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# NORTH AMERICAN FREE TRADE AGREEMENT

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DRAFT  
LEGAL TEXT  
PART I

Dept. of External Affairs  
Min. des Affaires extérieures

SEP 8 1992

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*September 8, 1992*

Canada

# PART I

## **\*\* NORTH AMERICAN FREE TRADE AGREEMENT \*\***

— Text prepared September 6, 1992 —

Note: This text is currently undergoing legal review in order to ensure the Agreement's overall consistency and clarity. The three countries will initial the Agreement when legal drafting is completed.

43-263-796.



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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 their territories;
- (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, and for its joint administration and 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.

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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 the provisions of this Agreement and such other agreements, the provisions of 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) *Convention on the International Trade in Endangered Species of Wild Fauna and Flora*, done at Washington, March 3, 1973;
- (b) the *Montreal Protocol on Substances that Deplete the Ozone Layer*, done at Montreal, September 16, 1987, as amended June 29, 1990;
- (c) *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal*, done at Basel, March 22, 1989, upon 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.

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2. The Parties may agree in writing to modify Annex 104.1 to include any amendment to the agreements listed 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.

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**ANNEX 104**

**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.

## 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;

**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 laws of, or principally carrying on its business in the territory of, a Party;

**existing** means in effect at the time 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;

**Harmonized System** means the Harmonized Commodity Description and Coding System, and its legal notes, 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;

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**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;

**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 province or state includes local governments.

ANNEX 201.1

Country-Specific Definitions

For purposes of this Agreement, unless otherwise specified:

**national** also includes:

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

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(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 laws, 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 laws, 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**

**Subchapter 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 province or state, treatment no less favorable than the most favorable treatment accorded by such province or state 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 shall not apply to the measures set out in Annex 301.3.

**Subchapter 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 set out in Annex 302.2 or as otherwise indicated in Annex 300-B.

3. At 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 any two or more Parties to accelerate the elimination of a customs duty on a good shall supersede any prior inconsistent duty rate or staging category in their Schedules for such good when approved by each such Party in accordance with Article 2202(2) (Amendments).

### **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 that 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, or 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, by reason of an exportation described in paragraph 1, 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); 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 upon the timely presentation of such evidence under the laws and regulations of the Party.

6. This Article shall 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). Where originating and non-originating fungible goods are commingled and exported in the same form, the origin of the good may be determined on the basis of the inventory methods provided for in the Uniform Regulations;
  - (c) a good imported into the territory of the Party that is deemed to be exported from the territory of a Party, 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 more of the Parties and that will subsequently become the property of the Party into whose territory the good was imported;
  - (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) a dutiable 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

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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.

7. This Article shall apply as of the date set out in each Party's section of Annex 303.7.

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 under tariff provision 8540.xx (cathode-ray color television picture tubes, including video monitor tubes, with a diagonal exceeding 14") 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.

#### **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, upon 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, and thus not generally available to all importers, 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 covered by Article 303 (Restriction on Drawback and Duty Deferral).

**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 16 (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 and 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 subparagraph 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 upon entry or final importation, or by another form of security, releasable upon 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;

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- (f) be exported upon 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 subparagraph 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 upon 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 locomotive, truck, truck tractor, or tractor trailer unit, railway car, other railroad equipment, trailer ("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.

**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 of, 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 on 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.
2. Notwithstanding Article 303 (Duty Drawback), no Party shall apply a customs duty to a good, regardless of its origin, imported temporarily from the territory of another Party for repair or alteration.
3. Each Party shall act in accordance with Annex 307.3 respecting the repair and rebuilding of vessels.

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

1. Each Party shall act in accordance with Annex 308.1 respecting certain automatic data processing goods and their parts.
2. Each Party shall act in accordance with Annex 308.2 respecting certain color television tubes.
3. Each Party shall accord most-favored-nation duty-free treatment to Local Area Network (LAN) apparatus imported into its territory as set out in each Party's section of Annex 308.3.

**Subchapter C - Non-Tariff Measures**

**Article 309: Import and Export Restrictions**

1. Except as otherwise provided in this Agreement, no Party shall 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 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 that non-Party, directly or indirectly, without having been increased in value and improved in condition [subject to review].
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, upon 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:
- (a) not apply to the measures set out in Annex 301.3;
  - (b) apply to automotive goods as modified in Annex 300-A (Trade and Investment in the Automotive Sector); and
  - (c) apply to trade in textile and apparel goods, as modified in Annex 300-B (Textile and Apparel Goods).
6. For purposes of this Article, goods of another Party shall mean [under review].

**Article 310: Non-Discriminatory Administration of Restrictions (GATT Article XIII)**

[need for this Article is under review]

**Article 311: Customs User Fees**

1. No Party may adopt any customs user fee of the type referred to in Annex 311 for originating goods.
2. Each Party may maintain existing such fees only in accordance with Annex 311.2.

**Article 312: Country of Origin Marking**

Each Party shall comply with Annex 312 with respect to its measures relating to country of origin marking.

**Article 313: Blending Requirements**

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.

**Article 314: Distinctive Products**

Each Party shall comply with Annex 314 respecting standards and labelling of the distinctive products set out therein.

**Article 315: Export Taxes**

Except as set out in Annex 315 or Article 604 (Energy - Export Taxes), 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 316: Other Export Measures**

1. Except as set out in Annex 316, a Party may adopt or maintain a restriction otherwise justified under the provisions of 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 adopt any measure, such as a license, fee, tax or minimum price requirement, that has the effect of raising the price for exports of a good

to that other Party above the price charged for such good when consumed domestically, except that a measure taken pursuant to subparagraph (a) that only restricts the volume of exports shall not be considered to have such effect; 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.

