Transport is required to provide pilotage services in the territory of Canada. Only Canadian citizens or permanent residents may obtain such a license. A permanent resident of Canada who has been issued a pilot's license must become a Canadian citizen within five years of receipt of the license in order to retain it.
<b>Phase-Out:</b>	None



Factor: Transportation

Sub-Sector: Water Transportation

Industry Classification: SIC 454 Water Transport Industries

Type of Reservation: Local Presence (Article 1205)

Level of Government: Federal

Measures: *Shipping Conferences Exemption Act, 1987, R.S.C. 1985, c. 17 (3rd Supp.)*

Description: Cross-Border Services

Members of a shipping conference must maintain jointly an office or agency in the region of Canada where they operate. A shipping conference is an association of ocean carriers that has the purpose or effect of regulating rates and conditions for the transportation by those carriers of goods by water.

Phase-Out: None

**Sector:** Transportation  
**Sub-Sector:** Water Transportation  
**Industry Classification:** SIC 4541 Freight and Passenger Water Transport Industry  
 SIC 4542 Ferry Industry  
 SIC 4543 Marine Towing Industry  
**Type of Reservation:** Most-Favored-Nation Treatment (Article 1203)  
**Level of Government:** Federal  
**Measures:** *Coasting Trade Act*, S.C. 1992, c. 31  
**Description:** Cross-Border Services  
 The prohibitions under the *Coasting Trade Act*, set out in Schedule of Canada, Annex II, page II-C-11, do not apply to any vessel that is owned by the U.S. Government when used solely for the purpose of transporting goods owned by the U.S. Government from the territory of Canada to supply Distant Early Warning sites.  
**Phase-Out:** None

**Annex I**  
**Schedule of Mexico**

Port Industries Sector: Sub-Sector: Industry Classification: Type of Reservation: Level of Government: Measures: Description:	<p>All Sectors</p> <p></p> <p></p> <p>National Treatment (Article 1102)</p> <p>Federal</p> <p><i>Constitución Política de los Estados Unidos Mexicanos, Artículo 27</i></p> <p><i>Ley de Nacionalidad y Naturalización, Capítulos IV, VI</i></p> <p><i>Ley Orgánica de la Fracción I del Artículo 27 de la Constitución</i></p> <p><i>Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, IV, V</i></p> <p><i>Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulos I, II; Título III, Capítulo III; Título VI; Título VIII, Capítulo IV</i></p> <p><u>Investment</u></p> <p>Foreign nationals or foreign enterprises, or Mexican enterprises without a foreigners' exclusion clause, may not acquire property rights ("dominio directo") over land and water in a 100-kilometer strip along the country's borders or in a 50-kilometer strip inland from its coasts (the Restricted Zone). Lease of land for more than 10 years is deemed to be an acquisition.</p>
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Foreign nationals, foreign enterprises or Mexican enterprises may acquire "Certificados de Participación Inmobiliaria" (CPI's). CPI's grant the beneficiaries the right to use and property and to receive the profits that it may obtain from the profitable use of property.

CPI's are issued by a Mexican credit institution that has been granted authorization to acquire through trust the title to real estate intended for industrial and tourism activities in the Restricted Zone for a period not to exceed 30 years. The trust is renewable if:

- (a) the beneficiaries of the trust that is to be extinguished terminated will be the beneficiaries of the new trust;
- (b) the new trust is to be executed under the same terms conditions as the trust that is to be extinguished or terminated, in respect of the purposes of the trust, the use of the property and its characteristics;
- (c) the respective permits are requested within a period of 360 to 181 days preceding the termination or extinction of the trust; and
- (d) the provisions of the *Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera* are observed.

Phase-Out:

None

Sector:	All Sectors
Sub-Sector:	
Industry Classification:	
Type of Reservation:	National Treatment (Article 1102)
Level of Government:	Federal
Measures:	<p><i>Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i>, Capítulos I, II, III, V, VI</p> <p><i>Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i>, Título I; Título II, Capítulos I, III, IV; Título IV; Título V; Título VIII, Capítulos I-V; Título IX, Capítulos I, II, III</p> <p>As qualified by the Description element</p>
Description:	<p><u>Investment</u></p> <p>The Comisión Nacional de Inversiones Extranjeras, in order to evaluate applications submitted for its consideration (acquisitions or establishment of investments in restricted activities as set out in this Schedule), shall take into account the following criteria:</p> <ul style="list-style-type: none"><li>(a) its effects on employment and training;</li><li>(b) its technological contribution; or</li><li>(c) in general, its contribution to increase Mexican industrial productivity and competitiveness.</li></ul> <p>The Comisión Nacional de Inversiones Extranjeras may impose performance requirements that are not prohibited by Article 1106.</p>
Phase-Out:	None

<b>Sector:</b>	All Sectors
<b>Sub-Sector:</b>	
<b>Industry Classification:</b>	
<b>Type of Reservation:</b>	National Treatment (Article 1102)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI</i>  <i>Reglamento de la Ley Para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo IV; Título V; Título VIII, Capítulos I-V; Título IX, Capítulos I, II, III</i>  As qualified by the Description element
<b>Description:</b>	<u>Investment</u>  The Comisión Nacional de Inversiones Extranjeras will only review direct or indirect acquisitions by an investor of another Party of more than 49 percent of the ownership interest in a Mexican enterprise in an unrestricted sector, that is directly or indirectly owned or controlled by Mexican nationals, if the value of the gross assets of the Mexican enterprise is not less than the applicable threshold.
<b>Phase-Out:</b>	For investors and investments of investors of Canada or the United States, the applicable threshold for the review of an acquisition of a Mexican enterprise will be:  (a) US\$25 million, for the three-year period beginning on the date of entry into force of this Agreement;

- (b) US\$50 million, for the three-year period beginning three years after the date of entry into force of this Agreement;
- (c) US\$75 million, for the three-year period beginning six years after the date of entry into force of this Agreement; and
- (d) US\$150 million, beginning nine years after the date of entry into force of this Agreement.

Beginning one year after the date of entry into force of this Agreement, each of these thresholds will be adjusted annually for cumulative inflation from the date of entry into force of this Agreement, based on the implicit price deflator for U.S. Gross Domestic Product (GDP) or any successor index published by the Council of Economic Advisors in "Economics Indicators".

The value of a threshold adjusted for cumulative inflation up to January of each year following 1994 shall be equal to the original value of the threshold multiplied by the following ratio:

- (a) the implicit GDP price deflator or any successor index published by the Council of Economic Advisors in "Economic Indicators", current as of January of that year; to
- (b) the implicit GDP price deflator or any successor index published by the Council of Economic Advisors in "Economic Indicators", current as of the date of entry into force of this Agreement,

provided that the implicit GDP price deflators under paragraphs (a) and (b) have the same base year.

The resulting adjusted threshold will be rounded to the nearest million dollars.

Beginning 10 years after the date of entry into force of this Agreement, the threshold will be adjusted annually by the rate of growth of the nominal Mexican GDP, as published by the Instituto Nacional de Estadística, Geografía e Informática. Whenever the U.S. dollar amount calculated for the threshold at the prevailing market exchange rate, equal to or higher than the amount calculated pursuant to Schedule of Canada, Annex page I-C-2, the calculation of the applicable threshold will be made according to the rules established therein. In no case will the threshold, as converted into U.S. dollars, exceed that of Canada.



Force of this	Sector:	All Sectors
ly by the re	Sub-Sector:	
ished by the	Industry Classification:	
ormática.	Type of Reservation:	National Treatment (Article 1102) Senior Management and Boards of Directors (Article 1107)
the thresho	Level of Government:	Federal
or higher t	Measures:	<i>Constitución Política de los Estados Unidos Mexicanos,</i> Artículo 25  <i>Ley General de Sociedades Cooperativas,</i> Título I, Capítulo I; Título II, Capítulo II
anada, Am	Description:	<u>Investment</u>  No more than 10 percent of the persons participating in a Mexican cooperative production enterprise may be foreign nationals.  No foreign national may engage in general administrative functions or perform managerial activities in that enterprise.
hold will b	Phase-Out:	None
In no case		
ceed that of		

<b>Sector:</b>	All Sectors
<b>Sub-Sector:</b>	
<b>Industry Classification:</b>	
<b>Type of Reservation:</b>	National Treatment (Article 1102)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Ley Federal para el Fomento de la Microindustria</i> , Capítulos II, III
<b>Description:</b>	<p><u>Investment</u></p> <p>Only Mexican nationals may apply for a license ("cédula") to qualify as a microindustry enterprise.</p> <p>Mexican "microindustry enterprises" may not have foreign persons as partners.</p> <p>The <i>Ley Federal para el Fomento de las Microindustrias</i> defines "microindustry enterprise" as including enterprises with up to fifteen workers and with sales of amounts periodically determined by the Secretaría de Comercio y Fomento Industrial.</p>
<b>Phase-Out:</b>	None

Sector: Agriculture, Livestock, Forestry and Lumber Activities

Sub-Sector: Agriculture, Livestock or Forestry

Industry Classification: CMAP 1111 Agriculture  
CMAP 1112 Livestock and Game (limited to livestock)  
CMAP 1200 Forestry and Felling Trees

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures: *Constitución Política de los Estados Unidos Mexicanos,*  
Artículo 27

*Ley Agraria, Títulos V, VI*

Description: Investment

Only Mexican nationals or Mexican enterprises may own land for agriculture, livestock or forestry purposes. Such enterprises must issue a special type of share ("T" shares) representing the value of that land at the time of its acquisition. Investors of another Party or their investments may only own up to 49 percent of "T" shares.

Phase-Out: None

**Sector:** Communications

**Sub-Sector:** Entertainment Services (Broadcasting, Multipoint Distribution Systems (MDS) and Cable Television)

**Industry Classification:** CMAP 941104 Private Production and Transmission of Radio Programs (limited to production and transmission of radio programs, MDS and uninterrupted music)  
CMAP 941105 Private Services of Production, Transmission and Retransmission of Television Programming (limited to production, transmission and retransmission of television programming MDS, direct broadcasting systems and high-definition television and cable television)

**Type of Reservation:** National Treatment (Article 1202)  
Performance Requirements (Article 1106)

**Level of Government:** Federal

**Measures:** *Ley Federal de Radio y Televisión, Título IV, Capítulo III*  
*Reglamento de la Ley Federal de Radio y Televisión y de la Ley de la Industria Cinematográfica Relativo al Contenido de las Transmisiones de Radio y Televisión, Título III*  
*Reglamento del Servicio de Televisión por Cable, Capítulo VI*

**Description:** Cross-Border Services and Investment  
For the protection of copyrights, the holder of a concession for a commercial broadcast station or for a cable television system is required to obtain an authorization from the Secretaría de Gobernación to import in any form radio or television

*Annex I - Mexico*

programming for broadcast or cable distribution within the territory of Mexico.

The authorization will be granted if the application for authorization includes documentation showing that the copyright holder has granted the license ("derechos") to broadcast or distribute by cable such programming.

ase-Out:

None

<b>Sector:</b>	Communications
<b>Sub-Sector:</b>	Entertainment Services (Broadcasting, Multipoint Distribution Systems (MDS) and Cable Television)
<b>Industry Classification:</b>	<p>CMAP 941104 Private Production and Transmission of Radio Programs (limited to production and transmission of radio programs, MDS, and uninterrupted music)</p> <p>CMAP 941105 Private Services of Production, Transmission and Retransmission of Television Programming (limited to production, transmission and retransmission of television programs, MDS, direct broadcasting systems, high-definition television and cable television)</p>
<b>Type of Reservation:</b>	National Treatment (Article 1202) Performance Requirements (Article 1106)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<p><i>Ley Federal de Radio y Televisión, Título IV, Capítulo III</i></p> <p><i>Reglamento de la Ley Federal de Radio y Televisión y de la Industria Cinematográfica Relativo al Contenido de las Transmisiones de Radio y Televisión, Título III</i></p> <p><i>Reglamento del Servicio de Televisión por Cable, Capítulo III</i></p>
<b>Description:</b>	<p><u>Cross-Border Services and Investment</u></p> <p>The use of the Spanish language is required for the broadcast or cable or multipoint distribution system distribution of radio and television programming, except when the Secretaría de Gobernación authorizes the use of another language.</p>

A majority of the time of each day's live broadcast programs must feature Mexican nationals.

A radio or television announcer or presenter who is not a Mexican national must obtain an authorization from the Secretaría de Gobernación to perform in Mexico.

ase-Out:

None

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<b>Sector:</b>	Communications	Sector:
<b>Sub-Sector:</b>	Entertainment Services (Broadcasting, Multipoint Distribution Systems (MDS) and Cable Television)	Sub-Sector:
<b>Industry Classification:</b>	CMAP 941105 Private Services of Production, Transmission and Retransmission of Television Programming (limited to broadcasting, cable television and MDS)	Industry:
<b>Type of Reservation:</b>	National Treatment (Article 1202) Performance Requirements (Article 1106)	Type of R:
<b>Level of Government:</b>	Federal	Level of C:
<b>Measures:</b>	<i>Ley Federal de Radio y Televisión, Título IV, Capítulo III</i> <i>Reglamento de la Ley Federal de Radio y Televisión y de la Industria Cinematográfica Relativo al Contenido de las Transmisiones de Radio y Televisión, Título III</i> <i>Reglamento del Servicio de Televisión por Cable, Capítulo III</i>	Measures:
<b>Description:</b>	<u>Cross-Border Services and Investment</u>  The use of the Spanish language or Spanish subtitles is required for advertising broadcast or otherwise distributed in the territory of Mexico.  Advertising included in programs transmitted directly from outside the territory of Mexico may not be distributed in the territory of Mexico when they are retransmitted in the territory of Mexico.	Description:
<b>Phase-Out:</b>	None	Phase-Out:



**Sector:** Communications

**Sub-Sector:** Entertainment Services (Cable Television)

**Industry Classification:** CMAP 941105 Private Services of Production, Transmission and Retransmission of Television Programming (limited to cable television)

**Type of Reservation:** National Treatment (Article 1102)

**Level of Government:** Federal

**Measures:** *Ley Federal de Radio y Televisión, Título III, Capítulos I, II, III*  
*Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI*  
*Reglamento del Servicio de Televisión por Cable, Capítulo II*  
*Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I*

**Description:** As qualified by the **Description** element  
Investment  
 Investors of another Party or their investments may only own, directly or indirectly, up to 49 percent of the ownership interest in an enterprise, established or to be established in the territory of Mexico, that owns or operates a cable television system or provides cable television services.

**Phase-Out:** None. Subject to discussion by the Parties five years after the date of entry into force of this Agreement.

<b>Sector:</b>	Communications	Sector:
<b>Sub-Sector:</b>	Entertainment Services (Cable Television)	Sub-Sector:
<b>Industry Classification:</b>	CMAP 941105 Private Services of Production, Transmission and Retransmission of Television Programming (limited to cable television)	Industry Type of R
<b>Type of Reservation:</b>	National Treatment (Article 1202) Local Presence (Article 1205)	Level of C Measures:
<b>Level of Government:</b>	Federal	
<b>Measures:</b>	<i>Constitución Política de los Estados Unidos Mexicanos, Artículo 32</i> <i>Ley de Vías Generales de Comunicación, Libro I, Capítulo</i> <i>Ley de Nacionalidad y Naturalización, Capítulo IV</i> <i>Ley Federal de Radio y Televisión, Título III, Capítulos I,</i> <i>Reglamento del Servicio de Televisión por Cable, Capítulo</i>	Description Phase-Out
<b>Description:</b>	<u>Cross-Border Services</u> A concession granted by the Secretaría de Comunicaciones y Transportes is required to construct and operate, or to operate, a cable television system. Only Mexican nationals and Mexican enterprises may obtain such a concession.	
<b>Phase-Out:</b>	None	

**Sector:** Communications

**Sub-Sector:** Entertainment Services (Cinema)

**Industry Classification:** CMAP 941103 Private Exhibition of Films

**Type of Reservation:** National Treatment (Article 1202)  
Performance Requirements (Article 1106)

**Level of Government:** Federal

**Measures:** *Ley de la Industria Cinematográfica*  
*Reglamento de la Ley de la Industria Cinematográfica*  
As qualified by the **Description** element

**Description:** Cross-Border Services and Investment  
Thirty percent of the screen time of every theater, assessed on an annual basis, may be reserved for films produced by Mexican persons either within or outside the territory of Mexico.

**Phase-Out:** None



3. Videotext and enhanced packet switching services may not be provided on a cross-border basis.

Investment

4. Investors of another Party or their investments may own 100 percent of the ownership interest in an enterprise, established or to be established in the territory of Mexico, that provides any enhanced or value-added service, other than videotext or enhanced packet switching services.

5. Investors of another Party or their investments may only own, directly or indirectly, up to 49 percent of the ownership interest in an enterprise, established or to be established in the territory of Mexico, that provides videotext or enhanced packet switching services.

Cross-Border Services

Beginning July 1, 1995, a person of Canada or the United States may provide videotext or enhanced packet switching services on a cross-border basis without the need to establish a local presence in the territory of Mexico.

Investment

Beginning July 1, 1995, investors of another Party or their investments may own 100 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico that provides videotext or enhanced packet switching services.

<b>Sector:</b>	Communications
<b>Sub-Sector:</b>	Transportation and Telecommunications
<b>Industry Classification:</b>	CMAP 7200 Communications (including telecommunications and postal services) CMAP 7100 Transportation
<b>Type of Reservation:</b>	National Treatment (Article 1102)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Ley de Vías Generales de Comunicación</i> , Libro I, Capítulos III, V  <i>Reglamento de Telecomunicaciones</i> , Capítulo III
<b>Description:</b>	<u>Investment</u>  Foreign governments and foreign state enterprises or their investments may not invest, directly or indirectly, in Mexican enterprises engaged in communications, transportation and other general means of communication ("vías generales de comunicación") activities, as defined in the <i>Ley de Vías Generales de Comunicación</i> .
<b>Phase-Out:</b>	None

Sector: Construction

Sub-Sector:

Industry Classification:	CMAP 501101	Residential or Housing Construction
	CMAP 501102	Non-residential Construction
	CMAP 501200	Construction of Urbanization Projects
	CMAP 501311	Construction of Industrial Plants
	CMAP 501312	Construction of Electricity Generation Plants
	CMAP 501321	Construction and Maintenance of Electricity Conduction Lines and Networks
	CMAP 501411	Mounting or Installing Concrete Structures
	CMAP 501412	Mounting or Installing Metallic Structures
	CMAP 501421	Marine and River Works
	CMAP 501422	Construction of Routes for Land Transportation
	CMAP 502001	Hydraulic and Sanitation Installations in Buildings
	CMAP 502002	Electrical Installations in Buildings
	CMAP 502003	Telecommunications Installations
	CMAP 502004	Other Special Installations
	CMAP 503001	Earth Movements
	CMAP 503002	Cement Works
	CMAP 503003	Underground Excavations
	CMAP 503004	Underwater Works
	CMAP 503005	Installation of Signs and Warnings
	CMAP 503006	Demolition
	CMAP 503007	Construction of Water Purification or Treatment Plants
	CMAP 503009	Drilling Water Wells
	CMAP 503010	Construction Activities, Not Elsewhere Classified

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal





ular la ator: Construction

b-Sector:

Industry Classification: CMAP 501322 Construction of Means for the Transportation of Petroleum and its Derivatives (limited to specialized contractors only)

CMAP 503008 Petroleum and Gas, Exploration and Drilling Works and Services (limited to specialized contractors only)

ype of Reservation: National Treatment (Article 1102)

vel of Government: Federal

asures: *Constitución Política de los Estados Unidos Mexicanos, Artículo 27*

*Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo*

*Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI*

*Reglamento de la Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo , Capítulos I, V, IX, XII*

*Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I*

cription:

Investment

Risk-sharing contracts are prohibited.

Prior approval of the Comisión Nacional de Inversiones

Extranjeras is required for investors of another Party or the investments to own, directly or indirectly, more than 49% of the ownership interest in an enterprise established or established in the territory of Mexico involved in "non-risk sharing" contracts for the exploration and drilling works of petroleum and gas wells and the construction of means for transportation of petroleum and its derivatives. See also Schedule of Mexico, Annex III, page III-M-1.

**Phase-Out:** None

Party or the than 49 per lished or n "non-iss g works of means for See also	Sector:	Educational Services
Industry Classification:		Private Schools
	CMAP 921101	Private Preschool Educational Services
	CMAP 921102	Private Primary School Educational Services
	CMAP 921103	Private Secondary School Educational Services
	CMAP 921104	Private Middle High (Preparatory) School Educational Services
	CMAP 921105	Private Higher School Educational Services
	CMAP 921106	Private Educational Services that Combine Preschool, Primary, Secondary, Middle High and Higher School Instruction
Type of Reservation:		National Treatment (Article 1102)
Level of Government:		Federal
Measures:		<i>Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i> , Capítulos I, II, III, V, VI
		<i>Ley para la Coordinación de la Educación Superior</i> , Capítulo II
		<i>Ley Federal de Educación</i> , Capítulo III
		<i>Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i> , Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I
Description:		<u>Investment</u>
		Prior approval of the Comisión Nacional de Inversiones Extranjeras is required for investors of another Party or their investments to own, directly or indirectly, more than 49 percent

of the ownership interest in an enterprise established or  
established in the territory of Mexico that provides private  
primary, secondary, preparatory, higher, worker or peasant  
"normal" educational services.

**Phase-Out:**

None

Published or vides pres ker or per	Director:	Energy
	Sector:	Petroleum Products
	Industry Classification:	CMAP 623050      Retail Sales of Liquefied Petroleum Gas (LPG)
	Type of Reservation:	National Treatment (Article 1102)
	Level of Government:	Federal
	Measures:	<i>Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo</i>  <i>Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i> , Capítulos I, II, III, V, VI  <i>Reglamento de la Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo</i> , Capítulos I, IX, XII  <i>Reglamento de la Distribución de Gas</i> , Capítulos I, II  <i>Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i> , Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I
	Description:	<u>Investment</u>  Only Mexican nationals and Mexican enterprises with a foreigners' exclusion clause may engage in the distribution, transportation, storage, or sale of liquefied petroleum gas and the installation of fixed deposits.
	Case-Out:	None



Factor: Fishing

Sub-Sector:

Industry Classification: CMAP 130011 Fishing on the High Seas  
 CMAP 130012 Coastal Fishing  
 CMAP 130013 Fresh Water Fishing

Type of Reservation: National Treatment (Article 1102)  
 Most-Favored-Nation Treatment (Article 1103)

Level of Government: Federal

Measures:

*Ley de Pesca*, Capítulos I, II, IV

*Ley de Navegación y Comercio Marítimos*, Libro II, Título Unico, Capítulo V

*Ley Federal del Mar*, Título I, Capítulo I

*Ley Federal de Aguas*

*Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Capítulos I, II, III, V, VI

*Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

*Reglamento de la Ley de Pesca*, Capítulos I, II, III, V, VI, IX, XV

Description:

Investment

With respect to an enterprise established or to be established in the territory of Mexico performing coastal fishing, fresh water fishing and fishing in the Exclusive Economic Zone, investors

of another Party or their investments may only own, directly or indirectly, up to 49 percent of the ownership interest in such an enterprise.

With respect to an enterprise established or to be established in the territory of Mexico performing fishing on the high seas, prior approval of the Comisión Nacional de Inversiones Extranjeras is required for investors of another Party or their investments to own, directly or indirectly, more than 49 percent of the ownership interest in such an enterprise.

Phase-Out: None



own, direct interest in	Manufacturer:	Manufacturing and Assembly of Goods
e establish e high sea ersiones Party or than 49%	Sub-Sector:	Auto Parts Industry
	Industry Classification:	<p>CMAP 383103 Manufacturing of Parts and Accessories for Electrical Automotive Systems</p> <p>CMAP 384121 Manufacture and Assembly of Car and Truck Bodies and Tows</p> <p>CMAP 384122 Manufacture of Car and Truck Motors and their Parts</p> <p>CMAP 384123 Manufacture of Car and Truck Transmission System Parts</p> <p>CMAP 384124 Manufacture of Car and Truck Suspension System Parts</p> <p>CMAP 384125 Manufacture of Car and Truck Brake System Parts and Accessories</p> <p>CMAP 384126 Manufacture of Other Car and Truck Parts and Accessories</p>
	Type of Reservation:	National Treatment (Article 1102)
	Level of Government:	Federal
	Measures:	<p><i>Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i>, Capítulos I, II, III, V, VI</p> <p><i>Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i>, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I</p> <p><i>Decreto para el Fomento y Modernización de la Industria Automotriz</i> ("Auto Decree")</p> <p><i>Acuerdo que Determina Reglas para la Aplicación del Decreto para el Fomento y Modernización de la Industria Automotriz</i></p> <p>As qualified by the <b>Description</b> element</p>

**Description:****Investment**

1. Investors of another Party or their investments may own, directly or indirectly, up to 49 percent of the ownership interest in an "enterprise of the autoparts industry", as defined in Annex 300-A, established or to be established in the territory of Mexico.

2. Investors of another Party or their investments that qualify as "national suppliers", as defined in Annex 300-A, may own 100 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico that engages in the supply of specified autoparts to produce motor vehicles.

3. Investors of another Party or their investments may own up to 100 percent of the ownership interest in an enterprise producing autoparts established or to be established in the territory of Mexico, provided that the enterprise does not register with the Secretaría de Comercio y Fomento Industrial for purposes of the Auto Decree nor receive benefits under the Auto Decree. After the five-year transition period set out in the Phase-Out element, such firms shall be eligible to register and receive benefits set forth in the Auto Decree as modified in Appendix 300-A.2 provided that such enterprise meets the requirements set out therein for national supplier or "enterprise of the autoparts industry" status.

**Phase-Out:**

Five years after the date of entry into force of this Agreement, investors of another Party or their investments may own up to 49 percent of the ownership interest in any enterprise of the autoparts industry established or to be established in the territory of Mexico.

See Schedule of Mexico, Annex I, page I-M-33.

<b>Factor:</b>	Manufacture of Goods	
<b>Sub-Sector:</b>	Automotive Industry	
<b>Industry Classification:</b>	CMAP 383103	Manufacturing of Parts and Accessories for Electrical Automotive Systems
	CMAP 3841	Automotive Industry
	CMAP 384121	Manufacture and Assembly of Car and Truck Bodies and Tows
	CMAP 384122	Manufacture of Car and Truck Motors and their Parts
	CMAP 384123	Manufacture of Car and Truck Transmission System Parts
	CMAP 384124	Manufacture of Car and Truck Suspension System Parts
	CMAP 384125	Manufacture of Car and Truck Brake System Parts and Accessories
	CMAP 384126	Manufacture of Other Car and Truck Parts and Accessories
<b>Type of Reservation:</b>	Performance Requirements (Article 1106)	
<b>Level of Government:</b>	Federal	
<b>Measures:</b>	<i>Decreto para el Fomento y Modernización de la Industria Automotriz ("Auto Decree")</i>	
	<i>Acuerdo que Determina Reglas para la Aplicación del Decreto para el Fomento y Modernización de la Industria Automotriz</i>	
	As qualified by Description element	
<b>Description:</b>	<u>Investment</u>	
	As set out in Annex 300-A	
<b>Phase-Out:</b>	As set out in Annex 300-A	

<b>Sector:</b>	Manufacture of Goods
<b>Sub-Sector:</b>	Maquiladora Industry
<b>Industry Classification:</b>	
<b>Type of Reservation:</b>	Performance Requirements (Article 1106)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Ley Aduanera</i> , Título IV, Capítulos I, III; Título V, Capítulo VI  <i>Decreto para el Fomento y Operación de la Industria Maquiladora de Exportación</i> ("Maquiladora Decree")  As qualified by the Description element
<b>Description:</b>	<u>Investment</u>  Persons authorized by the Secretaría de Comercio y Fomento Industrial to operate under the Maquiladora Decree may not export to the domestic market more than 55 percent of the total value of their annual exports in the previous year.
<b>Phase-Out:</b>	Sales of a maquiladora to the domestic market may not exceed:  (a) one year after the date of entry into force of this Agreement, 60 percent of the total value of its annual exports in the previous year;  (b) two years after the date of entry into force of this Agreement, 65 percent of the total value of its annual exports in the previous year;  (c) three years after the date of entry into force of this Agreement, 70 percent of the total value of its annual exports in the previous year;

- (d) four years after the date of entry into force of this Agreement, 75 percent of the total value of its annual exports in the previous year;
- (e) five years after the date of entry into force of this Agreement, 80 percent of the total value of its annual exports in the previous year; and
- (f) six years after the date of entry into force of this Agreement, 85 percent of the total value of its annual exports in the previous year.

Seven years after the date of entry into force of this Agreement, sales of a maquiladora to the domestic market will not be subject to any percentage requirement.

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**Sector:** Manufacture of Goods

**Sub-Sector:**

**Industry Classification:**

**Type of Reservation:** Performance Requirements (Article 1106)

**Level of Government:** Federal

**Measures:** *Ley Reglamentaria del Artículo 131 de la Constitución Política de los Estados Unidos Mexicanos en Materia de Comercio Exterior, Capítulo I*  
*Decreto para el Fomento y Operación de las Empresas Altamente Exportadoras, ("ALTEX Decree")*

**Description:** Investment

1. "Direct exporters", as defined in the ALTEX Decree authorized by the Secretaría de Comercio y Fomento Industrial to operate under that decree must export at least 40 percent of their total sales or US\$2,000,000.
2. "Indirect exporters", as defined in ALTEX Decree authorized by the Secretaría de Comercio y Fomento Industrial to operate under that decree must export at least 50 percent of their total sales.

**Phase-Out:** Seven years after the date of entry into force of this Agreement "direct and indirect exporters" will not be subject to the percentage requirements set out in the Description element.

Sector: Manufacture of Goods

Sub-Sector:

Industry Classification:

Type of Reservation: Performance Requirements (Article 1106)

Level of Government: Federal

Measures: *Ley Reglamentaria del Artículo 131 de la Constitución Política de los Estados Unidos Mexicanos en Materia de Comercio Exterior, Capítulo I*

*Ley Aduanera, Título III, Capítulo IV; Título IV, Capítulos I, III*

*Decreto que Establece Programas de Importación Temporal para Producir Artículos de Exportación, ("PITEX Decree")*

Description: Investment

Persons authorized by the Secretaría de Comercio y Fomento Industrial to operate under the PITEX Decree are required to export at least:

- (a) 30 percent of their total production in order to be permitted to temporarily import duty-free
  - (i) machinery, equipment, instruments, molds and durable tools used in the manufacturing process, and equipment used to handle materials directly related to the exportation of goods, and
  - (ii) devices, equipment, accessories or other items related to the production of exported goods, including those used for research, industrial security, quality control, communication, training

of personnel, informatics and environmental purposes; and

- (b) 10 percent of their total production or US\$500,000 order to be permitted to temporarily import duty-free
  - (i) raw materials, parts and components totally in the production of exported goods,
  - (ii) packages, bottles, containers and trailer's containers which are totally used to contain exported goods, and
  - (iii) fuel, lubricants, auxiliary materials, repair tools and equipment consumed in the production of exported goods.

**Phase-Out:**

Seven years after the date of entry into force of this Agreement such persons will not be subject to the percentage requirements set out in the Description element.



Annex I - Mexico

Environmental Sector: Manufacture of Goods

Sub-Sector: Artificial Explosives, Fireworks, Firearms and Cartridges

Industry Classification: CMAP 352236 Manufacturing of Artificial Explosives and Fireworks  
CMAP 382208 Manufacturing of Firearms and Cartridges

Type of Reservation: National Treatment (Article 1102)  
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures: *Ley Federal de Armas de Fuego y Explosivos*, Título III, Capítulo I  
*Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Capítulos I, II, III, V, VI  
*Reglamento de la Ley Federal de Armas de Fuego y Explosivos*, Capítulo IV  
*Reglamento de la Ley Para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Título I; Título II, Capítulo I, Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

Description: Investment  
Investors of another Party or their investments may only own, directly or indirectly, up to 49 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico that manufactures artificial explosives and fireworks, firearms, cartridges and ammunition.  
No foreign national may appoint or be appointed a member of the board of directors or an officer of such an enterprise.

Phase-Out: None

<b>Sector:</b>	Mining	
<b>Sub-Sector:</b>	Extraction and Exploitation of Minerals	
<b>Industry Classification:</b>	CMAP 210000	Exploitation of Mineral Carbon
	CMAP 231000	Extraction of Minerals Containing Iron
	CMAP 232001	Extraction of Minerals Containing Gold, Silver and other Precious Minerals and Metals
	CMAP 232002	Extraction of Mercury and Antimony
	CMAP 232003	Extraction of Industrial Minerals Containing Lead and Zinc
	CMAP 232004	Extraction of Minerals Containing Copper
	CMAP 232006	Extraction of other Metallic Minerals containing Iron
	CMAP 291001	Extraction of Sand and Gravel
	CMAP 291002	Extraction of Marble and other Gravel for Construction
	CMAP 291003	Exploitation of Feldspar
	CMAP 291004	Extraction of Kaolin, Clay and Refractory Minerals
	CMAP 291005	Extraction of Limestones
	CMAP 291006	Exploitation of Gypsum
	CMAP 292001	Extraction of Barium Oxide
	CMAP 292002	Extraction of Phosphoric Rock
	CMAP 292003	Extraction of Fluorite
	CMAP 292004	Extraction of Sulphur
	CMAP 292005	Extraction of other Minerals in order to Obtain Chemicals
	CMAP 292006	Extraction of Salt
	CMAP 292007	Extraction of Graphite
	CMAP 292008	Extraction of other Non-Metallic Minerals
<b>Type of Reservation:</b>	National Treatment (Article 1102)	
<b>Level of Government:</b>	Federal	
<b>Measures:</b>	<i>Ley Minera</i> , Capítulos I, II	

*Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI*

*Reglamento de la Ley Minera*

*Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulo I, Título IV; Título V; Título VIII; Título IX, Capítulo I*

As qualified by the Description element

Description:

Investment

Prior approval of the Comisión Nacional de Inversiones Extranjeras is required for investors of another Party or their investments to own, directly or indirectly, more than 49 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico engaged in the extraction or exploitation of any mineral.

Case-Out:

Subject to Schedule of Mexico, Annex I, page I-M-4, five years after the date of entry into force of this Agreement, investors of another Party or their investments may own 100 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico engaged in extraction or exploitation of any mineral, without the prior approval of the Comisión Nacional de Inversiones Extranjeras.

<b>Sector:</b>	Printing, Editing and Associated Industries
<b>Sub-Sector:</b>	Newspaper Publishing
<b>Industry Classification:</b>	CMAP 342001 Newspaper Publishing
<b>Type of Reservation:</b>	National Treatment (Article 1102)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<p><i>Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i>, Capítulos I, II, III, V, VI</p> <p><i>Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i>, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V, VI, VII, VIII, IX, Capítulo I</p> <p>As qualified by the Description element</p>
<b>Description:</b>	<p><u>Investment</u></p> <p>Investors of another Party or their investments may own, directly or indirectly, 100 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico engaged in the simultaneous printing and distribution in the territory of Mexico of a daily newspaper that is published outside of the territory of Mexico.</p> <p>Investors of another Party or their investments may own, directly or indirectly, up to 49 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico engaged in the printing or publication of daily newspapers written primarily for a Mexican audience and distributed in the territory of Mexico.</p> <p>For purposes of this reservation, daily newspapers are those published at least five days a week.</p>
<b>Phase-Out:</b>	None

Sector: Professional, Technical and Specialized Services

Sub-Sector: Medical Doctors

Industry Classification: CMAP 9231 Private Medical, Odontological and Veterinary Services (limited to medical and odontological services)

Type of Reservation: National Treatment (Article 1202)

Level of Government: Federal

Measures: *Ley Federal del Trabajo, Capitulo I*

Description: Cross-Border Services  
 Only Mexican nationals licensed as doctors in the territory of Mexico may provide in-house medical services in Mexican enterprises.

Phase-Out: None

<b>Sector:</b>	Professional, Technical and Specialized Services
<b>Sub-Sector:</b>	Specialized Personnel
<b>Industry Classification:</b>	CMAP 951012 Customs Brokers and Representation Agency Services (limited to shippers export declarations)
<b>Type of Reservation:</b>	National Treatment (Article 1202)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Ley Aduanera</i> , Título IX, Capítulo Unico
<b>Description:</b>	<u>Cross-Border Services</u>  A shipper's export declaration must be processed by a national licensed as a customs broker ("agente aduanal") or representative ("apoderado aduanal") employed by the export and authorized by the Secretaría de Hacienda y Crédito Público for this purpose.
<b>Phase-Out:</b>	None. Subject to discussion by the Parties five years after date of entry into force of this Agreement.

s	<b>Sector:</b>	Professional, Technical and Specialized Services
resentation to shippers	<b>Sub-Sector:</b>	Professional Services
e of Reservation:	<b>Industry Classification:</b>	CMAP 9510 Professional, Technical and Specialized Services (limited to professional services)
Level of Government:	<b>Type of Reservation:</b>	National Treatment (Article 1202) Local Presence (Article 1205)
asures:	<b>Level of Government:</b>	Federal and State
ed by a Mex aduanal") c by the exp Crédito P	<b>Measures:</b>	<i>Ley Reglamentaria del Artículo 5o. Constitucional, Relativo al Ejercicio de las Profesiones en el Distrito Federal, Capítulo III, Sección Tercera, Capítulos IV, V</i>  <i>Ley General de Población, Título III, Capítulo III</i>  <i>Reglamento de la Ley Reglamentaria del Artículo 5o. Constitucional, relativo al Ejercicio de las Profesiones en el Distrito Federal, Capítulo III</i>
years after	<b>Description:</b>	<u>Cross-Border Services</u>  Only Mexican nationals may be licensed in professions that require a professional license ("cédula profesional").  An "inmigrado" or an "inmigrante" may seek a judicial order to obtain such a license.
ase-Out:	<b>Phase-Out:</b>	Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of this Agreement in accordance with Article 1210(3). On removal of these requirements, a foreign professional will be required to have an address in Mexico.  With respect to legal services, see Schedule of Mexico, Annex I, page I-M-46, Schedule of Mexico Annex II, page II-M-10, and Schedule of Mexico, Annex VI, page VI-M-2.

<b>Sector:</b>	Professional, Technical and Specialized Services
<b>Sub-Sector:</b>	Professional Services
<b>Industry Classification:</b>	CMAP 951002      Legal Services (including foreign legal consultancy)
<b>Type of Reservation:</b>	National Treatment (Articles 1102, 1202) Most-Favored-Nation Treatment (Articles 1103, 1203) Local Presence (Article 1205)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Ley Reglamentaria del Artículo 5o. Constitucional, Relativa al Ejercicio de las Profesiones en el Distrito Federal, Capítulo III, Sección III</i>  <i>Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Capítulos I, II, III, V, VI</i>  <i>Reglamento de la Ley Reglamentaria del Artículo 5o. Constitucional, relativo al Ejercicio de las Profesiones en el Distrito Federal, Capítulos I, II, V</i>  <i>Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera, Título I; Título II, Capítulos I, II, III, IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I</i>  As qualified by the Description element
<b>Description:</b>	<u>Cross Border Services and Investment</u>  Except as provided for in this reservation, only lawyers licensed in Mexico may have an ownership interest in a law firm established in the territory of Mexico.



Lawyers licensed in a Canadian province that permits partnerships between those lawyers and lawyers licensed in Mexico will be permitted to form partnerships with lawyers licensed in Mexico.

The number of lawyers licensed in Canada serving as partners, and their ownership interest in the partnership, may not exceed the number of lawyers licensed in Mexico serving as partners, and their ownership interest in the partnership. A lawyer licensed in Canada may not practice or advise on Mexican law.

A law firm established by a partnership of lawyers licensed in Canada and lawyers licensed in Mexico may hire lawyers licensed in Mexico as employees.

Lawyers licensed in Canada will be subject to Schedule of Mexico, Annex VI, page VI-M-2.

Lawyers licensed in the United States will be subject to Schedule of Mexico, Annex II, page II-M-10 and Schedule of Mexico, Annex VI, page VI-M-2.

Phase-Out:

None

<b>Sector:</b>	Professional, Technical and Specialized Services
<b>Sub-Sector:</b>	Professional Services
<b>Industry Classification:</b>	CMAP 951003      Accounting and Auditing Services (limited to accounting services)
<b>Type of Reservation:</b>	National Treatment (Article 1202) Local Presence (Article 1205)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Código Fiscal de la Federación, Título III</i>  <i>Reglamento del Código Fiscal de la Federación, Capítulo II</i>
<b>Description:</b>	<u>Cross-Border Services</u>  Only Mexican nationals who are licensed as accountants in Mexico are authorized to perform audits for tax purposes on behalf of: <ul style="list-style-type: none"> <li>(a) state enterprises;</li> <li>(b) enterprises that are authorized to receive tax-deductible donations;</li> <li>(c) enterprises with income, capital stock, number of employees and operations above levels specified and approved by the Secretaría de Hacienda y Crédito Público; or</li> <li>(d) enterprises undergoing a merger or divestiture.</li> </ul>
<b>Phase-Out:</b>	Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of the Agreement in accordance with Article 1210(3). On removal of these requirements, a foreign professional will be required to have an address in Mexico.

Sector: Professional, Technical and Specialized Services

Sub-Sector: Specialized Services (Commercial Public Notaries)

Industry Classification:

Type of Reservation: National Treatment (Articles 1102, 1202)  
Local Presence (Article 1205)

Level of Government: Federal

Measures: *Código de Comercio*, Libro I, Título III

*Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Capítulos I, II, III, V, VI

*Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título II, Capítulo I

Description: Cross-Border Services and Investment

1. Only a Mexican national by birth may be licensed to be a commercial public notary ("corredor público").

2. A commercial public notary may not have a business affiliation with any person for the provision of commercial public notary services.

Phase-Out:

1. Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of this Agreement in accordance with Article 1210(3). On removal of these requirements, a foreign professional will be required to have an address in Mexico.

2. None

<b>Sector:</b>	Professional, Technical and Specialized Services
<b>Sub-Sector:</b>	Specialized Services
<b>Industry Classification:</b>	CMAP 951001      Public Notary
<b>Type of Reservation:</b>	National Treatment (Articles 1102, 1202) Local Presence (Article 1205)
<b>Level of Government:</b>	Federal and State
<b>Measures:</b>	<i>Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i> , Capítulos I, II, III, V, VI  Leyes del Notariado para los Estados de: Aguascalientes, Baja California, Baja California Sur, Campeche, Coahuila, Colima, Chiapas, Chihuahua, Distrito Federal, Durango, Guanajuato, Guerrero, Hidalgo, Jalisco, México, Michoacán, Morelos, Nayarit, Nuevo León, Oaxaca, Puebla, Querétaro, Quintana Roo, San Luis Potosí, Sinaloa, Sonora, Tabasco, Tamaulipas, Tlaxcala, Veracruz, Yucatán and Zacatecas.  <i>Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i> , Título I; Título II, Capítulos IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I
<b>Description:</b>	<u>Cross-Border Services and Investment</u>  Only Mexican nationals by birth may be granted a fiat ("patente") to be public notaries ("notarios públicos").  A public notary may not have a business affiliation with any person for the provision of public notary services.
<b>Phase-Out:</b>	None

**Sector:** Professional, Technical and Specialized Services

**Sub-Sector:** Professional Services

**Industry Classification:** CMAP 951023 Other Professional Services (limited to private veterinary services)

**Type of Reservation:** National Treatment (Article 1202)

**Level of Government:** Federal

**Measures:** *Ley de Sanidad Fitopecuaria de los Estados Unidos Mexicanos, Título II, Capítulo IV*  
  
*Reglamento de Control de Productos Químico-Farmacéuticos, Biológicos, Alimenticios, Equipos y Servicios para Animales, Capítulos IV, V*

**Description:** Cross-Border Services  
  
For enterprises that manage chemical, pharmaceutical and biological goods for application to animals, only a Mexican national may be:

- (a) a veterinarian responsible for management of such goods; or
- (b) a licensed professional responsible for laboratories of such enterprises.

**Phase-Out:** Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of this Agreement in accordance with Article 1210(3). On removal of these requirements, a foreign professional will be required to have an address in Mexico.

<b>Sector:</b>	Retail Commerce	Sector:
<b>Sub-Sector:</b>	Sale of Non-Food Products in Specialized Establishments	Sub-Sector:
<b>Industry Classification:</b>	CMAP 623087      Sale of Firearms, Cartridges and Ammunition CMAP 612024      Wholesale Commerce, Not Elsewhere Classified (limited to firearms, cartridges and ammunition)	Industry Classification:
<b>Type of Reservation:</b>	National Treatment (Article 1102) Senior Management and Boards of Directors (Article 1107)	Type of Reservation:
<b>Level of Government:</b>	Federal	Level of Government:
<b>Measures:</b>	<i>Ley Federal de Armas de Fuego y Explosivos</i> , Título III, Capítulo I  <i>Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i> , Capítulos I, II, III, V, VI  <i>Reglamento de la Ley Federal de Armas de Fuego y Explosivos</i> , Capítulo IV  <i>Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i> , Título I; Título II, Capítulos I, II, III, V; Título III, Capítulos I, II, III, V; Título IV, Capítulos I, II, III, V; Título V, Capítulos I, II, III, V; Título VI, Capítulos I, II, III, V; Título VII, Capítulos I, II, III, V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I	Measures:
<b>Description:</b>	<u>Investment</u>  Investors of another Party or their investments may only own directly or indirectly, up to 49 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico that sells firearms, cartridges and ammunition.  No foreign national may appoint or be appointed a member of the board of directors or managing officer of such an enterprise.	Description:
<b>Phase-Out:</b>	None	Phase-Out:

Director: Religious Services

Sector:

Industry Classification: CMAP 929001 Religious Services

Type of Reservation: Local Presence (Article 1205)  
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures: *Ley de Asociaciones Religiosas y Culto Privado*, Título II,  
Capítulos I, II

Description: Cross-Border Services  
  
Religious associations must be associations constituted in accordance with the *Ley de Asociaciones Religiosas y Cultos Privados*.  
  
Investment  
  
Representatives of religious associations in Mexico must be Mexican nationals.

Phase-Out: None

<b>Sector:</b>	Services to Agriculture
<b>Sub-Sector:</b>	
<b>Industry Classification:</b>	CMAP 971010      Supply of Agricultural Services
<b>Type of Reservation:</b>	National Treatment (Article 1202) Local Presence (Article 1205)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Constitución Política de los Estados Unidos Mexicanos, Artículo 32</i>  <i>Ley de Sanidad Fitopecuaria de los Estados Unidos Mexicanos, Título II</i>  <i>Ley de Nacionalidad y Naturalización, Capítulo IV</i>  <i>Reglamento de la Ley de Sanidad Fitopecuaria de los Estados Unidos Mexicanos, Capítulo VII</i>
<b>Description:</b>	<u>Cross-Border Services</u>  A concession granted by the Secretaría de Agricultura y Recursos Hidráulicos is required to spray pesticides.  Only Mexican nationals or Mexican enterprises may obtain a concession.
<b>Phase-Out:</b>	Six years after the date of entry into force of this Agreement the requirement of a concession will be replaced with a permit requirement and the citizenship requirement will be eliminated.



Sector: Transportation

Sub-Sector: Air Transportation

Industry Classification: CMAP 713001 Transportation Services on Mexican-Registered Aircraft  
CMAP 713002 Air Taxi Transportation Services

Type of Reservation: National Treatment (Article 1102)  
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures: *Ley de Vías Generales de Comunicación*, Libro IV, Capítulo I, X, XI  
*Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Capítulos I, II, III, V, VI  
*Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I

As qualified by the Description element

Description: Investment  
Investors of another Party or their investments may only own, directly or indirectly, up to 25 percent of the voting interest in an enterprise established or to be established in the territory of Mexico that provides commercial air services on Mexican-registered aircraft. The chairman and at least two-thirds of the board of directors and two-thirds of managing officers of such an enterprise must be Mexican nationals.  
  
Only Mexican nationals and Mexican enterprises in which 75 percent of the voting interests is owned or controlled by

Mexican nationals and of which the chairman and at least two-thirds of the managing officers are Mexican nationals may register aircraft in Mexico.

Only Mexican-registered aircraft may provide the following commercial air transport services:

- (a) "domestic services" (air services between points, or from one point to the same point, in the territory of Mexico, or between a point in the territory of Mexico and a point not in the territory of another country);
- (b) "scheduled international services" (scheduled air services between a point in the territory of Mexico and a point in the territory of another country) where those services have been reserved to Mexican carriers under existing or future bilateral agreements; and
- (c) "non-scheduled international services" (non-scheduled air services between a point in the territory of Mexico and a point in the territory of another country) where those services have been reserved to Mexican carriers under existing or future bilateral agreements.

Phase-Out:

None

Sector: Transportation

Sub-Sector: Specialty Air Services

Industry Classification:

Type of Reservation: National Treatment (Articles 1102, 1202)  
Local Presence (Article 1205)  
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures: *Ley de Vías Generales de Comunicación*, Libro I, Capítulos I, II, III; Libro IV, Capítulo XII

As qualified by paragraphs 2, 3 and 4 of the Description element

Description: Cross-Border Services

1. A permit issued by the Secretaría de Comunicaciones y Transportes (SCT) is required to provide all specialty air services in the territory of Mexico.
2. A person of Canada or the United States may obtain such a permit to provide flight training, forest fire management, fire-fighting, glider towing, and parachute jumping services in Mexico, subject to compliance with Mexican safety requirements.
3. Such a permit may not be issued to a person of Canada or the United States to provide aerial advertising, aerial sightseeing, aerial construction, heli-logging, inspection and surveillance, mapping, photography, surveying and aerial spraying services.

Investment

4. Investors of another Party or their investments may own, directly or indirectly, up to 25 percent of the voting interest in an enterprise established or to be established in the territory of Mexico that provides specialty air services using Mexican-registered aircraft. The chairman and at least two-thirds of the board of directors and two-thirds of managing officers of such an enterprise must be Mexican nationals. Mexican nationals and Mexican enterprises in which 75 percent of the voting interest is owned or controlled by Mexican nationals and of which the chairman and at least two-thirds of the managing officers are Mexican nationals may register aircraft in Mexico.

**Phase-Out:**

Cross-Border Services

A person of Canada or the United States will be allowed to obtain a permit by SCT to provide, subject to compliance with Mexican safety requirements, the following specialty air services:

- (a) three years after the date of entry into force of this Agreement, aerial advertising, aerial sightseeing services, aerial construction and heli-logging; and
- (b) six years after the date of entry into force of this Agreement, inspection and surveillance, mapping, photography, surveying and aerial spraying services.

Investment

None

ector: Transportation

Sub-Sector: Air Transportation

Industry Classification: CMAP 384205 Aircraft Building, Assembly and Repair  
(limited to aircraft repair)

Type of Reservation: National Treatment (Article 1202)  
Local Presence (Article 1205)

Level of Government: Federal

Measures: *Constitución Política de los Estados Unidos Mexicanos*, Artículo 32  
*Ley de Vías Generales de Comunicación*, Libro I, Capítulos I, II, III; Libro IV, Capítulo XV  
*Ley de Nacionalidad y Naturalización*, Capítulo IV  
*Reglamento de Talleres Aeronáuticos*, Capítulo I

Description: Cross-Border Services  
A concession granted by the Secretaría de Comunicaciones y Transportes is required to establish and operate, or operate, an aircraft repair facility. Only Mexican nationals and Mexican enterprises may obtain such a concession.

Phase-Out: None

<b>Sector:</b>	Transportation
<b>Sub-Sector:</b>	Air Transportation
<b>Industry Classification:</b>	CMAP 973301 Air Navigation Services CMAP 973302 Airport and Heliport Administration Services
<b>Type of Reservation:</b>	National Treatment (Articles 1102, 1202) Local Presence (Article 1205)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Constitución Política de los Estados Unidos Mexicanos</i> , Art. 32  <i>Ley de Vías Generales de Comunicación</i> , Libro I, Capítulos II, III; Libro IV, Capítulo IX  <i>Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i> , Capítulos I, II, III, V, VI  <i>Ley de Nacionalidad y Naturalización</i> , Capítulo IV  <i>Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i> , Título I; Título II, Capítulos III, IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I
<b>Description:</b>	<u>Cross-Border Services</u>  A concession granted by the Secretaría de Comunicaciones y Transportes is required to construct and operate, or operate, airports and heliports and to provide air navigation services. Only Mexican nationals and Mexican enterprises may obtain such a concession.

Investment

Prior approval of the Comisión Nacional de Inversiones Extranjeras is required for investors of another Party or their investments to own, directly or indirectly, more than 49 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico engaged in the following activities:

- (a) construction and operation of airports or heliports;
- (b) operation of airports or heliports; or
- (c) provision of air navigation services.

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<b>Sector:</b>	Transportation
<b>Sub-Sector:</b>	Land Transportation
<b>Industry Classification:</b>	CMAP 973101 Bus and Truck Station Administration Ancillary Services (main bus and truck terminals and bus and truck stations)
<b>Type of Reservation:</b>	National Treatment (Articles 1102, 1202) Local Presence (Article 1205)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Ley de Vías Generales de Comunicación</i> , Libro I, Capítulos III; Libro II, Título II, Capítulos I, II; Título III, Capítulo Unico  <i>Reglamento para el Aprovechamiento del Derecho de Vías Carreteras Federales y Zonas Aledañas</i> , Capítulos II, IV  <i>Reglamento del Servicio Público de Autotransporte Federal Pasajeros</i> , Capítulo III, IV  As qualified by paragraph 1 of the <b>Description</b> element
<b>Description:</b>	<u>Cross-Border Services</u>  1. A permit issued by the Secretaría de Comunicaciones y Transportes is required to establish, or operate, a bus or truck station or terminal. Only Mexican nationals and Mexican enterprises with a foreigners' exclusion clause may obtain a permit.  <u>Investment</u>  2. Investors of another Party or their investments may own, directly or indirectly, ownership interest in an enterprise established or to be established in the territory of Mexico



engaged in the establishment or operation of bus or truck stations or terminals.

Phase-Out:

Cross-Border Services

Three years after the date of signature of this Agreement, such a permit may be obtained by Mexican nationals and Mexican enterprises.

Investment

With respect to an enterprise established or to be established in the territory of Mexico engaged in the establishment or operation of bus or truck station or terminals, investors of another Party or their investments may own, directly or indirectly:

- (a) three years after the date of signature of this Agreement, only up to 49 percent of the ownership interest in the enterprise;
- (b) seven years after the date of entry into force of this Agreement, only up to 51 percent of the ownership interest in the enterprise; and
- (c) ten years after the date of entry into force of this Agreement, 100 percent of the ownership interest in the enterprise.

<b>Sector:</b>	Transportation	
<b>Sub-Sector:</b>	Land Transportation	
<b>Industry Classification:</b>	CMAP 711101	Railway Transport Services (limited to railway crew)
<b>Type of Reservation:</b>	National Treatment (Article 1202)	
<b>Level of Government:</b>	Federal	
<b>Measures:</b>	<i>Ley Federal del Trabajo</i> , Capítulo I	
<b>Description:</b>	<u>Cross-Border Services</u> Railway crew members must be Mexican nationals.	
<b>Phase-Out:</b>	None	

Sector:	Transportation
Sub-Sector:	Land Transportation
(limited to) Industry Classification:	CMAP 973102 Road and Bridge Administration Services and Ancillary Services
Type of Reservation:	National Treatment (Article 1202) Local Presence (Article 1205)
Level of Government:	Federal
Measures:	<i>Constitución Política de los Estados Unidos Mexicanos</i> , Artículo 32  <i>Ley de Vías Generales de Comunicación</i> , Libro I, Capítulos I, II, III; Libro II, Título II, Capítulo II; Título III, Capítulo Único  <i>Ley de Nacionalidad y Naturalización</i> , Capítulo IV
Description:	<u>Cross-Border Services</u>  A concession granted by the Secretaría de Comunicaciones y Transportes is required to provide road and bridge administration services and ancillary services. Only Mexican nationals and Mexican enterprises may obtain such a concession.
Phase-Out:	None



Description:

Cross-Border Services and Investment

Only Mexican nationals and Mexican enterprises with a foreigners' exclusion clause may provide local bus services, school bus services and taxi and other collective transportation services.

Phase-Out:

None

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<b>Sector:</b>	Transportation	
<b>Sub-Sector:</b>	Land Transportation	
<b>Industry Classification:</b>	CMAP 711201	Road Transport Services for Construction Materials
	CMAP 711202	Road Transport Moving Services
	CMAP 711203	Other Services of Specialized Cargo Transportation
	CMAP 711204	General Trucking Services
	CMAP 711311	Inter-City Busing Services
	CMAP 711318	School and Tourist Transportation Services (limited to tourist transportation services)
<b>Type of Reservation:</b>	National Treatment (Articles 1102, 1202) Local Presence (Article 1205)	
<b>Level of Government:</b>	Federal	
<b>Measures:</b>	<p><i>Memorandum de Entendimiento entre los Estados Unidos Mexicanos y los Estados Unidos de Norteamérica para la Promoción de Servicios de Transporte Turístico de Ruta Fija</i> de diciembre de 1990</p> <p><i>Ley de Vías Generales de Comunicación</i>, Libro I, Capítulos II, III; Libro II, Título II, Capítulo II; Título III, Capítulo Único</p> <p><i>Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i>, Capítulos I, II, III, V, VI</p> <p><i>Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i>, Título I; Título II, Capítulos I, II, III, IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I</p> <p>As qualified by paragraphs 1, 3 and 4 of the Description element.</p>	

Description:

Cross-Border Services

1. A permit issued by the Secretaría de Comunicaciones y Transportes is required to provide inter-city bus services, tourist transportation services or truck services for the transportation of goods or passengers to or from the territory of Mexico.
2. Only Mexican nationals and Mexican enterprises with a foreigners' exclusion clause may provide such services.
3. Notwithstanding paragraph 2, a person of Canada or the United States will be permitted to provide international charter or tour bus services to or from the territory of Mexico.
4. Only Mexican nationals and Mexican enterprises with a foreigners' exclusion clause, using Mexican-registered equipment that is Mexican-built or legally imported and drivers who are Mexican nationals, may provide bus or truck services for the transportation of goods or passengers between points in the territory of Mexico.

Investment

5. Investors of another Party or their investments may not own directly or indirectly, an ownership interest in an enterprise established or to be established in the territory of Mexico engaged in bus or truck transportation services as set out in the **Industry Classification** element.

Case-Out:

Cross-Border Services

A person of Canada or of the United States will be permitted to provide:

- (a) three years after the date of signature of this Agreement, cross-border truck services to or from the territory of border states (Baja California, Chihuahua, Coahuila,

Nuevo León, Sonora and Tamaulipas), and such a person will be permitted to enter and depart Mexico through different ports of entry in such states;

- (b) three years after the date of entry into force of this Agreement, cross-border scheduled bus services to or from the territory of Mexico; and
- (c) six years after the date of entry into force of this Agreement, cross-border truck services to or from the territory of Mexico.

Three years after the date of signature of this Agreement, Mexican nationals and Mexican enterprises, using Mexican-registered equipment that is Mexican-built or legally imported and drivers who are Mexican nationals, may provide bus or truck services for the transportation of international cargo or passengers between points in the territory of Mexico. The provisions of domestic cargo, paragraph 4 of the Description element shall continue to apply.

#### Investment

With respect to an enterprise established or to be established in the territory of Mexico providing inter-city bus services, international transportation services, or truck services for the transportation of international cargo between points in the territory of Mexico, investors of another Party or their investments may own, directly or indirectly:

- (a) three years after the date of signature of this Agreement, only up to 49 percent of ownership interest in such an enterprise;
- (b) seven years after the date of entry into force of this Agreement, only up to 51 percent of the ownership interest in such an enterprise; and



- (c) ten years after the date of entry into force of this Agreement, 100 percent of the ownership interest in such an enterprise.

Investors of another Party or their investments may not own, directly or indirectly, an ownership interest in an enterprise providing truck services for the carriage of domestic cargo.

<b>Sector:</b>	Transportation
<b>Sub-Sector:</b>	Land Transportation and Water Transportation
<b>Industry Classification:</b>	CMAP 501421 Marine and River Works CMAP 501422 Construction of Roads for Land Transportation
<b>Type of Reservation:</b>	National Treatment (Article 1202) Local Presence (Article 1205)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Constitución Política de los Estados Unidos Mexicanos</i> , Artículo 32  <i>Ley de Vías Generales de Comunicación</i> , Libro I, Capítulos II, III; Libro II, Título II, Capítulo II; Libro III, Capítulos XV  <i>Ley de Nacionalidad y Naturalización</i> , Capítulo IV
<b>Description:</b>	<u>Cross-Border Services</u>  A concession granted by the Secretaría de Comunicaciones y Transportes is required to construct and operate, or operate, marine or river works or roads for land transportation. Such concession may be granted only to Mexican nationals and Mexican enterprises.
<b>Phase-Out:</b>	None

Sector: Transportation

Sub-Sector: Non-Energy Pipelines

Industry Classification:

Land

Type of Reservation: National Treatment (Article 1202)  
Local Presence (Article 1205)

Level of Government: Federal

Measures: *Constitución Política de los Estados Unidos Mexicanos,*  
*Artículo 32*

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*Ley de Vías Generales de Comunicación, Libro I, Capítulos I,*  
*II, III*

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*Ley Federal de Aguas, Título I, Capítulo I*

IV

Description: *Ley de Nacionalidad y Naturalización, Capítulo IV*

Cross-Border Services

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A concession granted by the Secretaría de Comunicaciones y Transportes is required to construct and operate, or operate, pipelines carrying goods other than energy or basic petrochemicals. Only Mexican nationals and Mexican enterprises may obtain such a concession.

Use-Out: None

<b>Sector:</b>	Transportation	Sector:
<b>Sub-Sector:</b>	Specialized Personnel	Sub-Sector:
<b>Industry Classification:</b>	CMAP 951012      Customs Brokers	Industry C
<b>Type of Reservation:</b>	National Treatment (Article 1102)	Type of R
<b>Level of Government:</b>	Federal	Level of G
<b>Measures:</b>	<i>Constitución Política de los Estados Unidos Mexicanos,</i> Artículo 32	Measures:
	<i>Ley Aduanera,</i> Título II, Capítulo Unico	
	<i>Ley para Promover la Inversión Mexicana y Regular la</i> <i>Inversión Extranjera,</i> Capítulos I, II, III, V, VI	
	<i>Reglamento de la Ley para Promover la Inversión Mexicana y</i> <i>Regular la Inversión Extranjera,</i> Título I; Título II, Capítulo Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I	
<b>Description:</b>	<u>Investment</u>	Description:
	Investors of another Party or their investments may not own, directly or indirectly, an ownership interest in a customs brokerage enterprise ("agencia aduanal").	
<b>Phase-Out:</b>	None	

Sector:	Transportation
Sub-Sector:	Water Transportation
Industry Classification:	CMAP 1300 Fishing
Type of Reservation:	National Treatment (Article 1202) Most-Favored-Nation Treatment (Article 1203) Local Presence (Article 1205)
Level of Government:	Federal
Measures:	<i>Constitución Política de los Estados Unidos Mexicanos,</i> Artículo 32  <i>Ley de Pesca,</i> Capítulos I, II  <i>Ley de Navegación y Comercio Marítimos,</i> Libro II, Título Unico, Capítulo I  <i>Ley de Nacionalidad y Naturalización,</i> Capítulo IV  <i>Reglamento de la Ley de Pesca,</i> Capítulo I, III, IV, V, VI, IX, XV
Description:	<u>Cross-Border Services</u>  A concession granted, or permit issued, by the Secretaría de Pesca is required to engage in fishing activities in "Mexican jurisdictional waters". Only Mexican nationals and Mexican enterprises, using Mexican-flagged vessels, may obtain such a concession or permit. Permits may exceptionally be issued to persons operating vessels flagged in a foreign country that provides equivalent treatment to Mexican-flagged vessels to engage in fishing activities in the Exclusive Economic Zone.  Only Mexican nationals and Mexican enterprises may obtain authorization from the Secretaría de Pesca for deep sea fishing

on Mexican-flagged vessels, fixed rigging installations, recollection from the natural milieu of larvae, post-larvae, seeds or fingerlings, for research or aquaculture purposes, introduction of live species into "Mexican jurisdictional waters" and for educational fishing in accordance with the programs of fishing educational institutions.

**Phase-Out:**

None

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**Sector:** Transportation

**Sub-Sector:** Water Transportation

**Industry Classification:** CMAP 384201 Shipbuilding and Ship Repair

**Type of Reservation:** National Treatment (Article 1202)  
Local Presence (Article 1205)  
Performance Requirements (Article 1106)

**Level of Government:** Federal

**Measures:** *Constitución Política de los Estados Unidos Mexicanos, Artículo 32*  
  
*Ley de Vías Generales de Comunicación, Libro I, Capítulos I, II, III; Libro III, Capítulo XV*  
  
*Ley para el Desarrollo de la Marina Mercante, Capítulo IV*  
  
*Ley de Nacionalidad y Naturalización, Capítulo IV*

**Description:** Cross-Border Services  
  
A concession granted by the Secretaría de Comunicaciones y Transportes is required to establish and operate, or operate, a shipyard. Only Mexican nationals and Mexican enterprises may obtain such a concession.  
  
Cross-Border Services and Investment  
  
For the owner of a Mexican-flagged vessel to be eligible for government cargo preferences, subsidies and tax benefits granted under the *Ley para el Desarrollo de la Marina Mercante*, that owner must carry out repair and maintenance operations in shipyards and repair facilities in the territory of Mexico.

**Phase-Out:** None





Description:

Cross-Border Services and Investment

Maritime cabotage services, including off-shore maritime services, are reserved to Mexican-flagged vessels. A waiver may be granted by the Secretaría de Comunicaciones y Transportes where Mexican-flagged vessels are not able to provide such services. Only Mexican-flagged vessels may transport cargo owned by the Federal Government.

Foreign-flagged vessels may provide international maritime services in the territory of Mexico on the basis of reciprocity with the relevant country. Only Mexican-flagged towing vessels may provide towing services from Mexican ports to foreign ports. Where such towing vessels are not able to provide such services, the Secretaría de Comunicaciones y Transportes may provide permits to foreign-flagged towing vessels. Only a Mexican national or a Mexican enterprise with a foreigners' exclusion clause may own vessels registered and flagged as Mexican. All members of the board of directors and managers of such enterprise must be Mexican nationals.

Investment

Prior approval of the Comisión Nacional de Inversiones Extranjeras is required for investors of another Party or their investments to own, directly or indirectly, more than the 49 percent of the ownership interest in an enterprise established or to be established in the territory of Mexico operating foreign-flagged vessels providing international maritime transport services.

Phase-Out:

None

**Sector:** Transportation

**Sub-Sector:** Water Transportation

**Industry Classification:** CMAP 973203 Maritime and Inland (Lake and Rivers)  
Ports Administration

**Type of Reservation:** National Treatment (Article 1202)  
Local Presence (Article 1205)

**Level of Government:** Federal

**Measures:** *Ley de Navegación y Comercio Marítimos*, Libro II, Capítulo  
*Ley de Vías Generales de Comunicación*, Libro III, Capítulo

**Description:** Cross-Border Services  
All port workers must be Mexican nationals.

**Phase-Out:** None

Sector:	Transportation	
Sub-Sector:	Water Transportation	
Industry Classification:	CMAP 973201	Loading and Unloading Services Related to Water Transportation (includes operation and maintenance of docks; loading and unloading of vessels at shore-side; marine cargo handling; operation and maintenance of piers; ship and boat cleaning; stevedoring; transfer of cargo between ships and trucks, trains, pipelines and wharves; waterfront terminal operations)
Type of Reservation:	National Treatment (Article 1102)	
Level of Government:	Federal	
Measures:	<p><i>Ley de Navegación y Comercio Marítimos</i>, Libro I, Título Unico, Capítulo I; Libro II, Título II</p> <p><i>Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i>, Capítulos I, II, III, V, VI</p> <p><i>Ley de Vías Generales de Comunicación</i>, Libro I, Capítulos I, II, III; Libro III, Capítulo II</p> <p><i>Reglamento de la Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i>, Título I; Título II, Capítulo I; Título IV; Título V; Título VIII, Capítulos I, II, III, V; Título IX, Capítulo I</p> <p><i>Reglamento del Servicio de Maniobras en las Zonas Federales de Puertos</i>, Libro I, Título Unico, Capítulo I; Libro II, Título Unico, Capítulo II, Sección A; Libro IV, Título Unico</p> <p><i>Reglamento para el Uso y Aprovechamiento del Mar Territorial, Vías Navegables, Playas, Zona Federal Marítimo Terrestre y</i></p>	

*Terrenos Ganados al Mar*, Capítulo II, Sección II

As qualified by the Description element

**Description:**

Investment

Prior approval of the Comisión Nacional de Inversiones Extranjeras is required for investors of another Party or their investments to own, directly or indirectly, more than 49 percent of the ownership interest in an enterprise, established or to be established in the territory of Mexico providing to third persons the following services: operation and maintenance of docks; loading and unloading of vessels at shore-side; marine cargo handling; operation and maintenance of piers; ship and boat cleaning; stevedoring; transfer of cargo between ships and trucks, trains, pipelines and wharves; and waterfront terminal operations.

**Phase-Out:**

None

Sector:  
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Sector: Transportation

Sub-Sector: Water Transportation

Industry Classification: CMAP 973201 Loading and Unloading Services Related to Water Transportation (includes operation and maintenance of docks; loading and unloading of vessels at shore-side; marine cargo handling; operation and maintenance of piers; ship and boat cleaning; stevedoring; transfer of cargo between ships and trucks, trains, pipelines and wharves; waterfront terminal operations)

Type of Reservation: National Treatment (Article 1202)  
Local Presence (Article 1205)

Level of Government: Federal

Measures: *Constitución Política de los Estados Unidos Mexicanos*, Artículo 32

*Ley de Navegación y Comercio Marítimos*, Libro I, Título Unico, Capítulo I; Libro II, Título II

*Ley de Vías Generales de Comunicación*, Libro I, Capítulos I, II, III; Libro III, Capítulo II

*Ley de Nacionalidad y Naturalización*, Capítulo IV

*Reglamento del Servicio de Maniobras en las Zonas Federales de Puertos*, Libro I, Título Unico, Capítulo I, Libro II, Título Unico, Capítulo II, Sección A; Libro IV, Título Unico

*Reglamento para el Uso y Aprovechamiento del Mar Territorial, Vías Navegables, Playas, Zona Federal Marítimo Terrestre y Terrenos Ganados al Mar*, Capítulo II, Sección II

**Description:**

Cross-Border Services

A concession granted by the Secretaría de Comunicaciones y Transportes is required to construct and operate, or operate, maritime and inland port terminals, including docks, cranes and related facilities. Only Mexican nationals and Mexican enterprises may obtain such a concession.

A permit issued by the Secretaría de Comunicaciones y Transportes is required to provide stevedoring and warehousing services. Only Mexican nationals and Mexican enterprises may obtain such a permit.

**Phase-Out:**

None

Sector:  
Sub-Sector:  
Industry:  
Type of I:  
Level of t:  
Measures:  
Descriptio:  
Phase-Out:

**Annex I**  
**Schedule of the United States**

**Sector:** Energy

**Sub-Sector:** Atomic Energy

**Industry Classification:**

**Type of Reservation:** National Treatment (Article 1102)

**Level of Government:** Federal

**Measures:** *Atomic Energy Act of 1954*, 42 U.S.C. §§ 2011 *et seq.*

**Description:** Investment

A license is required for any person in the United States to transfer, manufacture, produce, use or import any facilities that produce or use nuclear materials. Such a license may not be issued to any entity known or believed to be owned, controlled or dominated by an alien, a foreign corporation or a foreign government (42 U.S.C. §§ 2133, 2134). The issuance of a license is also prohibited for "production or utilization facilities" for such uses as medical therapy or research and development activities to any corporation or other entity owned, controlled or dominated by one of the foreign persons described above (42 U.S.C. § 2134(d)).

**Phase-Out:** None

**Sector:** Business Services

**Sub-Sector:** Export Intermediaries

**Industry Classification:** SIC 7389 Business Services, Not Elsewhere Classified

**Type of Reservation:** National Treatment (Article 1202)  
Local Presence (Article 1205)

**Level of Government:** Federal

**Measures:** *Export Trading Company Act of 1982*, 15 U.S.C. §§ 4011-4021  
15 C.F.R. Part 325

**Description:** Cross-Border Services

Title III of the *Export Trading Company Act of 1982* authorizes the Secretary of Commerce to issue "certificates of review" with respect to export conduct. The Act provides for the issuance of a certificate of review where the Secretary determines, and the Attorney General concurs, that the export conduct specified in an application will not have the anticompetitive effects proscribed by the Act. A certificate of review limits the liability under federal and state antitrust laws in engaging in the export conduct certified.

Only a "person" as defined by the Act can apply for a certificate of review. "Person" means "an individual who is a resident of the United States; a partnership that is created under and exists pursuant to the laws of any State or of the United States; a State or local government entity; a corporation, whether organized as a profit or nonprofit corporation, that is created under and exists pursuant to the laws of any State or of the United States; or an association or combination, by contract or other arrangement, between such persons."

A foreign national or enterprise may receive the protection provided by a certificate of review by becoming a "member"



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*Annex I - United States*

sified

a qualified applicant. The regulations define "member" to mean "an entity (U.S. or foreign) that is seeking protection under the certificate with the applicant. A member may be a partner in a partnership or a joint venture; a shareholder of a corporation; or a participant in an association, cooperative, or other form of profit or nonprofit organization or relationship, by contract or other arrangement."

Phase-Out:

None

4011-402

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<b>Sector:</b>	Business Services	Sector:
<b>Sub-Sector:</b>	Export Intermediaries	Sub-Sector:
<b>Industry Classification:</b>	SIC 7389 Business Services, Not Elsewhere Classified	Industry:
<b>Type of Reservation:</b>	National Treatment (Article 1202) Local Presence (Article 1205)	Type of Reservation:
<b>Level of Government:</b>	Federal	Level of Government:
<b>Measures:</b>	<i>Export Administration Act of 1979</i> , Pub. L. 96-72, as amended  <i>Export Administration Regulations</i> , 15 C.F.R. Parts 768 through 799	Measures:
<b>Description:</b>	<u>Cross-Border Services</u>  With some limited exceptions, the export from the United States of all commodities, and all technical data, requires either a general license or a validated license or other authorization granted by the Office of Export Licensing, U.S. Department of Commerce. A general license requires no application or documentation and is generally available for use by all persons.  An application for a validated license may be made only by a person subject to the jurisdiction of the United States who is in fact the exporter, or by his duly authorized agent. An application may be made on behalf of a person not subject to the jurisdiction of the United States by an authorized agent in the United States, who then becomes the applicant.	Description:
<b>Phase-Out:</b>	None	Phase-Out:

Sector: Communications

Sub-Sector: Telecommunications (Enhanced or Value-Added Services)

Industry Classification: CPC 7523 Data and Message Transmission Services  
CPC 75299 Other Telecommunications Services Not Elsewhere Classified (limited to enhanced or value-added services)

Type of Reservation: National Treatment (Article 1102)

Level of Government: Federal

Measures: F.C.C. Decision, International Communications Policies Governing Designation of Recognized Private Operating Agencies, 104 F.C.C. 2d 208, n. 123, n. 126 (1986)

47 C.F.R. § 64.702 (definition of enhanced or value-added services)

Description: Investment

If a U.S.-based foreign-owned enhanced service provider obtains voluntary Recognized Private Operating Agency certification from the U.S. Department of State for purposes of negotiating operating agreements with governments other than the U.S. Government, it must submit copies of all operating agreements granted to it by foreign governments and evidence of any refusal of a foreign government to grant it an operating agreement. For purposes of this rule, a service provider is generally considered to be "foreign owned" if 20 percent or more of its stock is owned by persons who are not U.S. citizens.

Phase-Out: None

**Sector:** Manufacturing  
**Sub-Sector:** Agricultural Chemicals  
**Industry Classification:** SIC 2879 Pesticides and Agricultural Chemicals, Not Elsewhere Classified  
**Type of Reservation:** National Treatment (Article 1102)  
**Level of Government:** Federal  
**Measures:** *Federal Insecticide, Fungicide and Rodenticide Act*, 7 U.S.C. 136 et seq.  
**Description:** Investment  
 The Administrator of the Environmental Protection Agency shall not knowingly disclose information submitted by an applicant registrant under the *Federal Insecticide, Fungicide and Rodenticide Act*, without consent, to any foreign or multinational business or entity, or any employee or agent of such business entity, engaged in the production, sale or distribution of pesticides in countries other than the United States or to any person who intends to deliver such data to that business, employee or agent (7 U.S.C. § 136h(g)).  
**Phase-Out:** None

Sector: Mining

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)  
Most-Favored-Nation Treatment (Article 1103)

Level of Government: Federal

Measures: *Mineral Lands Leasing Act of 1920*, 30 U.S.C. Chapter 3A

43 C.F.R. § 3102

43 C.F.R. § 2882.2-1

10 U.S.C. § 7435

Description:

Investment

Under the *Mineral Lands Leasing Act of 1920*, aliens and foreign corporations may not acquire rights-of-way for oil or gas pipelines, or pipelines carrying products refined from oil and gas, across on-shore federal lands or acquire leases or interests in certain minerals on on-shore federal lands, such as coal or oil. Non-U.S. citizens may own a 100 percent interest in a domestic corporation that acquires a right-of-way for oil or gas pipelines across on-shore federal lands, or that acquires a lease to develop mineral resources on on-shore federal lands, unless the foreign investor's home country denies similar or like privileges for the mineral or access in question to U.S. citizens or corporations, as compared with the privileges it accords to its own citizens or corporations or to the citizens or corporations of other countries (30 U.S.C. §§ 181, 185(a)).

Nationalization is not considered to be denial of similar or like privileges.

Foreign citizens, or corporations controlled by them, are restricted from obtaining access to federal leases on Naval Petroleum Reserves if the laws, customs or regulations of the country deny the privilege of leasing public lands to citizens or corporations of the United States (10 U.S.C. § 7435).

**Phase-Out:**

None

Sector:

Sub-Sector:

Industry:

Type of R:

Level of G:

Measures:

Description:

Sector: Professional Services  
Sub-Sector: Patent Attorneys and Patent Agents and other Practice before the Patent and Trademark Office

Industry Classification: SIC 7389 Business Services, Not Elsewhere Classified  
SIC 8111 Legal Services

Type of Reservation: National Treatment (Article 1202)  
Most-Favored-Nation Treatment (Article 1203)  
Local Presence (Article 1205)

Level of Government: Federal

Measures: 35 U.S.C. Chapter 3 (practice before the U.S. Patent and Trademark Office)

37 C.F.R. Part 10 (representation of others before the U.S. Patent and Trademark Office)

Description: Cross-Border Services

As a condition to be registered to practice for others before the U.S. Patent and Trademark Office (USPTO):

- (a) a patent attorney must be a U.S. citizen or an alien lawfully residing in the United States (37 C.F.R. § 10.6(a));
- (b) a patent agent must be a U.S. citizen, an alien lawfully residing in the United States or a non-resident who is registered to practice in a country that permits patent agents registered to practice before the USPTO to practice in that country (37 C.F.R. § 10.6(c)); and
- (c) a practitioner in trademark and non-patent cases must be an attorney licensed in the United States, a "grandfathered" agent, an attorney licensed to practice in a country that accords equivalent treatment to attorneys

licensed in the United States, or an agent registered to practice in such a country (37 C.F.R. § 10.14(a)-(c)).

**Phase-Out:**

Citizenship and permanent residency requirements are subject to removal within two years of the date of entry into force of this Agreement in accordance with Article 1210(3).



Description:

Cross-Border Services

1. Operating authority from the Interstate Commerce Commission (ICC) is required to provide interstate or cross-border for hire bus or truck services in the territory of the United States. A moratorium remains in place on new grants of operating authority for persons of Mexico.
2. The moratorium does not apply to the provision of cross-border charter or tour bus services.
3. Under the moratorium, persons of Mexico without operating authority may operate only within ICC Border Commercial Zones, for which ICC operating authority is not required. Persons of Mexico providing truck services, including for hire, private, and exempt services, without operating authority are required to obtain a certificate of registration from the ICC to enter the United States and operate to or from the ICC Border Commercial Zones. Persons of Mexico providing bus services are not required to obtain an ICC certificate of registration to provide these services to or from the ICC Border Commercial Zones.
4. Only persons of the United States, using U.S.-registered and either U.S.-built or duty-paid trucks or buses, may provide truck or bus service between points in the territory of the United States.

Investment

5. The moratorium has the effect of being an investment restriction because enterprises of the United States providing bus or truck services that are owned or controlled by persons of Mexico may not obtain ICC operating authority.

**Phase-Out:**

Cross-Border Services

A person of Mexico will be permitted to obtain operating authority to provide:

- (a) three years after the date of signature of this Agreement, cross-border truck services to or from border states (California, Arizona, New Mexico and Texas), and such persons will be permitted to enter and depart the territory of United States through different ports of entry;
- (b) three years after the date of entry into force of this Agreement, cross-border scheduled bus services; and
- (c) six years after the date of entry into force of this Agreement, cross-border truck services.

Investment

A person of Mexico will be permitted to establish an enterprise in the United States to provide:

- (a) three years after the date of signature of this Agreement, truck services for the transportation of international cargo between points in the United States; and
- (b) seven years after the date of entry into force of this Agreement, bus services between points in the United States.

The moratorium will remain in place on grants of authority for the provision of truck services by persons of Mexico between points in the United States for the transportation of goods other than international cargo.

Sector: Transportation Services

Sub-Sector: Customs Brokers

Industry Classification: SIC 4731 Arrangement of Transportation of Freight and Cargo

Type of Reservation: National Treatment (Articles 1102, 1202)  
Local Presence (Article 1205)

Level of Government: Federal

Measures: 19 U.S.C. § 1641(b)

Description: Cross-Border Services and Investment

A customs broker's license is required to conduct customs business on behalf of another person. Only U.S. citizens may obtain such a license. A corporation, association or partnership established under the law of any state may receive a customs broker's license if at least one officer of the corporation or association, or one member of the partnership, holds a valid customs broker's license.

Phase-Out: None. Subject to discussion by the Parties five years after the date of entry into force.

<b>Sector:</b>	All Sectors
<b>Sub-Sector:</b>	
<b>Industry Classification:</b>	
<b>Type of Reservation:</b>	National Treatment (Article 1102) Most-Favored-Nation Treatment (Article 1103)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Securities Act of 1933</i> , 15 U.S.C. §§ 77C(b), 77f, 77g, 77h, 77i, 77j, 77k, 77l, 77m, 77n, 77o, 77p, 77q, 77r, 77s, 77t, 77u, 77v, 77w, 77x, 77y, 77z, 77aa, 77ab, 77ac, 77ad, 77ae, 77af, 77ag, 77ah, 77ai, 77aj, 77ak, 77al, 77am, 77an, 77ao, 77ap, 77aq, 77ar, 77as, 77at, 77au, 77av, 77aw, 77ax, 77ay, 77az, 77ba, 77bb, 77bc, 77bd, 77be, 77bf, 77bg, 77bh, 77bi, 77bj, 77bk, 77bl, 77bm, 77bn, 77bo, 77bp, 77bq, 77br, 77bs, 77bt, 77bu, 77bv, 77bw, 77bx, 77by, 77bz, 77ca, 77cb, 77cc, 77cd, 77ce, 77cf, 77cg, 77ch, 77ci, 77cj, 77ck, 77cl, 77cm, 77cn, 77co, 77cp, 77cq, 77cr, 77cs, 77ct, 77cu, 77cv, 77cw, 77cx, 77cy, 77cz, 77da, 77db, 77dc, 77dd, 77de, 77df, 77dg, 77dh, 77di, 77dj, 77dk, 77dl, 77dm, 77dn, 77do, 77dp, 77dq, 77dr, 77ds, 77dt, 77du, 77dv, 77dw, 77dx, 77dy, 77dz, 77ea, 77eb, 77ec, 77ed, 77ee, 77ef, 77eg, 77eh, 77ei, 77ej, 77ek, 77el, 77em, 77en, 77eo, 77ep, 77eq, 77er, 77es, 77et, 77eu, 77ev, 77ew, 77ex, 77ey, 77ez, 77fa, 77fb, 77fc, 77fd, 77fe, 77ff, 77fg, 77fh, 77fi, 77fj, 77fk, 77fl, 77fm, 77fn, 77fo, 77fp, 77fq, 77fr, 77fs, 77ft, 77fu, 77fv, 77fw, 77fx, 77fy, 77fz, 77ga, 77gb, 77gc, 77gd, 77ge, 77gf, 77gg, 77gh, 77gi, 77gj, 77gk, 77gl, 77gm, 77gn, 77go, 77gp, 77gq, 77gr, 77gs, 77gt, 77gu, 77gv, 77gw, 77gx, 77gy, 77gz, 77ha, 77hb, 77hc, 77hd, 77he, 77hf, 77hg, 77hh, 77hi, 77hj, 77hk, 77hl, 77hm, 77hn, 77ho, 77hp, 77hq, 77hr, 77hs, 77ht, 77hu, 77hv, 77hw, 77hx, 77hy, 77hz, 77ia, 77ib, 77ic, 77id, 77ie, 77if, 77ig, 77ih, 77ii, 77ij, 77ik, 77il, 77im, 77in, 77io, 77ip, 77iq, 77ir, 77is, 77it, 77iu, 77iv, 77iw, 77ix, 77iy, 77iz, 77ja, 77jb, 77jc, 77jd, 77je, 77jf, 77jg, 77jh, 77ji, 77jj, 77jk, 77jl, 77jm, 77jn, 77jo, 77jp, 77jq, 77jr, 77js, 77jt, 77ju, 77jv, 77jw, 77jx, 77jy, 77jz, 77ka, 77kb, 77kc, 77kd, 77ke, 77kf, 77kg, 77kh, 77ki, 77kj, 77kk, 77kl, 77km, 77kn, 77ko, 77kp, 77kq, 77kr, 77ks, 77kt, 77ku, 77kv, 77kw, 77kx, 77ky, 77kz, 77la, 77lb, 77lc, 77ld, 77le, 77lf, 77lg, 77lh, 77li, 77lj, 77lk, 77ll, 77lm, 77ln, 77lo, 77lp, 77lq, 77lr, 77ls, 77lt, 77lu, 77lv, 77lw, 77lx, 77ly, 77lz, 77ma, 77mb, 77mc, 77md, 77me, 77mf, 77mg, 77mh, 77mi, 77mj, 77mk, 77ml, 77mm, 77mn, 77mo, 77mp, 77mq, 77mr, 77ms, 77mt, 77mu, 77mv, 77mw, 77mx, 77my, 77mz, 77na, 77nb, 77nc, 77nd, 77ne, 77nf, 77ng, 77nh, 77ni, 77nj, 77nk, 77nl, 77nm, 77nn, 77no, 77np, 77nq, 77nr, 77ns, 77nt, 77nu, 77nv, 77nw, 77nx, 77ny, 77nz, 77oa, 77ob, 77oc, 77od, 77oe, 77of, 77og, 77oh, 77oi, 77oj, 77ok, 77ol, 77om, 77on, 77oo, 77op, 77oq, 77or, 77os, 77ot, 77ou, 77ov, 77ow, 77ox, 77oy, 77oz, 77pa, 77pb, 77pc, 77pd, 77pe, 77pf, 77pg, 77ph, 77pi, 77pj, 77pk, 77pl, 77pm, 77pn, 77po, 77pp, 77pq, 77pr, 77ps, 77pt, 77pu, 77pv, 77pw, 77px, 77py, 77pz, 77qa, 77qb, 77qc, 77qd, 77qe, 77qf, 77qg, 77qh, 77qi, 77qj, 77qk, 77ql, 77qm, 77qn, 77qo, 77qp, 77qq, 77qr, 77qs, 77qt, 77qu, 77qv, 77qw, 77qx, 77qy, 77qz, 77ra, 77rb, 77rc, 77rd, 77re, 77rf, 77rg, 77rh, 77ri, 77rj, 77rk, 77rl, 77rm, 77rn, 77ro, 77rp, 77rq, 77rr, 77rs, 77rt, 77ru, 77rv, 77rw, 77rx, 77ry, 77rz, 77sa, 77sb, 77sc, 77sd, 77se, 77sf, 77sg, 77sh, 77si, 77sj, 77sk, 77sl, 77sm, 77sn, 77so, 77sp, 77sq, 77sr, 77ss, 77st, 77su, 77sv, 77sw, 77sx, 77sy, 77sz, 77ta, 77tb, 77tc, 77td, 77te, 77tf, 77tg, 77th, 77ti, 77tj, 77tk, 77tl, 77tm, 77tn, 77to, 77tp, 77tq, 77tr, 77ts, 77tt, 77tu, 77tv, 77tw, 77tx, 77ty, 77tz, 77ua, 77ub, 77uc, 77ud, 77ue, 77uf, 77ug, 77uh, 77ui, 77uj, 77uk, 77ul, 77um, 77un, 77uo, 77up, 77uq, 77ur, 77us, 77ut, 77uu, 77uv, 77uw, 77ux, 77uy, 77uz, 77va, 77vb, 77vc, 77vd, 77ve, 77vf, 77vg, 77vh, 77vi, 77vj, 77vk, 77vl, 77vm, 77vn, 77vo, 77vp, 77vq, 77vr, 77vs, 77vt, 77vu, 77vv, 77vw, 77vx, 77vy, 77vz, 77wa, 77wb, 77wc, 77wd, 77we, 77wf, 77wg, 77wh, 77wi, 77wj, 77wk, 77wl, 77wm, 77wn, 77wo, 77wp, 77wq, 77wr, 77ws, 77wt, 77wu, 77wv, 77ww, 77wx, 77wy, 77wz, 77xa, 77xb, 77xc, 77xd, 77xe, 77xf, 77xg, 77xh, 77xi, 77xj, 77xk, 77xl, 77xm, 77xn, 77xo, 77xp, 77xq, 77xr, 77xs, 77xt, 77xu, 77xv, 77xw, 77xx, 77xy, 77xz, 77ya, 77yb, 77yc, 77yd, 77ye, 77yf, 77yg, 77yh, 77yi, 77yj, 77yk, 77yl, 77ym, 77yn, 77yo, 77yp, 77yq, 77yr, 77ys, 77yt, 77yu, 77yv, 77yw, 77yx, 77yy, 77yz, 77za, 77zb, 77zc, 77zd, 77ze, 77zf, 77zg, 77zh, 77zi, 77zj, 77zk, 77zl, 77zm, 77zn, 77zo, 77zp, 77zq, 77zr, 77zs, 77zt, 77zu, 77zv, 77zw, 77zx, 77zy, 77zz
<b>Description:</b>	<u>Investment</u>  Foreign firms, except for certain Canadian issuers, may not use the small business registration forms under the <i>Securities Act of 1933</i> to register securities that the firms issue or qualify to issue under the less costly standards under the rules.
<b>Phase-Out:</b>	None

Sector: Waste Management

Sub-Sector:

Industry Classification: SIC 4952 Sewerage System

Type of Reservation: Performance Requirements (Article 1106)

Level of Government: Federal

Measures: *Clean Water Act*, 33 U.S.C. §§ 1251 et seq.

Description: Investment

The *Clean Water Act* authorizes grants for the construction of treatment plants for municipal sewage or industrial waste. Grant recipients may be privately-owned enterprises. The Act provides that grants shall be made for treatment works only if such articles, materials and supplies as have been manufactured, mined or produced in the United States will be used in the treatment works. The Administrator of the Environmental Protection Agency has authority not to apply this provision, for example, if the cost of the articles in question is unreasonable (33 U.S.C. § 1295).

Phase-Out: None

**ANNEX II**

**RESERVATIONS FOR FUTURE MEASURES**

Sector: Public Administration

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)  
Most-Favored-Nation Treatment (Article 1103)

Level of Government: Federal

Measures: 22 U.S.C. §§ 2194(a) and (b) and 2198(c)

Description: Investment

The Overseas Private Investment Corporation insurance and loan guarantees are not available to certain aliens, foreign enterprises or foreign-controlled domestic enterprises.

Phase-Out: None

**Sector:** Transportation

**Sub-Sector:** Air Transportation

**Industry Classification:** SIC 3721 Aircraft Repair and Rebuilding on a Factory Basis  
 SIC 4581 Aircraft Repair (Except on a Factory Basis)

**Type of Reservation:** Most-Favored-Nation Treatment (Article 1203)

**Level of Government:** Federal

**Measures:** 49 App. U.S.C. §§ 1354, 1421-1430  
 14 C.F.R. §§ 43 and 145  
*Agreement Concerning Airworthiness Certification, Exchange of Letters between the United States and Canada dated August 31, 1984, TIAS 11023, as amended*

**Description:** Cross-Border Services  
 For aircraft repair, overhaul or maintenance activities performed outside the territory of the United States, during which an aircraft is withdrawn from service, U.S. measures require that, in order to perform work on U.S.-registered aircraft, foreign repair stations must be certified by the Federal Aviation Administration with continuing oversight provided by the Federal Aviation Administration.  
 Pursuant to an airworthiness agreement between the United States and Canada, the United States recognizes the certifications and oversight provided by Canada for all repair and maintenance facilities and individuals performing the work located in Canada.

**Phase-Out:** None



Sector: Transportation

Sub-Sector: Air Transportation

Industry Classification: SIC 4512 Air Transportation Scheduled  
SIC 4513 Air Courier Services  
SIC 4522 Air Transportation Non-scheduled

Type of Reservation: National Treatment (Article 1102)  
Most-Favored-Nation Treatment (Article 1103)  
Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures: *Federal Aviation Act of 1958*, 49 App. U.S.C. Ch. 20

Description: Investment

Only air carriers that are "citizens of the United States" may operate aircraft in domestic air service (cabotage) and may provide international scheduled and non-scheduled air service as U.S. air carriers.

U.S. citizens also have blanket authority to engage in indirect air transportation activities (air freight forwarding and charter activities other than as actual operators of the aircraft). In order to conduct such activities, non-U.S. citizens must obtain authority from the Department of Transportation. Applications for such authority may be rejected for reasons relating to the failure of effective reciprocity, or if the Department of Transportation finds that it is in the public interest to do so.

Under the *Federal Aviation Act of 1958*, a "citizen of the United States" means:

- (a) an individual who is a U.S. citizen;
- (b) a partnership in which each member is a U.S. citizen; or

- (c) a U.S. corporation of which the president and at least two-thirds of the board of directors and other managing officers are U.S. citizens, and at least 75 percent of the voting interest in the corporation is owned or controlled by U.S. citizens (49 App. U.S.C. § 1301(16)).

In addition, this statutory requirement has historically been interpreted by the Department of Transportation (and the Civil Aeronautics Board before it) to require that an air carrier in fact be under the actual control of U.S. citizens. The Department of Transportation makes this determination on a case-by-case basis, and has provided guidance as to certain lines of demarcation. For example, total foreign equity investment of up to 49 percent (with a maximum of 25 percent being voting stock), by itself, is not construed as indicative of foreign control. See Department of Transportation Order 91-1-41, January 23, 1991.

**Phase-Out:**

None

Sector:  
Sub-Sect  
Industry

Type of I

Level of

Measures

Sector: Transportation

Sub-Sector: Air Transportation

Industry Classification:

SIC 0721	Crop Planting, Cultivating, and Protecting (limited to aerial dusting and spraying, dusting crops, with or without fertilizing, spraying crops, with or without fertilizing)
SIC 0851	Forestry Services (limited to aerial fire fighting)
SIC 4522	Air Transportation, Nonscheduled (limited to air taxi services, sightseeing airplane services)
SIC 7319	Advertising, Not Elsewhere Classified (limited to aerial advertising, sky writing)
SIC 7335	Commercial Photography (limited to aerial photographic service, except mapmaking)
SIC 7389	Business Services, Not Elsewhere Classified (limited to mapmaking, including aerial; pipeline and powerline inspection services; and firefighting service, other than forestry)
SIC 7997	Membership Sports & Recreation Clubs (limited to aviation clubs, membership)
SIC 8299	Schools & Education Services, Not Elsewhere Classified (limited to flying instruction)
SIC 8713	Surveying Services (limited to aerial surveying)

Type of Reservation:

- National Treatment (Articles 1102, 1202)
- Most-Favored-Nation Treatment (Articles 1103, 1203)
- Local Presence (Article 1205)
- Senior Management and Boards of Directors (Article 1107)

Level of Government: Federal

Measures:

- Federal Aviation Act of 1958*, 49 App. U.S.C. Ch. 20
- 14 C.F.R. § 375
- As qualified by paragraph 2 of the Description element

**Description:**

Cross-Border Services

1. Authorization from the Department of Transportation is required for the provision of specialty air services in the territory of the United States. A person of Canada or Mexico that provides aerial construction, heli-logging, aerial sightseeing, flight training, aerial inspection and surveillance and aerial spraying services may not be authorized to provide those services if there is inadequate reciprocity on the part of the country of the applicant, or if approval would otherwise not be in the public interest.

2. A person of Mexico or Canada may obtain such authorization to provide, subject to compliance by that person with U.S. safety regulations, aerial mapping, aerial surveying, aerial photography, forest fire management, fire fighting, aerial advertising, glider towing and parachute jumping.

Investment

3. "Foreign civil aircraft" require authority from the Department of Transportation to conduct specialty air services in the territory of the United States. "Foreign civil aircraft" are aircraft of foreign registry or aircraft of U.S. registry that are owned, controlled or operated by persons who are not citizens or permanent residents of the United States (14 C.F.R. § 375.1). Under the *Federal Aviation Act of 1958*, a "citizen of the United States" means:

- (a) an individual who is a U.S. citizen;
- (b) a partnership in which each member is a U.S. citizen;
- (c) a U.S. corporation of which the president and at least two-thirds of the board of directors and other managing officers are U.S. citizens, and at least seventy-five percent of the voting interest in the corporation is owned or controlled by U.S. citizens (49 App. U.S.C. § 1301(16)).

In addition, this statutory requirement has historically been interpreted by the Department of Transportation (and the Civil Aeronautics Board before it) to require that an air carrier in fact be under the actual control of U.S. citizens. The Department of Transportation makes this determination on a case-by-case basis, and has provided guidance as to certain lines of demarcation. For example, total foreign equity investment of up to 49 percent (with a maximum of 25 percent being voting stock), by itself, is not construed as indicative of foreign control. See Department of Transportation Order 91-1-41, January 23, 1991.

Phase-Out:

Cross-Border Services

A person of Canada or Mexico will be permitted to obtain, subject to compliance with U.S. safety requirements, authorization to provide the following specialty air services in the territory of the United States:

- (a) two years after the date of entry into force of this Agreement, aerial construction and heli-logging;
- (b) three years after the date of entry into force of this Agreement, aerial sightseeing, flight training and aerial inspection and surveillance services; and
- (c) six years after the date of entry into force of this Agreement, aerial spraying services.

Investment

None

**Sector:** Transportation

**Sub-Sector:** Land Transportation

**Industry Classification:** SIC 4213 Trucking, Except Local  
SIC 4215 Courier Services, Except by Air  
SIC 4131 Intercity and Rural Bus Transportation  
SIC 4142 Bus Charter Service, Except Local  
SIC 4151 School Buses (limited to interstate transportation  
not related to school activity)

**Type of Reservation:** National Treatment (Articles 1102, 1202)  
Most-Favored-Nation Treatment (Articles 1103, 1203)  
Local Presence (Article 1205)

**Level of Government:** Federal

**Measures:** 49 U.S.C. § 10922(l)(1) and (2)  
49 U.S.C. § 10530(3)  
49 U.S.C. §§ 10329, 10330 and 11705  
19 U.S.C. § 1202  
49 C.F.R. § 1044  
Memorandum of Understanding Between the United States of  
America and the United Mexican States on Facilitation of  
Charter/Tour Bus Service, December 3, 1990  
As qualified by paragraph 2 of the Description element

Sector:  
Sub-Sect  
Industry  
Type of I  
Descripti  
Existing N

Sector: Government Finance

Sub-Sector: Securities

Industry Classification: SIC 8152 Finance and Economic Administration

Type of Reservation: National Treatment (Article 1102)

Description: Investment

Canada reserves the right to adopt or maintain any measure relating to the acquisition, sale or other disposition by nationals of another Party of bonds, treasury bills or other kinds of debt securities issued by the Government of Canada, a province or local government.

Existing Measures: *Financial Administration Act, R.S.C. 1985, c. F-11*

**Sector:** Minority Affairs

**Sub-Sector:**

**Industry Classification:**

**Type of Reservation:** National Treatment (Articles 1102, 1202)  
Local Presence (Article 1205)  
Performance Requirements (Article 1106)  
Senior Management and Boards of Directors (Article 1107)

**Description:** Cross-Border Services and Investment  
Canada reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minorities.

**Existing Measures:**

Sector:

Sub-Sect

Industry

Type of R

Descriptio

Existing M



Sector: Social Services

Sub-Sector:

Industry Classification:

Type of Reservation:

National Treatment (Articles 1102, 1202)  
Most-Favored-Nation Treatment (Article 1203)  
Local Presence (Article 1205)  
Senior Management and Boards of Directors (Article 1107)

Description:

Cross-Border Services and Investment

Canada reserves the right to adopt or maintain any measure with respect to the provision of public law enforcement and correctional services, and the following services to the extent that they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care.

Existing Measures:

**Sector:** Transportation

**Sub-Sector:** Air Transportation

**Industry Classification:** SIC 4513 Non-Scheduled Air Transport, Specialty, Industry

**Type of Reservation:** National Treatment (Article 1102)  
Most-Favored-Nation Treatment (Article 1103)  
Senior Management and Boards of Directors (Article 1107)

**Description:** Investment

Canada reserves the right to adopt or maintain any measure that restricts the acquisition or establishment of an investment in Canada for the provision of specialty air services to a Canadian national or a corporation incorporated and having its principal place of business in Canada, its chief executive officer and not fewer than two-thirds of its directors as Canadian nationals, and not less than 75 percent of its voting interest owned and controlled by persons otherwise meeting these requirements.

**Existing Measures:** *Aeronautics Act, R.S.C. 1985, c. A-2*

*Air Regulations, C.R.C. 1978, c. 2*

*Aircraft Marking and Registration Regulations, SOR/90-591*

Sector: Transportation

Sub-Sector: Water Transportation

Industry Classification:

SIC 4129	Other Heavy Construction (limited to dredging)
SIC 4541	Freight and Passenger Water Transport Industry
SIC 4542	Ferry Industry
SIC 4543	Marine Towing Industry
SIC 4549	Other Water Transport Industries
SIC 4552	Harbour and Port Operation Industries (limited to berthing, bunkering and other vessel operations in a port)
SIC 4553	Marine Salvage Industry
SIC 4554	Piloting Service, Water Transport Industry
SIC 4559	Other Service Industries Incidental to Water Transport (not including landside aspects of port activities)

Type of Reservation:

- National Treatment (Articles 1102, 1202)
- Most-Favored-Nation Treatment (Articles 1103, 1203)
- Local Presence (Article 1205)
- Performance Requirements (Article 1106)
- Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

Canada reserves the right to adopt or maintain any measure relating to investment in or provision of maritime cabotage services, including:

- (a) the transportation of goods or passengers by vessel between points in the territory of Canada and in its Exclusive Economic Zone;
- (b) with respect to waters above the continental shelf, the transportation of goods or passengers in relation to the exploration, exploitation or transportation of the mineral

or non-living natural resources of the continental shelf;  
and

- (c) the engaging by vessel in any maritime activity of a commercial nature in the territory of Canada and in its Exclusive Economic Zone and, with respect to waters above the continental shelf, in such other maritime activities of a commercial nature in relation to the exploration, exploitation or transportation of mineral or non-living natural resources of the continental shelf.

This reservation relates to, among other things, local presence requirements for service providers entitled to participate in these activities, criteria for the issuance of a temporary cabotage license to foreign vessels and limits on the number of cabotage licenses issued to foreign vessels.

**Existing Measures:**

*Coasting Trade Act*, S.C. 1992, c. 31

*Canada Shipping Act*, R.S.C. 1985, c. S-9

*Customs Act*, R.S.C. 1985, c. 1 (2nd Supp.)

*Customs and Excise Offshore Application Act*, R.S.C. 1985, c. C-53

Sector:

Sub-Sect

Industry

Type of R

Description

Existing M

**Sector:** Transportation

**Sub-Sector:** Water Transportation

**Industry Classification:**

SIC 4541	Freight and Passenger Water Transport Industry
SIC 4542	Ferry Industry
SIC 4543	Marine Towing Industry
SIC 4549	Other Water Transport Industries
SIC 4551	Marine Cargo Handling Industry
SIC 4552	Harbour and Port Operation Industries
SIC 4553	Marine Salvage Industry
SIC 4554	Piloting Service, Water Transport Industry
SIC 4559	Other Service Industries Incidental to Water Transport

**Type of Reservation:**

- National Treatment (Articles 1102, 1202)
- Most-Favored-Nation Treatment (Articles 1103, 1203)
- Local Presence (Article 1205)
- Performance Requirements (Article 1106)
- Senior Management and Boards of Directors (Article 1107)

**Description:** Cross-Border Services and Investment

Canada reserves the right to adopt or maintain any measure denying service providers or investors of the United States, or their investments, the benefits accorded service providers or investors of Mexico or any other country, or their investments, in sectors or activities equivalent to those subject to Schedule of the United States, Annex II, page II-U-9.

**Existing Measures:**

<b>Sector:</b>	Transportation
<b>Sub-Sector:</b>	Water Transportation
<b>Industry Classification:</b>	<p>SIC 4541 Freight and Passenger Water Transport Industry</p> <p>SIC 4542 Ferry Industry</p> <p>SIC 4543 Marine Towing Industry</p> <p>SIC 4549 Other Water Transport Industries</p> <p>SIC 4551 Marine Cargo Handling Industry</p> <p>SIC 4552 Harbour and Port Operation Industries</p> <p>SIC 4553 Marine Salvage Industry</p> <p>SIC 4554 Piloting Service, Water Transport Industry</p> <p>SIC 4559 Other Service Industries Incidental to Water Transport</p>
<b>Type of Reservation:</b>	Most-Favored-Nation Treatment (Article 1203)
<b>Description:</b>	<p><u>Cross-Border Services</u></p> <p>Canada reserves the right to adopt or maintain any measure relating to the implementation of agreements, arrangements and other formal or informal undertakings with other countries with respect to maritime activities in waters of mutual interest in such areas as pollution control (including double hull requirements for oil tankers), safe navigation, barge inspection standards, water quality, pilotage, salvage, drug abuse control and maritime communications.</p>
<b>Existing Measures:</b>	<p><i>United States Wreckers Act</i>, R.S.C. 1985, c. U-3</p> <p>Various agreements and arrangements, including:</p> <p>(a) Memorandum of Arrangements on Great Lakes Pilotage</p> <p>(b) Canada - United States Joint Marine Pollution Contingency Plan;</p>

Annex II

1. The Schedule of a Party sets out, pursuant to Articles 1108(3) (Investment) and 1206(3) (Cross-Border Trade in Services), the reservations taken by that Party with respect to specific sectors, sub-sectors or activities for which it may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

- (a) Article 1102 or 1202 (National Treatment);
- (b) Article 1103 or 1203 (Most-Favored-Nation Treatment);
- (c) Article 1205 (Local Presence);
- (d) Article 1106 (Performance Requirements); or
- (e) Article 1107 (Senior Management and Boards of Directors).

Each reservation sets out the following elements:

- (a) **Sector** refers to the general sector in which the reservation is taken;
- (b) **Sub-Sector** refers to the specific sector in which the reservation is taken;
- (c) **Industry Classification** refers, where applicable, to the activity covered by the reservation according to domestic industry classification codes;
- (d) **Type of Reservation** specifies the obligation referred to in paragraph 1 for which a reservation is taken;
- (e) **Description** sets out the scope of the sector, sub-sector or activities covered by the reservation; and
- (f) **Existing Measures** identifies, for transparency purposes, existing measures that apply to the sector, sub-sector or activities covered by the reservation.

In the interpretation of a reservation, all elements of the reservation shall be considered. The **Description** element shall prevail over all other elements.

4. For purposes of this Annex:

**CMAF** means Clasificación Mexicana de Actividades y Productos (CMAF) numbers as set out in Instituto Nacional de Estadística, Geografía e Informática, *Clasificación Mexicana de Actividades y Productos*, 1988;

**CPC** means Central Product Classification (CPC) numbers as set out in Statistical Office of the United Nations, Statistical Papers, Series M, No. 77, *Provisional Central Product Classification*, 1991; and

**SIC** means:

- (a) with respect to Canada, Standard Industrial Classification (SIC) numbers as set out in Statistics Canada, *Standard Industrial Classification*, fourth edition, 1980; and
- (b) with respect to the United States, Standard Industrial Classification (SIC) numbers as set out in the United States Office of Management and Budget, *Standard Industrial Classification Manual*, 1987.

Sector:

Sub-Sect

Industry

Type of P

Descriptio

Existing N



**Annex II**  
**Schedule of Canada**

**Sector:** Aboriginal Affairs

**Sub-Sector:**

**Industry Classification:**

**Type of Reservation:**

National Treatment (Articles 1102, 1202)  
Most-Favored-Nation Treatment (Articles 1103, 1203)  
Local Presence (Article 1205)  
Performance Requirements (Article 1106)  
Senior Management and Boards of Directors (Article 1107)

**Description:**

Cross-Border Services and Investment

Canada reserves the right to adopt or maintain any measure denying investors of another Party and their investments, or service providers of another Party, any rights or preferences provided to aboriginal peoples.

**Existing Measures:**

*Constitution Act, 1982*, being Schedule B of the Canada Act 1982 (U.K.), 1982, c. 11

**Sector:** All Sectors

**Sub-Sector:**

**Industry Classification:**

**Type of Reservation:** National Treatment (Article 1102)

**Description:** Investment

Canada reserves the right to adopt or maintain any measure relating to residency requirements for the ownership by investors of another Party, or their investments, of oceanfront land.

**Existing Measures:**

Sector: Communications

Sub-Sector: Telecommunications Transport Networks and Services,  
Radiocommunications and Submarine Cables

Industry Classification: CPC 752 Telecommunications Services  
CPC 7543 Connection Services  
CPC 7549 Other Telecommunications Services Not  
Elsewhere Classified (limited to  
telecommunications transport networks and  
services)

Type of Reservation: National Treatment (Article 1102)  
Most-Favored-Nation Treatment (Article 1103)  
Senior Management and Boards of Directors (Article 1107)

Description: Investment

Canada reserves the right to adopt or maintain any measure relating to investment in telecommunications transport networks and telecommunications transport services, radiocommunications and submarine cables, including ownership restrictions and measures concerning corporate officers and directors and place of incorporation.

This reservation does not apply to providers of enhanced or value-added services whose underlying telecommunications transmission facilities are leased from providers of public telecommunications transport networks.

Existing Measures: *Bell Canada Act, S.C. 1987, c. 19*

*British Columbia Telephone Company Special Act, S.C. 1916, c. 66*

*Teleglobe Canada Reorganization and Divestiture Act, S.C. 1987, c. 12*

*Telesat Canada Reorganization and Divestiture Act,  
S.C 1991, c. 52*

*Radiocommunication Act, R.S.C. 1985, c. R-2*

*Telegraphs Act, R.S.C. 1985, c. T-5*

*Telecommunications Policy Framework, 1987*

Sector:

Sub-Sector

Industry

Type of R

Description

**Sector:** Communications

**Sub-Sector:** Telecommunications Transport Networks and Services,  
Radiocommunications and Submarine Cables

**Industry Classification:** CPC 752 Telecommunications Services (not including  
enhanced or value-added services)  
CPC 7543 Connection Services  
CPC 7549 Other Telecommunications Services Not  
Elsewhere Classified (limited to  
telecommunications transport networks and  
services)

**Type of Reservation:** National Treatment (Article 1202)  
Most-Favored-Nation Treatment (Article 1203)  
Local Presence (Article 1205)

**Description:** Cross-Border Services

Canada reserves the right to adopt or maintain any measure relating to radiocommunications, submarine cables and the provision of telecommunications transport networks and telecommunications transport services. These measures may apply to such matters as market entry, spectrum assignment, tariffs, intercarrier agreements, terms and conditions of service, interconnection between networks and services, and routing requirements that impede the provision on a cross-border basis of telecommunications transport networks and telecommunications transport services, radiocommunications and submarine cables.

Telecommunications transport services typically involve the real-time transmission of customer-supplied information between two or more points without any end-to-end change in the form or content of the customer's information, whether or not such services are offered to the public generally. These services include voice and data services by wire, radiocommunications or any other electromagnetic means of transmission.

This reservation does not apply to measures relating to the cross-border provision of enhanced or value-added services.

**Existing Measures:**

*Bell Canada Act*, S.C. 1987, c. 19

*British Columbia Telephone Company Special Act*, S.C. 1916, c. 66

*Railway Act*, R.S.C. 1985, c. R-3

*Radiocommunication Act*, R.S.C. 1985, c. R-2

*Telegraphs Act*, R.S.C. 1985, c. T-5

*Telecommunications Policy Framework*, 1987

*Telecommunications Decisions, C.R.T.C.*, including (85-19), (90-3), (91-10), (91-21), (92-11) and (92-12)

*Annex II - Canada*

- (c) Agreement with the United States on Loran "C" Service on the East and West Coasts; and
- (d) Denmark - Canada Joint Marine Pollution Circumpolar Agreement.

**Annex II  
Schedule of Mexico**

**Sector:** All Sectors

**Sub-Sector:**

**Industry Classification:**

**Type of Reservation:** National Treatment (Articles 1102, 1202)

**Description:** Cross-Border and Investment

Mexico reserves the right to adopt or maintain any measure restricting the acquisition, sale or other disposition of bonds, treasury bills or any other kind of debt security issued by the federal, state or local governments, except with respect to ownership by "a financial institution of another Party", as defined in Chapter Fourteen (Financial Services).

**Existing Measures:**



<b>Sector:</b>	Communications	
<b>Sub-Sector:</b>	Entertainment Services (Broadcasting and Multipoint Distribution Systems (MDS))	
<b>Industry Classification:</b>	CMAP 941104	Private Production and Transmission of Radio Programs (limited to transmission of radio programs, MDS and uninterrupted music)
	CMAP 941105	Private Services of Production, Transmission and Retransmission of Television Programming (limited to transmission and retransmission of television programs, MDS, and high-definition television)
<b>Type of Reservation:</b>	National Treatment (Articles 1102, 1202) Most-Favored-Nation Treatment (Articles 1103, 1203) Local Presence (Article 1205) Senior Management and Boards of Directors (Article 1107)	
<b>Description:</b>	<p><u>Cross-Border Services and Investment</u></p> <p>Mexico reserves the right to adopt or maintain any measure relating to investment in, or provision of, broadcasting, multipoint distribution systems, uninterrupted music and high-definition television services. This reservation does not apply to measures relating to the production, sale or licensing of radio or television programming.</p>	
<b>Existing Measures:</b>	<p><i>Constitución Política de los Estados Unidos Mexicanos, Artículo 32</i></p> <p><i>Ley de Vías Generales de Comunicación</i></p> <p><i>Ley Federal de Radio y Televisión</i></p> <p><i>Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera</i></p>	

Sector: Communications

Sub-Sector: Telecommunications

Industry Classification: CMAP 720006 Other Telecommunications Services (limited to aeronautical mobile and fixed services)

Type of Reservation: National Treatment (Articles 1102, 1202)  
Most-Favored-Nation Treatment (Articles 1103, 1203)  
Local Presence (Article 1205)

Description: Cross-Border Services and Investment

Mexico reserves the right to adopt or maintain any measure relating to investment in, or provision of, air traffic control, aeronautical meteorology, aeronautical telecommunications, and other telecommunications services relating to air navigation services.

Existing Measures: *Constitución Política de los Estados Unidos Mexicanos, Artículo 32*

*Ley de Vías Generales de Comunicación*

*Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*

*Decreto que Crea el Organismo Desconcentrado "Servicios a la Navegación en el Espacio Aéreo Mexicano" (SENEAM), 3 de octubre de 1978*

<b>Sector:</b>	Communications
<b>Sub-Sector:</b>	Telecommunications Transport Networks
<b>Industry Classification:</b>	CMAP 720003 Telephone Services CMAP 720004 Telephone Booth Services CMAP 720006 Other Telecommunications Services (not including enhanced or value-added services) CMAP 502003 Telecommunications Installations
<b>Type of Reservation:</b>	National Treatment (Articles 1102, 1202) Most-Favored-Nation Treatment (Articles 1103, 1203) Local Presence (Article 1205)
<b>Description:</b>	<u>Cross-Border Services and Investment</u>  Mexico reserves the right to adopt or maintain any measure relating to investment in, or provision of, telecommunications transport networks and telecommunications transport services. Telecommunications transport networks include the facilities to provide telecommunications transport services such as local basic telephone services, long-distance telephone services (national and international), rural telephone services, cellular telephone services, telephone booth services, satellite services, trunking, paging, mobile telephony, maritime telecommunications services, air telephone, telex, and data transmission services. Telecommunications transport services typically involve the real-time transmission of customer-supplied information between two or more points without any end-to-end change in the form or content of the customer's information, whether or not such services are offered to the public generally.
<b>Existing Measures:</b>	<i>Constitución Política de los Estados Unidos Mexicanos,</i> Artículo 32  <i>Ley de Vías Generales de Comunicación</i>

*Ley para Promover la Inversión Mexicana y Regular la  
Inversión Extranjera*

*Reglamento de Telecomunicaciones*

**Sector:** Communications and Transportation

**Sub-Sector:** Postal Services, Telecommunications and Railroads

**Industry Classification:**

CMAP 720001	Postal Services
CMAP 720005	Telegraph Services, Radiotelegraph Services, Wireless Telegraphy
CMAP 720006	Other Telecommunications Services (limited to satellite communications)
CMAP 711101	Railway Transportation Services (limited to operation, administration and control of traffic within the Mexican railway system, supervision and management of railway rights-of-way, construction, operation, and maintenance of basic railway infrastructure)

**Type of Reservation:** National Treatment (Article 1202)  
Most-Favored-Nation Treatment (Article 1203)  
Local Presence (Article 1205)

**Description:** Cross-Border Services

Mexico reserves the right to adopt or maintain any measure related to the provision of postal services (operation, administration and organization of first class mail), telegraph services, radiotelegraphy services, satellite communications services (establishment, ownership and operation of satellite systems, and establishment, ownership and operation of earth stations with international links), and railroad services (operation, administration and control of traffic within the Mexican railway system, supervision and management of railway rights-of-way, construction, operation, and maintenance of basic railway infrastructure).

**Existing Measures:** *Constitución Política de los Estados Unidos Mexicanos, Artículo 28*

*Ley de Vías Generales de Comunicación*

*Ley Orgánica de Ferrocarriles Nacionales de México*

*Ley del Servicio Postal Mexicano*

**Sector:** Energy

**Sub-Sector:** Petroleum and Other Hydrocarbons  
Basic Petrochemicals  
Electricity  
Nuclear Power  
Treatment of Radioactive Minerals

**Industry Classification:**

**Type of Reservation:** National Treatment (Article 1202)  
Most-Favored-Nation Treatment (Article 1203)  
Local Presence (Article 1205)

**Description:** Cross-Border Services  
Subject to Annex 602.3, Mexico reserves the right to adopt or maintain any measure related to services associated with energy and basic petrochemical goods.

**Existing Measures:** *Constitución Política de los Estados Unidos Mexicanos, Artículos 27, 28*  
*Ley Reglamentaria del Artículo 27 Constitucional en Materia Nuclear*  
*Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo y sus reglamentos*  
*Ley Orgánica de Petróleos Mexicanos y Organismos Subsidiarios*

Sector: Minority Affairs

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1202)  
Local Presence (Article 1205)

Description: Cross-Border Services

Mexico reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged groups.

Existing Measures: *Constitución Política de los Estados Unidos Mexicanos,*  
Artículo 4



**Sector:** Professional, Technical and Specialized Services

**Sub-Sector:** Professional Services

**Industry Classification:** CMAP 951002      Legal Services (including foreign legal consultancy)

**Type of Reservation:** National Treatment (Articles 1102, 1202)  
Most-Favored-Nation Treatment (Articles 1103, 1203)  
Local Presence (Article 1205)  
Senior Management and Boards of Directors (Article 1107)

**Description:** Cross-Border Services and Investment  
  
Subject to Schedule of Mexico, Annex VI, page VI-M-2, Mexico reserves the right to adopt or maintain any measure relating to the provision of legal services and foreign legal consultancy services by persons of the United States.

**Existing Measures:** *Ley Reglamentaria del Artículo 5o. Constitucional, relativo al ejercicio de las profesiones en el Distrito Federal*  
  
*Ley para Promover la Inversión Mexicana y Regular la Inversión Extranjera*

Sector:  
Sub-Sector:  
Industry C  
Type of R  
Description:  
Existing M

Sector: Social Services

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Articles 1102, 1202)  
Local Presence (Article 1205)  
Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

Mexico reserves the right to adopt or maintain any measure with respect to the provision of public law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care.

Existing Measures: *Constitución Política de los Estados Unidos Mexicanos*,  
Artículos 4, 17, 18, 25, 26, 28, 123

**Sector:** Transportation

**Sub-Sector:** Specialized Personnel

**Industry Classification:** CMAP 951023 Other Specialized Services (limited to ship captains (capitanes); aircraft pilots (pilotos); ship masters (patrones); ship machinists (maquinistas); ship mechanics (mecánicos); airport administrators (comandantes de aeródromos); harbor masters (capitanes de puerto); harbor pilots (pilotos de puerto); customs brokers (agentes aduanales); crew on Mexican-flagged vessels or aircraft (personal que tripule cualquier embarcación o aeronave con bandera o insignia mercante mexicana))

**Type of Reservation:** National Treatment (Article 1202)  
Most-Favored-Nation Treatment (Article 1203)  
Local Presence (Article 1205)

**Description:** Cross-Border Services  
Only Mexican nationals by birth may serve as:

- (a) captains, pilots, ship masters, machinists, mechanics and crew members manning vessels or aircraft under the Mexican flag;
- (b) harbor pilots, harbor masters and airport administrators; and
- (c) customs brokers.

**Existing Measures:** *Constitución Política de los Estados Unidos Mexicanos, Artículo 32*

Sector:  
Sub-Sector:  
Industry C  
Type of Re  
Description  
Existing M

**Annex II**  
**Schedule of United States**

Sector: All Sectors

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Article 1102)  
Most-Favored-Nation Treatment (Article 1103)

Description: Investment

The United States reserves the right to adopt or maintain any measure relating to residency requirements for the ownership by investors of Canada, or their investments, of oceanfront land.

Existing Measures:

**Sector:** Communications  
**Sub-Sector:** Cable Television  
**Industry Classification:** CPC 753 Radio and Television Cable Services  
**Type of Reservation:** National Treatment (Article 1102)  
Most-Favored-Nation Treatment (Article 1103)

**Description:** Investment  
Subject to Article 2106, the United States reserves the right to adopt or maintain any measure that accords equivalent treatment to persons of any country that limits ownership by persons of the United States in an enterprise engaged in the operation of a cable television system in that country.

**Existing Measures:**

Sector:

Sub-Sector:

Industry:

Type of Reservation:

Description:

**Sector:** Communications

**Sub-Sector:** Telecommunications Transport Networks and Services and Radiocommunications

**Industry Classification:**

CPC 752	Telecommunications Services (not including enhanced or value-added services)
CPC 7543	Connection Services
CPC 7549	Other Telecommunications Services Not Elsewhere Classified (limited to telecommunications transport networks and services)

**Type of Reservation:**

- National Treatment (Articles 1102, 1202)
- Most-Favored-Nation Treatment (Articles 1103, 1203)
- Local Presence (Article 1205)
- Senior Management and Boards of Directors (Article 1107)

**Description:** Cross-Border Services and Investment

The United States reserves the right to adopt or maintain any measure relating to investment in, or the provision of, telecommunications transport networks, telecommunications transport services or radiocommunications. These measures may apply to such matters as market entry, spectrum assignment, tariffs, intercarrier agreements, terms and conditions of service, and interconnection between networks and services. Telecommunications transport services typically involve the real-time transmission of customer-supplied information between two or more points without end-to-end change in the form or content of the customer's information, whether or not such services are offered to the public generally. These services include voice and data services provided by any electromagnetic means. Radiocommunications include all communications by radio, including broadcasting. This

reservation does not apply to measures relating to enhanced or value-added services or to the production, sale or licensing of radio or television programming.

Existing Measures:

*Communications Act of 1934*, 47 U.S.C. §§ 151 et seq., see particularly §§ 310(a), (b) (radio licenses for common carrier, aeronautical en route, aeronautical fixed, and broadcasting services)

*F. C. C. Decision, International Competitive Carrier*, 102 F.C.C. 2d 812 (1985), as modified in Regulation of International Common Carrier Services, CC Docket No. 91-360, FCC 92-463 (released November 6, 1992)

*Submarine Cable Landing Act*, 47 U.S.C. § 34-9, see particularly § 35 (undersea cables)

*Communications Satellite Act of 1962*, 47 U.S.C. §§ 701-57

*Telegraph Act*, 47 U.S.C. § 17 (telegraph cables serving Alaska)

*Children's Television Act of 1990*, 47 U.S.C. § 303a

*Television Program Improvement Act of 1990*, 47 U.S.C. § 303e

Sector: Social Services

Sub-Sector:

Industry Classification:

Type of Reservation: National Treatment (Articles 1102, 1202)  
Local Presence (Article 1205)  
Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

The United States reserves the right to adopt or maintain any measure with respect to the provision of public law enforcement and correctional services, and the following services to the extent they are social services established or maintained for a public purpose: income security or insurance, social security or insurance, social welfare, public education, public training, health, and child care.

Existing Measures:



**Sector:** Minority Affairs

**Sub-Sector:**

**Industry Classification:**

**Type of Reservation:** National Treatment (Articles 1102, 1202)  
Local Presence (Article 1205)  
Performance Requirements (Article 1106)  
Senior Management and Boards of Directors (Article 1107)

**Description:** Cross-Border Services and Investment  
  
The United States reserves the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minorities, including corporations organized under the laws of the State of Alaska in accordance with the *Alaska Native Claims Settlement Act*.

**Existing Measures:** *Alaska Native Claims Settlement Act*, 43 U.S.C. §§ 1601 *et seq.*

Sector: Professional Services

Sub-Sector: Legal Services

Industry Classification: SIC 8111 Legal Services

Type of Reservation: National Treatment (Articles 1102, 1202)  
Most-Favored-Nation Treatment (Articles 1103, 1203)  
Local Presence (Article 1205)  
Senior Management and Boards of Directors (Article 1107)

Description: Cross-Border Services and Investment

Subject to Schedule of the United States, Annex VI, page VI-U-2, the United States reserves the right to adopt or maintain any measure relating to the provision of legal services, including foreign legal consultancy services, by persons of Mexico.

Existing Measures:

**Sector:** Publishing

**Sub-Sector:** Newspaper Publishing

**Industry Classification:** SIC 2711 Newspapers: Publishing, or Publishing and Printing

**Type of Reservation:** National Treatment (Article 1102)  
Most-Favored-Nation Treatment (Article 1103)

**Description:** Investment

Subject to Article 2106, the United States reserves the right to adopt or maintain any measure that accords equivalent treatment to persons of any country that limits ownership by persons of the United States in an enterprise engaged in the publication of daily newspapers primarily written for audiences and distributed in that country.

For purposes of this reservation, daily newspapers are newspapers published at least five days each week.

**Existing Measures:**

Sector: Transportation

Sub-Sector: Water Transportation

- Industry Classification: SIC 091 Commercial Fishing (limited to fishing vessels and fishing operations within the Exclusive Economic Zone)
- SIC 1629 Heavy Construction, Not Elsewhere Classified (limited to marine dredging)
- SIC 4412 Deep Sea Foreign Transportation of Freight (limited to promotional programs for U.S.-flagged vessels)
- SIC 4424 Deep Sea Domestic Transportation of Freight (includes coastwise transportation of freight, deep sea domestic freight transportation, intercoastal transportation of freight, water transportation of freight to noncontiguous territories)
- SIC 4432 Freight Transportation on the Great Lakes and St. Lawrence Seaway
- SIC 4449 Water Transportation of Freight, Not Elsewhere Classified (includes canal barge operations, canal freight transportation, intracoastal freight transportation, lake freight transportation except on the Great Lakes, log rafting and towing, river freight transportation except on the St. Lawrence Seaway, transportation of freight on bays and sounds of the oceans)
- SIC 4481 Deep Sea Transportation of Passengers, Except by Ferry (limited to promotional programs for U.S.-flagged vessels)
- SIC 4482 Ferries
- SIC 4489 Water Transportation of Passengers, Not Elsewhere Classified (includes airboats, swamp buggy rides, excursion boat operations, passenger water transportation on rivers and canals, sightseeing boats, water taxis)
- SIC 4491 Marine Cargo Handling (limited to crew activities)

aboard vessels transporting supplies and cargo within U.S. territorial waters and longshore work performed by crew affected by reciprocity restrictions)

SIC 4492

Towing and Tugboat Services

SIC 4499

Water Transportation Services, Not Elsewhere Classified (limited to cargo salvaging, chartering of commercial boats, lighterage, bunkering, marine salvage, pilotage, steamship leasing, cable laying)

**Type of Reservation:**

National Treatment (Articles 1102, 1202)

Most-Favored-Nation Treatment (Articles 1103, 1203)

Local Presence (Article 1205)

Performance Requirements (Article 1106)

Senior Management and Boards of Directors (Article 1107)

**Description:**

Cross-Border Services and Investment

The United States reserves the right to adopt or maintain any measure relating to the provision of maritime transportation services and the operation of U.S.-flagged vessels, including the following:

- (a) requirements for investment in, ownership and control of, and operation of vessels and other marine structures, including drill rigs, in maritime cabotage services, including maritime cabotage services performed in the domestic offshore trades, the coastwise trades, U.S. territorial waters, waters above the continental shelf and in the inland waterways;
- (b) requirements for investment in, ownership and control of, and operation of U.S.-flagged vessels in foreign trades;

- (c) requirements for investment in, ownership or control of, and operation of vessels engaged in fishing and related activities in U.S. territorial waters and the Exclusive Economic Zone;
- (d) requirements related to documenting a vessel under the U.S. flag;
- (e) promotional programs, including tax benefits, available for shipowners, operators and vessels meeting certain requirements;
- (f) certification, licensing and citizenship requirements for crew members on U.S.-flagged vessels;
- (g) manning requirements for U.S.-flagged vessels;
- (h) all matters under the jurisdiction of the Federal Maritime Commission;
- (i) negotiation and implementation of bilateral and other international maritime agreements and understandings;
- (j) limitations on longshore work performed by crew members;
- (k) tonnage duties and light money assessments for entering U.S. waters; and
- (l) certification, licensing and citizenship requirements for pilots performing pilotage services in U.S. territorial waters.

The following activities are not included in this reservation:

- (a) vessel construction and repair; and

- (b) landside aspects of port activities, including operation and maintenance of docks, loading and unloading of vessels directly to or from land, marine cargo handling, operation and maintenance of piers, ship cleaning, stevedoring, transfer of cargo between vessels and trucks, trains, pipelines and wharves, waterfront terminal operations, boat cleaning, canal operation, dismantling of vessels, operation of marine railways for drydocking, marine surveyors, except cargo, marine wrecking of vessels for scrap and ship classification societies.

**Existing Measures:**

*Merchant Marine Act of 1920*, §§ 19 and 27, 46 App. U.S.C. § 876 and § 883 et seq.

*Jones Act Waiver Statute*, 64 Stat 1120, 46 App. U.S.C., note preceding Section 1

*Shipping Act of 1916*, 46 App. U.S.C. §§ 802 and 808

*Merchant Marine Act of 1936*, 46 App. U.S.C. §§ 1151 et seq., 1160-61, 1171 et seq., 1241(b), 1241-1, 1244, and 1271 et seq.

*Merchant Ship Sales Act of 1946*, 50 App. U.S.C. § 1738

46 App. U.S.C. §§ 121, 292 and 316

46 U.S.C. §§ 12101 et seq. and 31301 et seq.

46 U.S.C. §§ 8904 and 31328(2)

*Passenger Vessel Act*, 46 App. U.S.C. § 289

42 U.S.C. § 9601 et seq.; 33 U.S.C. § 2701 et seq.; 33 U.S.C. § 1251 et seq.

46 U.S.C. §§ 3301 et seq., 3701 et seq., 8103 and 12107(b)

*Shipping Act of 1984*, 46 App. U.S.C. §§ 1708 and 1712

*Nicholson Act*, 46 App. U.S.C. §§ 251

*Commercial Fishing Industry Vessel Anti-Reflagging Act of 1987*, 46 U.S.C. § 2101 and 46 U.S.C. § 12108

43 U.S.C. § 1841

22 U.S.C. § 1980

*Intercoastal Shipping Act*, 46 App. U.S.C. § 843

46 U.S.C. § 9302, 46 U.S.C. § 8502; Agreement Governing the Operation of Pilotage on the Great Lakes, Exchange of Notes at Ottawa, August 23, 1978, and March 29, 1979, TIAS 9445

*Magnuson Fishery Conservation and Management Act*, 16 U.S.C. §§ 1801 et seq.

19 U.S.C. § 1466

*North Pacific Anadromous Stocks Convention Act of 1972*, P.L. 102-587; *Oceans Act of 1992*, Title VII

*Tuna Convention Act*, 16 U.S.C. § 951 et seq.

*South Pacific Tuna Act of 1988*, 16 U.S.C. § 973 et seq.

*Northern Pacific Halibut Act of 1982*, 16 U.S.C. § 773 et seq.

*Atlantic Tunas Convention Act*, 16 U.S.C. § 971 et seq.

*Antarctic Marine Living Resources Convention Act of 1984*, 16 U.S.C. § 2431 et seq.

*Pacific Salmon Treaty Act of 1985*, 16 U.S.C. § 3631 et seq.



**ANNEX III**

**ACTIVITIES RESERVED TO THE STATE**

Annex III  
Schedule of Mexico

Section A. Activities Reserved to the Mexican State

Mexico reserves the right to perform exclusively, and to refuse to permit the establishment of investments in, the following activities:

1. Petroleum, Other Hydrocarbons and Basic Petrochemicals

(a) Description of activities

- (i) exploration and exploitation of crude oil and natural gas; refining or processing of crude oil and natural gas; and production of artificial gas, basic petrochemicals and their feedstocks and pipelines; and
- (ii) foreign trade; transportation, storage and distribution up to and including first hand sales of the following goods: crude oil; natural and artificial gas; goods covered by Chapter Six (Energy and Basic Petrochemicals) obtained from the refining or processing of crude oil and natural gas; and basic petrochemicals.

(b) Measures:

*Constitución Política de los Estados Unidos Mexicanos, Artículos 25, 27 y 28*

*Ley Reglamentaria del Artículo 27 Constitucional en el Ramo del Petróleo*

*Ley Orgánica de Petróleos Mexicanos y Organismos Subsidiarios*

Electricity

- (a) Description of activities: the supply of electricity as a public service in Mexico, including, the generation, transmission, transformation, distribution and sale of electricity.

(b) Measures:

*Constitución Política de los Estados Unidos Mexicanos, Artículos 25, 27, 28*

*Ley del Servicio Público de Energía Eléctrica*

3. Nuclear Power and Treatment of Radioactive Minerals

(a) Description of activities: exploration, exploitation and processing of radioactive minerals, the nuclear fuel cycle, the generation of nuclear energy, the transportation and storage of nuclear waste, the use and reprocessing of nuclear fuel and the regulation of their applications for other purposes and the production of heavy water.

(b) Measures:

*Constitución Política de los Estados Unidos Mexicanos, Artículos 25, 27, 28*

*Ley Reglamentaria del Artículo 27 Constitucional en Materia Nuclear*

4. Satellite Communications

(a) Description of activities: the establishment, operation and ownership of satellite systems and earth stations with international links.

(b) Measures:

*Constitución Política de los Estados Unidos Mexicanos, Artículos 25, 28*

*Ley de Vías Generales de Comunicación*

5. Telegraph Services

Measures:

*Constitución Política de los Estados Unidos Mexicanos, Artículos 25, 28*

*Ley de Vías Generales de Comunicación*

6. Radiotelegraph Services

Measures:

*Constitución Política de los Estados Unidos Mexicanos*, Artículos 25, 28

*Ley de Vías Generales de Comunicación*

7. Postal Services

(a) Description of activities: operation, administration and organization of first class mail.

(b) Measures:

*Constitución Política de los Estados Unidos Mexicanos*, Artículos 25, 28

*Ley del Servicio Postal Mexicano*

Railroads

(a) Description of activities: operation, administration and control of traffic within the Mexican railway system; supervision and management of railway right-of-way; operation, construction and maintenance of basic railway infrastructure.

(b) Measures:

*Constitución Política de los Estados Unidos Mexicanos*, Artículos 25, 28

*Ley Orgánica de Ferrocarriles Nacionales de México*

Issuance of Bills (currency) and Minting of Coinage

Measures:

*Constitución Política de los Estados Unidos Mexicanos*, Artículos 25, 28

*Ley Orgánica del Banco de México*

*Ley de la Casa de Moneda de México*

*Ley Monetaria de los Estados Unidos Mexicanos*

10. Control, Inspection and Surveillance of Maritime and Inland Ports

Measures:

*Ley de Navegación y Comercio Marítimos*

*Ley de Vías Generales de Comunicación*

11. Control, Inspection and Surveillance of Airports and Heliports

Measures:

*Ley de Vías Generales de Comunicación*

The measures referred to are provided for transparency purposes and include any subordinate measure adopted or maintained under the authority of and consistent with such measures.

**Section B. Deregulation of Activities Reserved to the State**

1. The activities set out in Section A are reserved to the Mexican State, and private equity investment is prohibited under Mexican Law. Where Mexico allows private investment to participate in such activities through service contracts, concessions, lending arrangements or any other type of contractual arrangement, such participation shall not be construed to affect the State's reservation of those activities.

2. If Mexican law is amended to allow private equity investment in an activity set out in Section A, Mexico may impose restrictions on foreign investment participation notwithstanding Article 1102, and describe them in Annex I. Mexico may also impose derogations from Article 1102 on foreign equity investment participation when selling an asset or ownership interest in an enterprise engaged in activities set out in Section A, and describe them in Annex I.

**Section C. Activities Formerly Reserved to the Mexican State**

Where an activity was reserved to the Mexican State on January 1, 1992 and is not reserved to the Mexican State on the date of entry into force of this Agreement, Mexico may restrict the initial sale of a state-owned asset or an ownership interest in a state enterprise that performs that activity to enterprises with majority ownership by Mexican nationals, as defined by the Mexican Constitution. For a period not to exceed three years from the initial sale, Mexico may restrict the transfer of such asset or ownership interest to other enterprises with majority ownership by Mexican nationals, as defined by the Mexican Constitution. On expiration of the three-year period, the obligations of national treatment set out in Article 1102 apply. This provision is subject to Article 1108.

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**ANNEX IV**  
**EXCEPTIONS TO MOST-FAVORED-NATION**  
**TREATMENT**

**Annex IV  
Schedule of Canada**

Canada takes an exception to Article 1103 for treatment accorded under all bilateral or multilateral international agreements in force or signed prior to the date of entry into force of this Agreement.

For international agreements in force or signed after the date of entry into force of this Agreement, Canada takes an exception to Article 1103 for treatment accorded under those agreements involving:

- (a) aviation;
- (b) fisheries;
- (c) maritime matters, including salvage; or
- (d) telecommunications transport networks and telecommunications transport services (this exception does not apply to measures covered by Chapter Thirteen (Telecommunications)).

With respect to state measures not yet set out in Annex I pursuant to Article 1108(2), Canada takes an exception to Article 1103 for international agreements signed within two years of the date of entry into force of this Agreement.

For greater certainty, Article 1103 does not apply to any current or future foreign aid program to promote economic development, such as those governed by the Energy Economic Cooperation Program with Central America and the Caribbean (Pacto de San José) and the OECD Agreement on Export Credits.



**Annex IV  
Schedule of Mexico**

Mexico takes an exception to Article 1103 for treatment accorded under all bilateral or multilateral international agreements in force or signed prior to the date of entry into force of this Agreement.

For international agreements in force or signed after the date of entry into force of this Agreement, Mexico takes an exception to Article 1103 for treatment accorded under those agreements involving:

- (a) aviation;
- (b) fisheries;
- (c) maritime matters, including salvage; or
- (d) telecommunications transport networks and telecommunications transport services (this exception does not apply to measures covered by Chapter Thirteen (Telecommunications) or to the production, sale or licensing of radio or television programming).

With respect to state measures not yet set out in Annex I pursuant Article 1108(2), Mexico takes an exception to Article 1103 for international agreements signed within two years of the date of entry into force of this Agreement.

For greater certainty, Article 1103 does not apply to any current or future foreign aid programs to promote economic development, such as those governed by the Energy Economic Cooperation Program with Central America and the Caribbean (Pacto de San José) and the OECD Agreement on Export Credits.

**Annex IV  
Schedule of the United States**

The United States takes an exception to Article 1103 for treatment accorded under all bilateral or multilateral international agreements in force or signed prior to the date of entry into force of this Agreement.

For international agreements in force or signed after the date of entry into force of this Agreement, the United States takes an exception to Article 1103 for treatment accorded under those agreements involving:

- (a) aviation;
- (b) fisheries;
- (c) maritime matters, including salvage; or
- (d) telecommunications transport networks and telecommunications transport services (this exception does not apply to measures covered by Chapter Thirteen (Telecommunications) or the production, sale or licensing of radio or television programming).

With respect to state measures not yet set out in Annex I pursuant to Article 1103(2), the United States takes an exception to Article 1103 for international agreements entered into within two years of the date of entry into force of this Agreement.

For greater certainty, Article 1103 does not apply to any current or future foreign aid program to promote economic development, such as those governed by the Energy and Economic Cooperation Program with Central America and the Caribbean (Pacto de San José) and the OECD Agreement on Export Credits.

ANNEX V  
QUANTITATIVE RESTRICTIONS  
AND OTHER ITEMS

Annex V

1. The Schedule of a Party sets out the non-discriminatory quantitative restrictions maintained by that Party pursuant to Article 1207.
2. Each entry sets out the following elements:
  - (a) **Sector** refers to the general sector in which the quantitative restriction is maintained;
  - (b) **Sub-Sector** refers to the specific sector in which the quantitative restriction is maintained;
  - (c) **Industry Classification** refers, where applicable, to the activity covered by the quantitative restriction according to domestic industry classification codes;
  - (d) **Level of Government** indicates the level of government maintaining the quantitative restriction;
  - (e) **Measures** identifies the measures under which the quantitative restriction is maintained; and
  - (f) **Description** sets out the scope of the sector, sub-sector or activities covered by the quantitative restriction.

For purposes of this Annex:

CMAP means Clasificación Mexicana de Actividades y Productos (CMAP) numbers as set out in Instituto Nacional de Estadística, Geografía e Informática, *Clasificación Mexicana de Actividades y Productos*, 1988;

CPC means Central Product Classification (CPC) numbers as set out in Statistical Office of the United Nations, Statistical Papers, Series M, No. 77, *Provisional Central Product Classification*, 1991; and

**SIC means:**

- (a) with respect to Canada, Standard Industrial Classification (SIC) numbers as set out in Statistics Canada, *Standard Industrial Classification*, fourth edition, 1980; and
- (b) with respect to the United States, Standard Industrial Classification (SIC) numbers as set out in the United States Office of Management and Budget, *Standard Industrial Classification Manual*, 1987.

Sector:

Sub-Sector:

Industry:

Level of:

Measurement:

Description:

Annex V  
Schedule of Canada

Sector: Communications

Sub-Sector: Postal Services

Industry Classification: SIC 4841 Postal Service Industry

Level of Government: Federal

Measures: *Canada Post Corporation Act*, R.S.C. c. C-10  
*Letter Definition Regulations*, SOR/83-481

Description: Canada Post Corporation has the exclusive privilege to collect, transmit and deliver "letters", as defined in the *Letter Definition Regulations*, addressed in Canada, and its consent is required for other persons to sell stamps.

<b>Sector:</b>	Communications	Sect
<b>Sub-Sector:</b>	Radiocommunications	Sub-
<b>Industry Classification:</b>	CPC 752 Telecommunications	Indus
<b>Level of Government:</b>	Federal	Level
<b>Measures:</b>	<i>Radiocommunication Act</i> , R.S.C. 1985, c. R-2	Meas
<b>Description:</b>	A person that proposes to operate a private radio transmission system must obtain a license from the Department of Communications. The issuance of such a license is subject to spectrum availability and policies regarding its use. In general, priority is given to the use of the spectrum for the purpose of developing non-private networks.	Descri

**Sector:** Energy

**Sub-Sector:** Electricity Transmission

**Industry Classification:** SIC 4911 Electric Power Systems Industry

**Level of Government:** Federal

**Measures:** *National Energy Board Act, R.S.C. 1985, c. N-7*

**Description:** The approval of the National Energy Board is required for the construction and operation of international electricity transmission lines.



**Sector:** Energy

**Sub-Sector:** Oil and Gas Transportation

**Industry Classification:** SIC 461 Pipeline Transport Industry

**Level of Government:** Federal

**Measures:** *National Energy Board Act, R.S.C. 1985, c. N-7*

**Description:** The approval of the National Energy Board (NEB) is required for the construction and operation of all interprovincial or international pipelines for the transmission of oil or gas. A public hearing must be held and a certificate of public convenience and necessity issued where the pipeline in question is longer than 40 kilometers. Pipelines shorter than 40 kilometers may be authorized by an order without a public hearing. All modifications to and extensions of pipelines must be approved by the NEB.

All tolls for the transmission of oil and gas on NEB-regulated pipelines and all tariff matters must be filed with or approved by the NEB. A public hearing may be held to consider toll and tariff matters.

**Sector:** Food, Beverage and Drug Industries

**Sub-Sector:** Liquor, Wine and Beer Stores

**Industry Classification:** 6021 Liquor Stores  
6022 Wine Stores  
6023 Beer Stores

**Level of Government:** Federal

**Measures:** *Importation of Intoxicating Liquors Act*, R.S.C. 1985, c. I-3

**Description:** The *Importation of Intoxicating Liquors Act* gives each provincial government an import monopoly on any intoxicating liquors entering its territory.

**Sector:** Transportation

**Sub-Sector:** Land Transportation

**Industry Classification:** SIC 457 Public Passenger Transit Systems

**Level of Government:** Federal (administration delegated to provinces)

**Measures:** *National Transportation Act, 1987, R.S.C. 1985, c. 28 (3rd Supp.)*

**Description:** Provincial transport boards have been delegated the authority to permit persons to provide extra-provincial (inter-provincial and cross-border) bus services in their respective provinces and territories on the same basis as local bus services. All provinces, except New Brunswick, Prince Edward Island and Yukon Territory, permit the provision of local and extra-provincial bus services on the basis of a public convenience and necessity test.

**Annex V**  
**Schedule of Mexico**

**Sector:** Communications

**Sub-Sector:** Telecommunications

**Industry Classification:** CMAP 720006      Other Telecommunications Services  
(limited to private networks)

**Level of Government:** Federal

**Measures:** *Ley de Vias Generales de Comunicación*, Libro I, Capítulo III  
*Reglamento de Telecomunicaciones*, Capítulo II, Capítulo IV

**Description:** Resale of circuit capacity of a private network may not exceed 30 percent of such capacity.

**Sector:** Private Educational Services

**Sub-Sector:**

**Industry Classification:** CMAP 921101 Private Preschool Educational Services  
CMAP 921102 Private Primary School Educational Services  
CMAP 921103 Private Secondary School Educational Services  
CMAP 921104 Private Middle High (Preparatory) School Educational Services  
CMAP 921105 Private Higher School Educational Services  
CMAP 921106 Private Educational Services that combine Preschool, Primary, Secondary, Middle High and Higher School Instruction

**Level of Government:** Federal and State

**Measures:** *Constitución Política de los Estados Unidos Mexicanos, Artículos 3, 5*

*Ley Federal de Educación* Capítulos I, II, III y IV

*Ley para la Coordinación de la Educación Superior,* Capítulos I y II

*Ley Reglamentaria del Artículo 5o. Constitucional relativo al Ejercicio de las Profesiones en el Distrito Federal,* Capítulos I, III, Secciones I, III

*Reglamento de la Ley Reglamentaria del Artículo 5o. Constitucional relativo al Ejercicio de las Profesiones en el Distrito Federal,* Capítulo V

**Description:** For the provision of primary, secondary, "normal" or worker or peasant educational services, prior and express authorization granted by the Secretaría de Educación Pública or the state

*Annex V - Mexico*

competent authority is required. Such authorization is granted or canceled on a case-by-case basis in accordance with public convenience and necessity, at the discretion of the Secretaría de Educación Pública or the state competent authority.

No legal remedy is available under Mexican law for the denial or revocation of such authorization.

**Sector:** Transportation

**Sub-Sector:** Land Transportation

**Industry Classification:** CMAP 973103 Vehicle Parking Services (parking and garage services)  
CMAP 973104 Weight Scale Services for Transportation  
CMAP 973105 Towing Services for Vehicles  
CMAP 973106 Other Services Related to Land Transportation (not mentioned in CMAP 9731, 7112 and 7113)

**Level of Government:** Federal

**Measures:** *Ley de Vías Generales de Comunicación*

**Description:** A permit issued by the Secretaría de Comunicaciones y Transportes is required to provide services related to land transportation.

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**Annex V**  
**Schedule of United States**

**Sector:** Communications

**Sub-Sector:** Telecommunications (Radiocommunications)

**Industry Classification:** CPC 752 Telecommunications Services

**Level of Government:** Federal

**Measures:** *Communications Act of 1934*, 47 U.S.C. §§ 151 et seq.

**Description:** Any person wishing to engage in communications by radio within the United States and between the United States and points outside the United States must obtain a license from the Federal Communications Commission (FCC) for the use, but not the ownership, of all channels of radiocommunications. Such a license shall not be construed to create any right beyond the terms, conditions and periods of the license.

The *Communications Act of 1934* requires the FCC, in granting radio station licenses, to determine if such a license would serve the public interest, convenience and necessity and empowers the FCC to impose conditions pursuant to this determination. The FCC must deny applications for radio licenses where it is unable to find that such grant would serve the public interest, convenience and necessity.



**Sector:** Communications

**Sub-Sector:** Cable Television Services

**Industry Classification:** CPC 753 Radio and Television Cable Services

**Level of Government:** Federal

**Measures:** *Communications Act of 1934*, 47 U.S.C. §§ 151 et seq.  
*Federal Communications Commission Rules*, §§ 76.501, 74.931(e)(5), 63.54 and 21.912  
*The Cable Television Consumer Protection and Competition Act of 1992*, Pub. L. No. 102-385, 106 Stat. 1460 (1992)  
47 C.F.R. §§ 76.501, 74.931(e)(5), 63.54 and 21.912

**Description:** A cable television system is not allowed to carry any television broadcast signal if the cable system owns, operates, controls or has an interest in a television broadcast station whose Grade B contour overlaps the service area of such cable system (§ 76.501(a)).

A cable television system may directly or indirectly own, operate, control or have an interest in a national television network, such as ABC, CBS or NBC, only if such system does not pass more than:

- (a) 10 percent of homes passed on a nationwide basis when aggregated with all other cable systems in which the network holds such a cognizable interest; and
- (b) 50 percent of homes passed within any one Arbitron Area of Dominant Influence (ADI), except that a cable television system facing a competing system will not be counted toward this 50 percent limit (§ 76.501(b)).

A cable television company may not lease excess transmission time or capacity from a licensee of an Instructional Television Fixed Service (ITFS) station (television services intended for use in educational institutions) if the ITFS station is located within 20 miles of that cable television company's franchise area (§ 74.931(e)(5)).

A telephone common carrier may not engage in the provision (for example, ownership, control or production) of video programming directly to the viewing public in its telephone service area, but may distribute such programming on a common carrier basis and may only have up to a five percent non-controlling financial interest in video programmers (§ 63.54(a) and (e)).

A telephone common carrier may not provide channels of communications or pole line conduit space, or other rental arrangements to any entity that is directly or indirectly owned, operated or controlled by, or under common control with, such telephone common carrier, where such facilities or arrangements are to be used for, or in connection with, the provision of video programming to the viewing public in the telephone service area of the telephone common carrier (§ 63.54(b)).

A telephone common carrier may not acquire cable facilities in its service area and use those facilities to provide video dialtone services or to engage in activities related to the provision of video programming directly to subscribers (§ 63.54(d)(3)).

In cable television franchise areas served by a single cable operator, that operator may not be authorized to use frequencies assigned to the Multichannel Multipoint Distribution Service (MMDS) (the 2150-2165 MHz and 2596-2644 MHz bands), if a portion of an MMDS station's protected service area lies within that cable television operator's franchise area (§ 21.912).

*Annex V - United States*

A cable operator may not hold a license for multichannel multipoint distribution or satellite master antenna television service, apart from the franchised service, in the same area in which it holds a cable system franchise (*The Cable Television Consumer Protection and Competition Act of 1992* ("1992 Cable Act"), section 11).

A cable operator may not sell or otherwise transfer its ownership in a cable system within three years following the acquisition or initial construction of such system (1992 Cable Act, section 13).

Sector:

Sub-Sector:

Industry:

Level of

Measure:

Descriptor:

**Sector:** Energy

**Sub-Sector:** Natural Gas Transportation

**Industry Classification:** SIC 4922 Natural Gas Transmission  
SIC 4923 Natural Gas Transmission and Distribution  
SIC 4924 Natural Gas Distribution

**Level of Government:** Federal

**Measures:** 15 U.S.C. § 717f

18 C.F.R. § 157

**Description:**

A natural gas company, or a person that will be a natural gas company upon completion of proposed construction or extension of transportation facilities, is required to obtain a certificate of public convenience and necessity to construct, extend, acquire or operate such facilities. In addition, a certificate is required to transport or sell for resale natural gas in interstate commerce.

The Federal Energy Regulatory Commission (FERC) is required to hold hearings on applications for permanent certificates and to give interested persons notice of such hearings. Notices of applications are published in the *Federal Register*.

The FERC does not require a certificate of public convenience and necessity for certain replacement construction, maintenance, emergency facilities, auxiliary installations and certain types of taps.

Natural gas services for drilling oil wells or for testing or purging new natural gas pipeline facilities are exempt from the certificate requirement.

Certain "emergency" sales, transportation or exchanges are exempt from the certificate requirement. Where a certificate is required, the FERC may grant a temporary certificate for sale or transportation in emergency circumstances, pending the determination on a permanent certificate.

**Sector:** Postal Services

**Sub-Sector:**

**Industry Classification:** SIC 4311 United States Postal Service

**Level of Government:** Federal

**Measures:** 39 U.S.C. §§ 401 et seq.  
18 U.S.C. § 1693  
39 C.F.R. §§ 310 and 320

**Description:** The U.S. Postal Service is generally authorized to "receive, transmit, and deliver throughout the United States, its territories and possessions . . . written and printed matter, parcels and like materials." The Postal Service also has the exclusive authority to "provide and sell postage stamps."

A carrier other than the U.S. Postal Service may carry letters if, among other things, each letter is enclosed in an envelope, proper postage has been paid in stamps, the stamp is canceled by the sender and the carrier endorses the envelope.

The postal regulations define "letters" to exclude telegrams, books and magazines, and other materials. The regulations also permit letters to be carried accompanying cargo, by the sender, by others without compensation and by special messengers. The Postal Service has suspended its regulations with respect to private "express mail" services.

**Sector:**

**Sub-Sec**

**Industry**

**Level of**

**Measure**

**Descript**

Sector: Recreation

Sub-Sector: National Parks Concessions

Industry Classification: SIC 7999 Amusement and Recreation Services, Not Elsewhere Classified

Level of Government: Federal

Measures: 16 U.S.C. §§ 20 and 20a

Description: A concession is required to operate hotels, restaurants, gift shops, snack bars, equipment rentals, horseback riding services, guide services, fishing guide services, mountain climbing services, bus transportation and other services in U.S. national parks. The National Park Service regulates all aspects of these services, including building specifications, rates for the services, and hours of operation.

The National Park Service awards concessions only where they are determined to be "necessary and appropriate". In developing its plans for the operation of a national park, the Park Service determines what operations, including concessions, are "necessary and appropriate". As a result of this determination, the Park Service may determine that a given concession is not needed.

ANNEX VI  
MISCELLANEOUS COMMITMENTS

Annex VI

1. The Schedule of a Party sets out the commitments to liberalize non-discriminatory measures undertaken by that Party pursuant to Article 1208.
2. Each commitment sets out the following elements:
  - (a) **Sector** refers to the general sector in which the commitment to liberalize is undertaken;
  - (b) **Sub-Sector** refers to the specific sector in which the commitment to liberalize is undertaken;
  - (c) **Industry Classification** refers, where applicable, to the activity covered by the non-discriminatory measure to be liberalized according to domestic industry classification codes;
  - (d) **Level of Government** indicates the level of government maintaining the non-discriminatory measure to be liberalized;
  - (e) **Measures** identifies the non-discriminatory measures to be liberalized; and
  - (f) **Description** sets out the commitment undertaken by the Party to liberalize a non-discriminatory measure.
3. In the interpretation of a commitment, all elements of the commitment shall be considered. The **Description** element shall prevail over all other elements.
4. For purposes of this Annex:

**CMAP** means Clasificación Mexicana de Actividades y Productos (CMAP) numbers as set out in Instituto Nacional de Estadística, Geografía e Informática, *Clasificación Mexicana de Actividades y Productos*, 1988;

**CPC** means Central Product Classification (CPC) numbers as set out in Statistical Office of the United Nations, Statistical Papers, Series M, No. 77, *Provisional Central Product Classification*, 1991; and



SIC means:

- (a) with respect to Canada, Standard Industrial Classification (SIC) numbers as set out in Statistics Canada, *Standard Industrial Classification*, fourth edition, 1980; and
- (b) with respect to the United States, Standard Industrial Classification (SIC) numbers as set out in the United States Office of Management and Budget, *Standard Industrial Classification Manual*, 1987.

Sector:

Sub-Sector:

Industry:

Level of

Measure:

Description:

**Annex VI**  
**Schedule of Canada**

<b>Sector:</b>	Professional Services
<b>Sub-Sector:</b>	Lawyers
<b>Industry Classification:</b>	SIC 7761 Offices of Lawyers and Notaries
<b>Level of Government:</b>	Provincial
<b>Measures:</b>	British Columbia: <i>Legal Profession Act, S.B.C. 1987, c. 25</i> Ontario: <i>Law Society Act, R.S.O. 1990, c. L-8</i> Saskatchewan: <i>Legal Profession Act, S.Sask. 1990, c. L-10.1</i>
<b>Description:</b>	Lawyers authorized to practice in Mexico or the United States and law firms headquartered in Mexico or the United States will be permitted to provide foreign legal consultancy services, and to establish for that purpose, in British Columbia, Ontario and Saskatchewan, and in any other province that so permits by the date of entry into force of this Agreement.

**Annex VI**  
**Schedule of Mexico**

**Sector:** Communications

**Sub-Sector:** Entertainment Services (Cinema)

**Industry Classification:** CMAP 941102 Private Services of Distribution and Films Rental

**Level of Government:** Federal

**Measures:** *Ley de la Industria Cinematográfica*  
*Reglamento de la Ley de la Industria Cinematográfica*

**Description:** Cross-Border Services

A "distributor" of films produced outside of Mexico is required to provide to the Cineteca Nacional no more than one copy of two film titles for each five film titles imported by the distributor into Mexico.

**Sector:** Professional, Technical and Specialized Services  
**Sub-Sector:** Professional Services  
**Industry Classification:** CMAP 951002 Legal Services (limited to foreign legal consultancy)

**Level of Government:** Federal and State

**Measures:**

- Description:**
1. Mexico will ensure that:
    - (a) a lawyer authorized to practice in a province of Canada or a state of the United States who seeks to practice as a foreign legal consultant in Mexico will be granted a license to do so if lawyers licensed in Mexico are accorded equivalent treatment in such province or state; and
    - (b) a law firm headquartered in a province of Canada or a state of the United States that seeks to establish in Mexico to provide legal services through licensed foreign legal consultants will be authorized to do so if law firms headquartered in Mexico are accorded equivalent treatment in such province or state.
  2. Mexico will, pursuant to paragraph 1(a), deny benefits to foreign lawyers employed by or associated with foreign legal consultancy firms established in Mexico, pursuant to paragraph 1(b), if such lawyers are not authorized to practice in a province of Canada or a state of the United States that authorizes lawyers licensed in Mexico to practice as foreign legal consultants in its territory.
  3. Subject to paragraphs 1 and 2, Mexico will adopt measures regarding the practice of foreign legal consultants in the territory of Mexico, including matters related to association with and hiring of lawyers licensed in Mexico.

Sector:

Sub-Sector:

Industry:

Level of

Measures

Descripti

**Sector:** Transportation

**Sub-Sector:** Land Transportation

**Industry Classification:**

CMAF 711201	Road Transport Services for Construction Materials
CMAF 711202	Road Transport Moving Services
CMAF 711203	Other Services of Specialized Cargo Transportation
CMAF 711204	General Trucking Services
CMAF 711311	Inter-City Busing Services
CMAF 711318	School and Tourist Transportation Services (limited to tourist transportation services)

**Level of Government:** Federal and State

**Measures:**

**Description:** An enterprise authorized in Mexico to provide bus or truck transportation services may use equipment of its own, leased vehicles with an option to purchase (financial leasing), leased vehicles (operational leasing), or short-term rental vehicles.

Federal measures will be established in relation to leasing and rental operations.

Annex VI  
Schedule of United States

Sector: Communications  
Sub-Sector: Broadcasting  
Industry Classification: CPC 7524 Program Transmission Services  
Level of Government: Federal  
Measures: *Communications Act of 1934*, 47 U.S.C. §§ 309, 325

Description: The United States will ensure that in considering applications for a grant of authority to transmit programming to foreign stations for retransmission into the United States under section 325 of the *Communications Act of 1934* ("the Act"), the Federal Communications Commission (FCC) will not consider the nationality of the affected stations for the purpose of favoring a U.S. station that is competing with a Mexican station for affiliation with a U.S. programmer. Rather, the FCC will apply the criteria for the grant of such a permit in the same manner as they would be applied to a domestic broadcast station application under section 309 of the Act.

In addition, the term of the section 325 permit shall be extended from one year to five years in all situations where it can be assured that the retransmitting station is and will be in full compliance with applicable treaties. In assessing the public interest, convenience and necessity required by the Act for the grant of authorization under section 325, the primary criterion will be avoiding the creation or maintenance of electrical interference to U.S. broadcast stations that violates applicable treaty provisions. In evaluating this and any other criterion permitted under section 309, the United States will ensure that the section 325 process is not conducted in a manner that would constitute an unnecessary restriction on trade.

**Sector:** Professional Services

**Sub-Sector:** Legal Services

**Industry Classification:** SIC 8111 Legal Services

**Level of Government:** State

**Measures:** Alaska Bar R. 44.1

California R. Ct. 988

Connecticut Pract. Book § 24A

D.C. Ct. App. R. 46(c)(4) (Washington, D.C.)

Rules Regulating the Florida Bar, Chapter 16, as adopted in Amendment to Rules Regulating the Florida Bar, 605 So. 2d 252 (1992)

Rules and Regulations of the State Bar of Georgia, Part II, Rule 2-101, Part D

Hawaii Sup. Ct. R. 14

Illinois Rev. Stat. Ch. 110A, par. 712 (Sup. Ct. R. 712)

Michigan Bd. of Law Examiners R. 5(E)

New Jersey Sup. Ct. R. 1:21-9

New York Admn. Code tit. 22, Section 521

Ohio Sup. Ct. R. for the Government of the Bar XI

Rules Regulating Admission to Practice Law in Oregon, Chapter 10

Descrip

Texas R. Governing Admission to the Bar of Texas XVI

Wash. R. of Ct. 14

**Description:**

Lawyers authorized to practice in Canada or Mexico and law firms headquartered in Canada or Mexico will be permitted to provide foreign legal consultancy services, and to establish for that purpose, in Alaska, California, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Illinois, Michigan, New Jersey, New York, Ohio, Oregon, Texas and Washington, or in any other state that so permits by the date of entry into force of this Agreement.



**ANNEX VII**  
**RESERVATIONS, SPECIFIC COMMITMENTS**  
**AND OTHER ITEMS**

## Annex VII

1. Section A of the Schedule of a Party sets out the reservations taken by that Party, pursuant to Article 1409(1) (Financial Services), with respect to existing measures that do not conform with obligations imposed by:

- (a) Article 1403 (Establishment of Financial Institutions);
- (b) Article 1404 (Cross-Border Trade);
- (c) Article 1405 (National Treatment);
- (d) Article 1406 (Most-Favored-Nation Treatment);
- (e) Article 1407 (New Financial Services and Data Processing); or
- (f) Article 1408 (Senior Management and Boards of Directors).

2. Each reservation in Section A sets out the following elements:

- (a) **Sector** refers to the general sector in which the reservation is taken;
- (b) **Sub-Sector** refers to the specific sector in which the reservation is taken;
- (c) **Industry Classification** refers, where applicable, to the activity covered by the reservation according to domestic industry classification codes;
- (d) **Type of Reservation** specifies the obligation referred to in paragraph 1 for which the reservation is taken;
- (e) **Level of Government** indicates the level of government maintaining the measure for which the reservation is taken;
- (f) **Measures** identifies the laws, regulations or other measures, as qualified by the **Description** element, for which the reservation is taken. A measure cited in the **Measures** element
  - (i) means the measure as amended, continued or renewed as of the date of entry into force of this Agreement, and
  - (ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure;

- (g) **Description** sets out references, if any, for liberalization on the date of entry into force of this Agreement pursuant to other sections of a Party's Schedule to this Annex, and the remaining non-conforming aspects of the existing measures for which the reservation is taken; and
- (h) **Phase-Out** sets out commitments, if any, for liberalization after the date of entry into force of this Agreement.

3. In the interpretation of a reservation, all elements of the reservation shall be considered. A reservation shall be interpreted in the light of the relevant provisions of the Chapter against which the reservation is taken. To the extent that:

- (a) the **Phase-Out** element provides for the phasing out of the non-conforming aspects of measures, the **Phase-Out** element shall prevail over all other elements;
- (b) the **Measures** element is qualified by a specific reference in the **Description** element, the **Measures** element as so qualified shall prevail over all other elements; and
- (c) the **Measures** element is not so qualified, the **Measures** element shall prevail over all other elements, unless any discrepancy between the **Measures** element and the other elements considered in their totality is so substantial and material that it would be unreasonable to conclude that the **Measures** element should prevail, in which case the other elements shall prevail to the extent of that discrepancy.

4. Section B of the Schedule of a Party sets out reservations taken by the Party, pursuant to Article 1409(2), for measures the Party may adopt or maintain that do not conform with obligations imposed by Article 1403, 1404, 1405, 1406, 1407 or 1408.

5. Section C of the Schedule of a Party sets out the commitments to liberalize measures undertaken by that Party pursuant to Article 1409(3).

6. For purposes of this Annex:

**CMAP** means *Clasificación Mexicana de Actividades y Productos* (CMAP) numbers as set out in Instituto Nacional de Estadística, Geografía e Informática, *Clasificación Mexicana de Actividades y Productos*, 1988;

CPC  
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SIC m

CPC means Central Product Classification (CPC) numbers as set out in Statistical Office of the United Nations, Statistical Papers, Series M, No. 77, *Provisional Central Product Classification*, 1991; and

SIC means:

- (a) with respect to Canada, Standard Industrial Classification (SIC) number as set out in Statistics Canada, *Standard Industrial Classification*, fourth edition, 1980; and
- (b) with respect to the United States, Standards Industrial Classification (SIC) numbers as set out in the United States Office of Management and Budget, *Standard Industrial Classification Manual*, 1987.

**Annex VII  
Schedule of Canada  
Section A**

**Sector:** Financial Services

**Sub-Sector:** Insurance

**Industrial Classification:**

**Type of Reservation:** Cross-Border Trade (Article 1404)

**Level of Government:** Federal

**Measures:** *Insurance Companies Act, S.C. 1991, c. 47*  
*Reinsurance (Canadian Companies) Regulations, SOR/92-298*  
*Reinsurance (Foreign Companies) Regulations, SOR/92-596*

**Description:** The purchase of reinsurance services by a Canadian insurer, other than a life insurer or a reinsurer, from a non-resident reinsurer is limited to no more than 25 percent of the risks undertaken by the insurer purchasing the reinsurance.

**Phase-Out:** None

**Section B**

1. Canada reserves the right to adopt any measure relating to cross-border trade in securities services that derogates from Article 1404(1) or, with respect to the United States, that derogates from Article 1406.

2. For purposes of restrictions that limit foreign ownership of Canadian-controlled financial institutions, and for purposes of restrictions on total domestic assets of foreign bank subsidiaries in Canada, Canada reserves the right to adopt or maintain measures that require an enterprise of another Party be controlled by one or more residents of the other Party in order to be entitled to the benefits of this Chapter. For these purposes:

- (a) an enterprise controlled by one or more residents of another Party means controlled, directly or indirectly, by such residents;
- (b) an enterprise that is a body corporate is controlled by one or more persons if
  - (i) securities of the enterprise to which are attached more than 50 percent of the votes that may be cast to elect directors of the enterprise are beneficially owned by the person or persons and the votes attached to those shares are sufficient, if exercised, to elect a majority of the directors of the enterprise, or
  - (ii) the person or persons has or have, directly or indirectly, control in fact of the enterprise;
- (c) an enterprise that is an unincorporated entity is controlled by one or more persons if
  - (i) more than 50 percent of ownership interests, however designated, into which the enterprise is divided is beneficially owned by the person or persons and the person or persons is or are able to direct the business and affairs of the enterprise, or
  - (ii) the person or persons has or have, directly or indirectly, control in fact of the enterprise;
- (d) a limited partnership is controlled by the general partner;

*Annex VII(B) - Canada*

- (e) ordinarily resident in a country generally means sojourning in that country for a period of, or periods the aggregate of which is, 183 days or more during the relevant year; and
- (f) a person ordinarily resident in another Party means
  - (i) in the case of an enterprise, an enterprise legally constituted or organized under the laws of that Party and controlled, directly or indirectly, by one or more individuals of that Party described in clause (ii), and
  - (ii) in the case of an individual, an individual who is ordinarily resident in the territory of that Party.

Section C

1. For purposes of restrictions that limit foreign ownership of Canadian-controlled financial institutions and for purposes of limitations on total domestic assets of foreign bank subsidiaries in Canada, Canada shall give to Mexico the same treatment that Canada gives under the *Bank Act*, the *Insurance Companies Act (Canada)*, the *Trust and Loan Companies Act (Canada)* and the *Investment Companies Act*, to United States residents and to institutions controlled by United States residents.

2. Canada shall exempt foreign bank subsidiaries in Canada controlled by Mexican residents from the requirement to obtain approval of the Minister of Finance prior to opening branches within Canada in the same manner as it exempts foreign bank subsidiaries in Canada controlled by United States residents.

Sector:

Sub-Sector:

Industry:

Type of R

Level of C

Measures:

Description:

Phase-Out



**Annex VII**  
**Schedule of Mexico**  
**Section A**

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	Holding Companies (Sociedades Controladoras) Commercial Banks (Instituciones de Banca Múltiple)
<b>Industry Classification:</b>	Holding Companies (Not applicable) CMAP 811030 Commercial Banks
<b>Type of Reservation:</b>	Establishment of Financial Institutions (Article 1403) National Treatment (Article 1405)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Ley para Regular las Agrupaciones Financieras,</i> Artículo 18  <i>Ley de Instituciones de Crédito,</i> Artículos 11, 15
<b>Description:</b>	Aggregate foreign investments in holding companies and in commercial banks are limited to 30 percent of common stock capital (" <i>capital ordinario</i> "). These percentage limits do not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under, Sections B and C of this Schedule.
<b>Phase-Out:</b>	None

**Sector:** Financial Services

**Sub-Sector:** Securities Firms (Casas de Bolsa)  
Securities Specialists (Especialistas Bursátiles)

**Industry Classification:** CMAP 812001 Securities Firms  
Securities Specialists (Not Applicable)

**Type of Reservation:** Establishment of Financial Institutions (Article 1403)  
National Treatment (Article 1405)

**Level of Government:** Federal

**Measures:** *Ley del Mercado de Valores, Artículo 17-II*

**Description:** Aggregate foreign investments in securities firms and securities specialists are limited to 30 percent of capital ("*capital social*") and individual foreign investments are limited to 10 percent of capital, while individual investments by Mexicans may, with approval from the *Secretaría de Hacienda y Crédito Público*, rise to 15 percent of capital. These percentage limits do not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under, Sections B and C of this Schedule.

**Phase-Out:** None

Sector:

Sub-Sector:

Industry C

Type of R

Level of G

Measures:

Description

Phase-Out:

Annex VII(A) - Mexico

Sector:	Financial Services
Sub-Sector:	General Deposit Warehouses (Almacenes Generales de Depósito) Financial Leasing Companies (Arrendadoras Financieras) Financial Factoring Companies (Empresas de Factoraje Financiero) Bonding Companies (Instituciones de Fianzas)
Industry Classification:	CMAP 811042      General Deposit Warehouses CMAP 811043      Financial Leasing Companies Financial Factoring Companies (Not Applicable) CMAP 813001      Bonding Companies
Type of Reservation:	Establishment of Financial Institutions (Article 1403) National Treatment (Article 1405)
Level of Government:	Federal
Measures:	<i>Ley General de Organizaciones y Actividades Auxiliares del Crédito</i> , Artículo 8-III-1  <i>Ley Federal de Instituciones de Fianzas</i> , Artículo 15-XIII
Description:	Aggregate foreign investments in general deposit warehouses, financial leasing companies, financial factoring companies and bonding companies must be less than 50 percent of paid-in capital (" <i>capital pagado</i> "). These percentage limits do not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under, Section B of this Schedule.
Phase-Out:	None

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	Credit Unions (Uniones de Crédito) Financial Agents (Comisionistas Financieros) Foreign Exchange Firms (Casas de Cambio)
<b>Industry Classification:</b>	CMAP 811041      Credit Unions Financial Agents (Not Applicable) CMAP 811044      Foreign Exchange Firms
<b>Type of Reservation:</b>	Establishment of Financial Institutions (Article 1403) National Treatment (Article 1405)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Ley General de Organizaciones y Actividades Auxiliares del Crédito, Artículos 8-III-1, 82-III</i>  <i>Ley de Instituciones de Crédito, Artículo 92</i>  <i>Reglas de la Secretaría de Hacienda y Crédito Público</i>
<b>Description:</b>	Foreign investments in credit unions, financial agents and foreign exchange firms are not allowed. This limitation does not apply to investments in foreign financial affiliates as such term is defined in, and subject to terms and conditions under, Section B of this Schedule.
<b>Phase-Out:</b>	None

Mexico

Sector: Financial Services

Sub-Sector: Development Banks (Bancos de Desarrollo)

Industry Classification: CMAP 811021 Development Banks

Type of Reservation: Establishment of Financial Institutions (Article 1403)  
National Treatment (Article 1405)

Level of Government: Federal

Measures: *Ley de Instituciones de Crédito*, Artículo 33

Description: Foreign investments in development banks are not allowed.

Phase-Out: None

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<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	Insurance Companies (Instituciones de Seguros)
<b>Industry Classification:</b>	CMAP 813002 Insurance Companies
<b>Type of Reservation:</b>	Establishment of Financial Institutions (Article 1403) National Treatment (Article 1405)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Ley General de Instituciones y Sociedades Mutualistas de Seguros, Artículo 29-I</i>
<b>Description:</b>	Aggregate foreign investments in insurance companies must be less than 50 percent of paid-in capital (" <i>capital pagado</i> "). This percentage limit does not apply to investments in foreign financial affiliates as such term is defined in Sections B and C of this Schedule, or in insurance companies, in both cases subject to terms and conditions under Sections B and C of this Schedule.
<b>Phase-Out:</b>	None

Sector:

Sub-Sec

Industry

Type of R

Level of C

Mexico

Sector: Financial Services

Sub-Sector: Holding Companies (Sociedades Controladoras)  
 Securities Firms (Casas de Bolsa)  
 Securities Specialists (Especialistas Bursátiles)  
 General Deposit Warehouses (Almacenes Generales de Depósito)  
 Financial Leasing Companies (Arrendadoras Financieras)  
 Financial Factoring Companies (Empresas de Factoraje Financiero)  
 Savings and Loan Companies (Sociedades de Ahorro y Préstamo)  
 Managing Companies of Investment Companies (Sociedades Operadoras de Sociedades de Inversión)  
 Investment Companies (Sociedades de Inversión)  
 Bonding Companies (Instituciones de Fianzas)  
 Insurance Companies (Instituciones de Seguros)

Industry Classification:

	Holding Companies (Not Applicable)
CMAP 812001	Securities Firms
	Securities Specialists (Not Applicable)
CMAP 811042	General Deposit Warehouses
CMAP 811043	Financial Leasing Companies
	Financial Factoring Companies (Not Applicable)
	Saving and Loans Companies (Not Applicable)
CMAP 812003	Managing Companies of Investment Companies
CMAP 812002	Investment Companies
CMAP 813001	Bonding Companies
CMAP 813002	Insurance Companies

Type of Reservation: Establishment of Financial Institutions (Article 1403)  
National Treatment (Article 1405)

Level of Government: Federal

**Measures:**

*Ley para Regular las Agrupaciones Financieras,*  
Artículo 18

*Ley del Mercado de Valores,* Artículo 17-II

*Ley General de Organizaciones y Actividades Auxiliares del Crédito,* Artículos 8-III-1, 38-G

*Ley de Sociedades de Inversión,* Artículos 9-III, 29-VI

*Ley Federal de Instituciones de Fianzas,* Artículo 15-XIII

*Ley General de Instituciones y Sociedades Mutualistas de Seguros,* Artículo 29-I

**Description:**

Foreign governments and foreign state enterprises may not invest, directly or indirectly, in holding companies, securities firms, securities specialists, general deposit warehouses, financial leasing companies, financial factoring companies, savings and loan companies, managing companies of investment companies, investment companies, bonding companies or insurance companies.

**Phase-Out:**

None

Sector:

Sub-Sector:

Industry:

Type of:

Level of:

Measure:

Description:

Phase-Out:



Mexico

Annex VII(A) - Mexico

Sector: Financial Services

Sub-Sector: Commercial Banks (Instituciones de Banca Múltiple)

Industry Classification: CMAP 811030 Commercial Banks

Type of Reservation: Establishment of Financial Institutions (Article 1403)  
National Treatment (Article 1405)

Level of Government: Federal

Measures: *Ley de Instituciones de Crédito*, Artículo 15

Description: Foreign entities that exercise governmental functions may not invest, directly or indirectly, in commercial banks.

Phase-Out: None

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<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	Insurance
<b>Industry Classification:</b>	CMAP 813002 Insurance
<b>Type of Reservation:</b>	Cross-Border Trade (Article 1404) National Treatment (Article 1405)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Ley General de Instituciones y Sociedades Mutualistas de Seguros, Artículo 3</i>
<b>Description:</b>	<p>Mexico reserves its existing prohibitions and restrictions on cross-border trade in insurance services, which do not now include restrictions on the right of individuals to purchase, by physical mobility, life and health insurance. Mexico is not reserving its present restrictions with respect to the ability of residents of Mexico to purchase from cross-border insurance providers of another Party the following types of insurance:</p> <ul style="list-style-type: none"><li>(a) tourist insurance (including travel accident and motor vehicle insurance for non-resident tourists, but not insurance of risks of liability to third parties) for individuals, purchased without solicitation via physical mobility of such individuals;</li><li>(b) (i) cargo insurance to and from each Party, purchased without solicitation, for goods in international transit from point of origin to final destination, and</li><li>(ii) insurance purchased without solicitation for a vehicle during the period of its use in transportation of cargo (other than insurance of risks of liabilities to third parties), provided such vehicle is</li></ul>

Phase-Out

*Annex VII(A) - Mexico*

licensed and registered outside Mexico (including vehicles in maritime shipping, commercial aviation, space launching and freight (including satellites)); and

- (c) intermediary services incidental to subparagraphs (a) and (b) purchased without solicitation.

For greater clarity, this reservation does not apply to reinsurance.

**Phase-Out:**

None

<b>Sector:</b>	Financial Services
<b>Sub-Sector:</b>	Banking
<b>Industry Classification:</b>	CMAP 811021      Development Banks CMAP 811030      Commercial Banks
<b>Type of Reservation:</b>	Establishment of Financial Institutions (Article 1403) Cross-Border Trade (Article 1404) National Treatment (Article 1405)
<b>Level of Government:</b>	Federal
<b>Measures:</b>	<i>Ley Orgánica de Nacional Financiera, Artículo 7</i>  <i>Ley Orgánica del Banco Nacional del Ejército, la Fuerza Aérea y la Armada</i>
<b>Description:</b>	The following activities are reserved solely to Mexican development banks: <ul style="list-style-type: none"> <li>(a) acting as custodians of securities and cash funds deposited by or in the administrative or judiciary authorities, and acting as custodian of goods that have been seized according to Mexican measures; and</li> <li>(b) managing the savings funds, retirement plans and any other funds or property of the personnel of the Secretaría de la Defensa Nacional, Secretaría de Marina and the Mexican armed forces, and performing other financial activities pertaining to the financial resources of such personnel.</li> </ul>
<b>Phase-Out:</b>	None

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**Section B**

**Establishment and Operation of Financial Institutions**

**Type of Reservation:** Establishment of Financial Institutions (Article 1403)  
National Treatment (Article 1405)

1. The provisions of paragraphs 2 through 10 of this Section shall apply during the transition period, except as otherwise specifically provided in paragraphs 9 and 10 of this Section.
2. For the types of financial institutions listed in the chart in this paragraph, the maximum capital to be authorized by Mexico for a foreign financial affiliate, measured as a percentage of the aggregate capital of all financial institutions of the same type in Mexico, shall not exceed the percentage set forth in the chart in this paragraph:

<u>Type of Financial Institution</u>	<u>Maximum Individual Capital to Be Authorized</u> (Percentage of the Aggregate Capital of All Institutions of the Same Type)
Commercial Banks	1.5%
Securities Firms	4.0%
Insurance Companies	
Casualty	1.5%
Life and Health	1.5%

In the case of an acquisition by an investor of another Party of a financial institution established in Mexico, the sum of the authorized capital of the acquired institution and the authorized capital of any foreign financial affiliate already controlled by the acquiror may not, at the time of acquisition or at any time thereafter during the transition period, exceed the applicable limit set forth in the chart in this paragraph.

This paragraph will not apply to new or existing Mexican insurance companies invested in by insurance investors of another Party (or their affiliates) pursuant to paragraph 7 of this Section or paragraph 4 of Section C of this Schedule.

3. For purposes of the proper administration of the capital limits in this Section, the following provisions shall apply:

- (a) Each foreign financial affiliate shall have an authorized capital determined by Mexico, and the paid-in capital of such an institution shall not be less than that authorized at the time of approval of its establishment. After the time of establishment, Mexico may permit authorized capital to exceed paid-in capital. Authorized capital shall not be reduced by any measure of Mexico (other than prudential measures) below paid-in capital. The maximum size of the operations of each foreign financial affiliate shall be determined, on a national treatment basis, as a function of the lesser of its capital or its authorized capital.
- (b) Mexico reserves the right to impose limitations on transfers of assets or liabilities by foreign financial affiliates that have the effect of evading the capital limits set forth in this Schedule. This subparagraph does not apply to bona fide transfers of funds to make overnight deposits or bona fide transfers of banking liabilities.

4. No foreign financial affiliate may issue subordinated debentures, other than to the investor of another Party that owns and controls the affiliate.

5. The aggregate of the authorized capital of all foreign financial affiliates of the same type, measured as a percentage of the aggregate capital of all financial institutions of such type in Mexico, shall not exceed the percentage set forth in the chart in this paragraph for that type of institution, except for insurance companies as set out in paragraph 6 of this Section. Beginning one year after the date of entry into force of this Agreement, these initial limits shall increase annually in equal increments so as to reach the final limits specified in the chart in this paragraph at the beginning of the last year of the transition period:

<u>Type of Financial Institution</u>	<u>Percentage of Total Capital</u>	
	<u>Initial Limit</u>	<u>Final Limit</u>
Commercial banks	8%	15%
Securities firms	10%	20%
Factoring companies	10%	20%
Leasing companies	10%	20%

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Any capital in existence as of the date of signature of this Agreement of a foreign bank branch established in Mexico prior to such date shall be excluded from each of the aggregate capital limits referred to in this Schedule.

6. The aggregate of the authorized capital of all foreign insurance affiliates, measured as a percentage of the aggregate capital of all insurance companies in Mexico, shall not exceed the percentage set forth in the chart in this paragraph for the respective one-year periods beginning on each of the following dates:

<u>Date</u>	<u>Percentage of Total Capital</u>
January 1, 1994	6%
January 1, 1995	8%
January 1, 1996	9%
January 1, 1997	10%
January 1, 1998	11%
January 1, 1999	12%

If the date of entry into force of this Agreement occurs on a date prior to January 1, 1994, that date shall become the initial date for purposes of this chart, and each succeeding anniversary of the date of entry into force of this Agreement shall become the next succeeding date in this chart, with the percentages listed in this chart applying to each of the respective periods as so adjusted. If the date of entry into force of this Agreement occurs on a date after January 1, 1994, the dates and corresponding limits in this chart shall not be changed.

The individual and aggregate capital limits described in paragraphs 2 and 6 of this Section shall be measured separately (through separate accounting) for life and non-life insurance operations, but both types of insurance operations may be conducted either by a single or separate foreign financial affiliates.

7. An insurance investor of another Party may elect an alternative procedure for investment in Mexico through phasing-in an equity interest in a new or existing Mexican insurance company, and thereby exempt such Mexican company from the capital limits in paragraphs 2 and 6 of this Section. In order to qualify, the percentage of the Mexican insurance company's common voting stock that is owned by Mexican persons must not be less than the levels set forth in the chart in this paragraph for the respective one-year periods beginning on each of the following dates:

<u>Date</u>	<u>Mexican Interest</u>
January 1, 1994	70%
January 1, 1995	65%
January 1, 1996	60%
January 1, 1997	55%
January 1, 1998	49%
January 1, 1999	25%

If the date of entry into force of this Agreement occurs on a date prior to January 1, 1994, that date shall become the initial date for purposes of this chart, and each succeeding anniversary of the date of entry into force of this Agreement shall become the next succeeding date in this chart, with the percentages listed in this chart applying to each of the respective periods as adjusted. If the date of entry into force of this Agreement occurs on a date after January 1, 1994, the dates and corresponding limits in this chart shall nonetheless not be changed.

On and after January 1, 2000 (or, if the date of entry into force of this Agreement occurs on a date prior to January 1, 1994, on and after the sixth anniversary of such date), the percentage requirement of Mexican ownership set forth in this paragraph shall no longer apply.

This paragraph is further modified by paragraph 4 of Section C of this Schedule to the extent set forth therein.

8. The aggregate assets of foreign financial affiliates that are limited scope financial institutions within the meaning of paragraph 2 of Section C of this Schedule shall not exceed three percent of the sum of:

- (a) the aggregate assets of all commercial banks in Mexico; plus
- (b) the aggregate assets of all types of limited scope financial institutions in Mexico.

Lending by affiliates of automobile manufacturing companies with respect to the manufacturers' vehicles shall not be subject to or taken into account in determining compliance with this three percent limit.



9. The limits in paragraphs 2, 5, 6 and 8 of this Section shall be removed at the end of the transition period. If the sum of the authorized capital of foreign financial affiliates, measured as a percentage of the aggregate capital of all financial institutions of such type in Mexico, reaches the percentage set forth in the chart in this paragraph for such type of institutions, then Mexico shall have the right, once during the four years following the end of the transition period, to freeze such aggregate capital percentage at its then-existing level:

Commercial banks	25%
Securities firms	30%

If applied, such a restriction will have a duration not to exceed a period of three years.

10. Mexico may deny a license to establish a foreign financial affiliate during the transition period (and, in the case of paragraph 9 of this Section, during the additional periods described in that paragraph) if after such issuance the sum of the authorized capital of all foreign financial affiliates of the same type would exceed the applicable percentage limit for that type of institution in paragraph 5, 6, 8 or 9 of this Section.

11. The provisions of paragraphs 12 through 17 of this Section shall apply immediately upon the date of entry into force of this Agreement and at all times thereafter, except as otherwise specifically provided in such paragraphs. Any amendment or modification to a measure adopted or maintained pursuant to paragraphs 12 through 15 of this Section shall not decrease the conformity of the measure, as it existed immediately before such amendment or modification, with Articles 1403 through 1408.

12. Mexico may require that a foreign financial affiliate (other than a foreign insurance affiliate) be wholly-owned by an investor of another Party. Mexico may also restrict any foreign financial affiliate from establishing agencies, branches, or other direct or indirect subsidiaries in the territory of any other country.

13. Following the transition period, acquisition of a commercial bank established in Mexico, or of the assets or liabilities thereof, by an investor of another Party will only be authorized by Mexico, subject to reasonable prudential considerations on a case-by-case basis, if the sum of the capital of the acquired commercial bank and the capital of any foreign commercial bank affiliate already controlled by the acquiror would not exceed four percent of the aggregate capital of all commercial banks in Mexico.

14. Mexico may adopt measures that (a) limit eligibility to establish a foreign financial affiliate in Mexico to an investor of another Party that is, directly or through any of its affiliates, engaged in the same general type of financial services in the territory of the other Party; and (b) limit such investor (together with its affiliates) to no more than one institution of the same type in Mexico. In determining what types of operations an investor of another Party is engaged in for purposes of the preceding sentence, all types of insurance shall be considered to be only one type of financial service; but both life and non-life insurance operations may be conducted either by a single or separate foreign financial affiliates.

#### Governmental Insurance Programs

**Type of Reservation:** Establishment of Financial Institutions (Articles 1403)  
Cross-Border Trade (Article 1404)  
National Treatment (Article 1405)

15. The activities and operations of the existing Mexican governmental insurance programs conducted by *Aseguradora Mexicana, S.A.* or *Aseguradora Hidalgo, S.A.* (including insurance for government employees, agencies, instrumentalities and public entities) are excluded from Articles 1403, 1404 and 1405 for so long as such firm is controlled by the Government of Mexico and for a commercially reasonable time after such governmental control ceases.

#### Cross-Border Trade

**Type of Reservation:** Cross-Border Trade (Article 1404)

16. In order to avoid impairment of the conduct of Mexico's monetary and exchange rate policies, cross-border financial service providers of another Party shall not be permitted to provide financial services into the territory of Mexico or to residents of Mexico, and residents of Mexico may not purchase financial services from cross-border financial service providers of another Party, if such transactions are denominated in Mexican pesos.

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**Existing Operations of Foreign Commercial Banks**

- Type of Reservation:**
- Establishment of Financial Institutions (Article 1403)
  - National Treatment (Article 1405)
  - Most-Favored-Nation Treatment (Article 1406)
  - New Financial Services and Data Processing (Article 1407)
  - Senior Management and Boards of Directors (Article 1408)

17. The benefits of this Agreement shall not be extended to a foreign bank branch existing in Mexico on the date of entry into force of this Agreement. The existing legal regime will continue to apply to such a branch for so long as it operates in that form. Such a branch shall be permitted to convert to a subsidiary pursuant to the terms of this Schedule, and on conversion shall be covered by this Agreement. In the event of conversion the existing capital of such branch on the date of signature of this Agreement shall not be counted against such foreign commercial bank affiliate's individual capital limit, or the aggregate capital limits for commercial banks.

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**Section C**  
**Specific Commitments**

1. Mexico shall retain discretion to approve, on a case-by-case basis, any affiliation of a commercial bank or securities firm with a commercial or industrial corporation that is established in Mexico, if Mexico determines that such affiliation is harmless and, in the case of banking, either (a) not substantial, or (b) the financial-related activities of the commercial or industrial corporation account for at least 90 percent of its annual income worldwide, and the non-financial activities of such commercial or industrial corporation are of a type that Mexico determines to be acceptable. Affiliation with a non-resident commercial or industrial corporation that is not established in Mexico will not be a reason for denial of an application to establish or acquire a commercial bank or securities firm in Mexico.

2. Non-bank investors of another Party shall be permitted to establish one or more limited scope financial institutions in Mexico to provide separately consumer lending, commercial lending, mortgage lending or credit card services on terms no less favorable than those applied to like domestic firms under Mexican measures. Mexico may permit lending services closely related to the principal authorized business of a limited scope financial institution to be carried out by that institution. Such institutions shall be provided the opportunity to raise funds in the securities market for business operations subject to normal terms and conditions. Mexico may restrict such limited scope financial institutions from taking deposits.

3. Within two years of the date of entry into force of this Agreement, Mexico shall conduct a study of the desirability of and, if desirable, the possible methods of establishing limited scope securities firms which would have more limited powers than current securities firms. Such limited scope securities firms would be subject to differing capital requirements, depending on the type and extent of business conducted, that would permit lower minimum capital requirements than those currently applicable to Mexican securities firms. The basis of the study will be prudential considerations and opportunities for investment in the securities sector. As part of the second annual meeting of the Committee required under Article 1412, Mexico shall report to the other Parties on the outcome of the study, including any plans for the establishment of new categories of securities firms.

4. Notwithstanding paragraph 7 of Section B of this Schedule, an insurance investor of another Party that together with its affiliates had as of July 1, 1992 an active investment or ownership interest of 10 percent or more in a Mexican insurance company that was

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specifically approved by Mexico, may: (a) exercise any contract right or option in existence as of July 1, 1992 with respect to ownership interests in such Mexican insurance company; and (b) effective the earlier of January 1, 1996 or two years following the date of entry into force of this Agreement, acquire a controlling interest of up to 100 percent in such Mexican insurance company. Before the effective date described in clause (b) of the preceding sentence, an insurance investor of another Party (together with its affiliates) described in that sentence may exercise any existing contract right or option described in clause (a) of that sentence, and choose to expand its interest in such Mexican insurance company to the extent consistent with paragraph 7 of Section B of this Schedule, or maintain its existing interest. Mexico shall maintain discretion to permit acceleration of the schedule for equity participation in a Mexican insurance company by an insurance investor of another Party described in the first sentence of this paragraph.

5. An investor of another Party that in accordance with Section B is authorized to establish or acquire, and establishes or acquires, a commercial bank or securities firm in Mexico may also establish a financial holding company in Mexico, and thereby establish or acquire other types of financial institutions in Mexico, under the terms of Mexican measures.

6. Mexico shall administer its licensing and approval procedures during the transition period in a manner that does not deny the benefits of the liberalization of existing measures described in its Schedule to enterprises of another Party that are ultimately controlled by nationals of that Party.

**Definitions**

For purposes of Sections B and C of this Schedule:

capital means the following, as defined in Mexican measures, applied on a national treatment basis:

<u>Type of Financial Institution</u>	<u>Concept of "Capital"</u>
commercial banks	<i>capital neto</i>
securities firms	<i>capital global</i>

insurance companies casualty	<i>requerimiento bruto de solvencia (allocation to casualty insurance)</i>
life and health	<i>requerimiento bruto de solvencia (allocation to life and health insurance)</i>
factoring companies leasing companies	<i>capital contable capital contable;</i>

**investor of another Party** means an investor of another Party as defined in Article 1403(5);

**foreign commercial bank affiliate** means a foreign financial affiliate that is a commercial bank;

**foreign financial affiliate** means a financial institution established in Mexico and owned and controlled by an investor of another Party;

**foreign insurance affiliate** means a foreign financial affiliate that is an insurance company;

**insurance investor of another Party** means an investor of another Party that is an insurance company; and

**transition period** means the period beginning with the date of entry into force of this Agreement and ending on the earlier of January 1, 2000, or six years from the date of entry into force of this Agreement.

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**Annex VII  
Schedule of the United States  
Section A**

**Sector:** Financial Services

**Sub-Sector:** Banking

**Industry Classification:** SIC 6021 National Commercial Banks

**Type of Reservation:** Senior Management and Boards of Directors (Article 1408)

**Level of Government:** Federal

**Measures:** *The National Bank Act, 12 U.S.C. § 72*

**Description:** All directors of a national bank must be citizens of the United States. Because the president of a national bank must be a director, the president of a national bank must be a citizen of the United States. An exception exists for a national bank affiliated with or owned by a foreign bank. Such a bank need only have U.S. citizens constitute a simple majority of the board and thus need not employ a U.S. citizen as its president.

Two-thirds of the directors of a national bank must (a) have resided for one year prior to their election, and (b) continue to reside, in the state in which the bank is located or within 100 miles of the bank.

**Phase-Out:** None

**Sector:** Financial Services

**Sub-Sector:** Banking

**Industry Classification:** SIC 6021 National Commercial Banks  
SIC 6022 State Commercial Banks  
SIC 6029 Other Commercial Banks  
SIC 6081 Branches and Agencies of Foreign Banks  
SIC 6712 Bank Holding Companies  
Foreign Banks (Not Applicable)

**Type of Reservation:** National Treatment (Article 1405)

**Level of Government:** Federal

**Measures:** *Bank Holding Company Act of 1956*, 12 U.S.C. § 1842(d)  
*International Banking Act of 1978*, 12 U.S.C. § 3103(a)(5)

**Description:** Federal authorities may not approve the establishment of, or acquisition of an interest in, a bank subsidiary within a state ("the target state") by a foreign bank that has a full-service branch in the United States, unless the measures of the target state expressly permit such an establishment or acquisition by domestic bank holding companies with their principal place of banking operations (as that term is described under the *Bank Holding Company Act*) in the foreign bank's "home state" (as that term is defined in the *International Banking Act*).

Federal authorities also may not approve the establishment of, or acquisition of an interest in, a bank subsidiary within a state ("the target state") by a bank holding company, including a foreign bank, that maintains its principal place of banking operations in another state, as defined under the *Bank Holding Company Act*, unless the measures of the target state expressly permit the establishment and acquisition by bank holding companies from the state of the company's or bank's principal place of banking operations.

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Due to these Federal measures and certain state measures, foreign banks with direct deposit-taking branches or bank subsidiaries in the United States are not permitted to establish or acquire interests in banks located in some states on the same basis as domestic bank holding companies from the state of the foreign bank's principal place of banking operations or the foreign bank's home state. The following types of measures, among others, fall into this category:

- (a) foreign banks are expressly excluded from the authority to own banks under certain regional holding company laws;
- (b) foreign banks are implicitly excluded from the definition of an eligible owner under certain state laws that require a majority of a banking company's deposits to be in the United States, in a particular region of the United States or in a particular state;
- (c) foreign banks that do not already own a banking subsidiary in the United States are interpreted as not qualifying as an eligible "bank holding company" entitled to own a bank in the United States; and
- (d) where a foreign bank's principal place of business is in a state which is different from its home state and the measures of the target state accord better treatment to bank holding companies from one of these states, the foreign bank will be subject to the more restrictive rule.

Phase-Out:

None

**Sector:** Financial Services

**Sub-Sector:** Banking

**Industry Classification:** SIC 6082 Foreign Trade and International Banking Institutions

**Type of Reservation:** National Treatment (Article 1405)

**Level of Government:** Federal

**Measures:** *Federal Reserve Act, 12 U.S.C. § 619*

**Description:** Edge corporations (specialized international banking companies chartered under Federal law) may be owned by domestically-owned banks and bank holding companies, and by domestic non-bank companies willing to restrict their business activities to those closely related to banking. Foreign ownership of Edge corporations is limited to foreign banks and U.S. subsidiaries of foreign banks. Other foreign persons may not directly or indirectly own Edge corporations.

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**Sector:** Financial Services

**Sub-Sector:** Banking

**Industry Classification:** SIC 6081 Branches of Foreign Banks

**Type of Reservation:** National Treatment (Article 1405)

**Level of Government:** Federal

**Measures:** *International Banking Act of 1978*, 12 U.S.C. §3104(c)

**Description:** In order to accept or maintain domestic retail deposit accounts having balances of less than \$100,000, a foreign bank must establish an insured banking subsidiary. This prohibition does not apply to a foreign bank branch that was engaged in insured deposit-taking activities on December 19, 1991.

**Phase-Out:** None

**Sector:** Financial Services

**Sub-Sector:** Banking

**Industry Classification:** SIC 6081 Branches and Agencies of Foreign Banks

**Type of Reservation:** National Treatment (Article 1405)

**Level of Government:** Federal

**Measures:** *Federal Reserve Act*, 12 U.S.C. §§ 221, 302, 321

**Description:** Foreign banks with branches or agencies in the United States may not be members of the Federal Reserve System, and thus may not vote for directors of a Federal Reserve Bank.

**Phase-Out:** None

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**Sector:** Financial Services

**Sub-Sector:** Banking and Securities

**Industry Classification:** SIC 6021 National Commercial Banks  
SIC 6022 State Commercial Banks  
SIC 6029 Other Commercial Banks  
SIC 6081 Branches and Agencies of Foreign Banks  
SIC 6211 Security Brokers, Dealers and Flotation Companies

**Type of Reservation:** National Treatment (Article 1405)  
Most-Favored-Nation Treatment (Article 1406)

**Level of Government:** Federal

**Measures:** The *Primary Dealers Act of 1988*, 22 U.S.C. §§ 5341-5342

**Description:** The *Primary Dealers Act of 1988* prohibits a foreign firm from being designated as a primary dealer in U.S. government debt obligations unless the home country of the foreign firm accords to U.S. firms the same competitive opportunities as are accorded to domestic firms in the underwriting and distribution of government debt instruments in the firm's home country.

**Phase-Out:** None

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*Annex VII(A) - United States*

**Sector:** Financial Services

**Sub-Sector:** Banking and Securities

**Industry Classification:** SIC 6289 Services Allied with the Exchange of Securities or Commodities

**Type of Reservation:** Cross-Border Trade (Article 1404)  
National Treatment (Article 1405)  
Most-Favored-Nation Treatment (Article 1406)  
Senior Management and Boards of Directors (Article 1408)

**Level of Government:** Federal

**Measures:** *Trust Indenture Act of 1939*, 15 U.S.C. § 77jjj(a)(1)

**Description:** Under the *Trust Indenture Act of 1939*, a foreign firm located outside the United States may be prohibited from acting as the sole trustee under an indenture for debt securities sold in the United States if U.S. institutional trustees cannot act as sole trustees for securities sold in the foreign firm's home country.

**Phase-Out:** None

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**Sector:** Financial Services

**Sub-Sector:** Banking and Securities

**Industry Classification:** SIC 6211 Security Brokers, Dealers and Flotation Companies

**Type of Reservation:** Most-Favored-Nation Treatment (Article 1406)

**Level of Government:** Federal

**Measures:** Securities Exchange Act of 1934, 15 U.S.C. § 78o(c)  
17 C.F.R. § 240.15c3-3

**Description:** A broker-dealer that maintains its principal place of business in Canada may maintain its required reserves at a bank in Canada subject to supervision by an authority of Canada. A broker-dealer that maintains its principal place of business in any other foreign country must maintain reserves in the United States.

**Phase-Out:** None

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**Sector:** Financial Services

**Sub-Sector:** Commodity Futures and Options

**Industry Classification:** SIC 6221 Commodity Contracts Broker and Dealers  
SIC 6231 Commodity Exchanges  
SIC 6282 Investment Advice  
SIC 6289 Services Allied with the Exchange of  
Commodities

**Type of Reservation:** Cross-Border Trade (Article 1404)  
New Financial Services and Data Processing (Article 1407)

**Level of Government:** Federal

**Measures:** *Commodity Exchange Act*, 7 U.S.C. §§ 2, 13-1

**Description:** Federal law prohibits the offer or sale of futures contracts on onions, options contracts on onions and options on futures contracts on onions in the United States and services related thereto.

**Phase-Out:** None

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**Sector:** Financial Services

**Sub-Sector:** Insurance

**Industry Classification:** SIC 6351 Surety Insurance

**Type of Reservation:** Cross-Border Trade (Article 1404)  
National Treatment (Article 1405)

**Level of Government:** Federal

**Measures:** 31 U.S.C. § 9304

**Description:** Branches of foreign insurance companies are not permitted to provide surety bonds for U.S. Government contracts.

**Phase-Out:** None

**Sector:** Financial Services

**Sub-Sector:** Banking and Securities

**Industry Classification:** SIC 6081 Branches and Agencies of Foreign Banks  
SIC 6282 Investment Advice

**Type of Reservation:** National Treatment (Article 1405)

**Level of Government:** Federal

**Measures:** *Investment Advisers Act of 1940*, 15 U.S.C. §§ 80b-2, 80b-3

**Description:** Foreign banks are required to register as investment advisers under the *Investment Advisers Act of 1940* to engage in securities advisory services in the United States, while domestic banks are exempt from registration.

**Phase-Out:** None

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**Annex VII  
Schedule of the United States  
Section B**

With respect to Canada, the United States reserves the right to adopt any measure relating to cross-border trade in securities services that derogates from Article 1404(1) or 1406.

**Annex VII**  
**Schedule of the United States**  
**Section C**

The United States commits to permit an eligible *grupo financiero* that, in formation of the *grupo* in Mexico before the date of entry into force of this Agreement, lawfully acquires an eligible Mexican bank and a Mexican securities firm which owns or controls a securities company in the United States, to continue to engage through the U.S. securities company in the activities in which that securities company was engaged on the date of acquisition by the *grupo* for a time period of five years from the date of that acquisition. The U.S. securities company:

- (a) shall not be permitted to expand through acquisition in the United States during such period; and
- (b) shall be subject to measures consistent with national treatment that restrict transactions between the company and its affiliates.

For purposes of this Section: an "eligible *grupo financiero*" is a Mexican financial group that has not previously benefitted from this commitment; and an "eligible Mexican bank" means any Mexican *institución de crédito* that owned or controlled a subsidiary bank, or operated a branch or agency, in the United States on January 1, 1992.

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