#### Subchapter D - Consultations<sup>1</sup>

##### Article 317: 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 at the request of any Party or the Commission to consider any matter arising under this Chapter.

##### Article 318: 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*.

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<sup>1</sup> Placement of the following under review: "The Parties agree to convene at least once every 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 between the Parties at ports of entry."

2. Where a Party presents an application to another Party requesting anti-dumping 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.

### Subchapter E - Definitions

#### Article 319: 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 to 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;

**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 or 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);

**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 ten-digit level set out in a Party's tariff schedule;

**material** means "material" as defined in Chapter Four (Rules of Origin);

**most-favored-nation rate of duty** does not include any other concessionary rate of duty;

**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; or
- (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 developed 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;

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**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**

[subject to review]

**Section A - Canadian Measures**

1. Articles 301 and 309 shall not apply to:
  - (a) controls by Canada on the export of logs of all species;
  - (b) controls by Canada on the export of unprocessed fish pursuant to the following existing statutes:
    - (i) *New Brunswick Fish Processing Act*, R.S.N.B. c. F-18.01 (1982), as amended, and *Fisheries Development Act*, S.N.B. c. F-15.1 (1977), as amended;
    - (ii) *Newfoundland Fish Inspection Act*, R.S.N. 1970, c. 132, as amended;
    - (iii) *Nova Scotia Fisheries Act*, S.N.S. 1977, c. 9, as amended;
    - (iv) *Prince Edward Island Fish Inspection Act*, R.S.P.E.I. 1988, c. F-13, as amended; and
    - (v) *Quebec Marine Products Processing Act*, No. 38, S.Q. 1987, c. 51, as amended;
  - (c) measures by Canada respecting the importation of certain items on the Prohibited Goods List in Schedule VII of the *Customs Tariff*, R.S.C. 1985, c. 41 (3rd supp.), as amended, as of July 1, 1991;
  - (d) except as provided in Chapter Seven (Agriculture), measures by Canada respecting the importation of grains taken with respect to the United States, (*Canadian Wheat Board Act*, R.S.C. 1985, c. C-24, as amended);

- (e) 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 *Export Act*, R.S.C. 1985, c. E-18, as amended;
- (f) measures by Canada respecting the importation and distribution of imported liquor by designated government agencies under the existing provisions of *Importation of Intoxicating Liquors Act*, R.S.C. 1985, c. I-3, as amended, to the extent that it creates an import monopoly consistent with Articles II:4 and XVII of the GATT and Article 31 of the Havana Charter;
- (g) except as provided in Chapter Seven (Agriculture), measures by Canada respecting preferential freight rates for grain originating in certain Canadian provinces under the existing provisions of *Western Grain Transportation Act*, R.S.C. 1985, c. W-8, as amended;
- (h) measures by Canada respecting preferential rates for goods originating in certain Canadian provinces under the existing provisions of *Maritime Freight Rate Act*, R.S.C. 1985, c. M-1, as amended;
- (i) Canadian excise taxes on absolute alcohol used in manufacturing under the existing provisions of *Excise Tax Act*, R.S.C. 1985, c. E-15, as amended;
- (j) except as provided for in Chapter Seven (Agriculture), import restrictions imposed under Section 5(1)(b) and (d) of the *Export and Import Permits Act*, R.S.C. 1985, c. E-19, as amended, as of January 1, 1994, that are in accordance with the provisions of Article XI:2(c)(i) of the GATT; and
- (k) 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 U.S.C. App. 883) and the *Merchant Marine Act of 1936*, (46 U.S.C. App. 1171, 1176, 1241 and 1241o) apply with quantitative effect to comparable Canadian origin goods sold or offered for sale into the United States market.

2. Notwithstanding any provision of this Agreement, any measure related to the internal sale and distribution of wine and distilled spirits, other than those covered by Article 313 (Blending Requirements) or Article 314 (Distinctive Products) shall, as between Canada and

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the United States, 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 this Agreement.

3. In respect of any measure related to the internal sale and distribution of wine and distilled spirits, the provisions of Articles 301 and 309 shall not apply as between Canada and Mexico 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;
- (c) an amendment to a non-conforming provision of any existing measure to the extent the amendment does not decrease its conformity with the provisions of Article 301 or 309; or
- (d) measures set out in paragraphs 4 and 5.

4. Further to paragraph 3(d):

- (a) 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;
- (b) Canada may
  - (i) adopt or maintain 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; and
- (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 Parties, whether or not such wine is bottled in Quebec.

5. As between Canada and Mexico:

- (a) any measure related to 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 Mexico;
- (b) where the distributor is a public entity, the entity may charge the actual cost-of-service differential between wine and distilled spirits of the other Party and domestic wine and 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 and distilled spirits of the importing party;
- (c) notwithstanding Articles 301 and 309, Article I (Definitions), 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 modifications as may be necessary as between Canada and Mexico;
- (d) all discriminatory mark-ups on distilled spirits shall be eliminated immediately upon the date of entry into force of this Agreement. Cost-of-service differential mark-ups as described in subparagraph (b) shall be permitted;
- (e) any other discriminatory pricing measure shall be eliminated upon the date of entry into force of this Agreement;

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- (f) any measure related to distribution of wine or distilled spirits of the other Party shall conform with Article 301; and
- (g) unless otherwise specifically provided in this Annex, the Parties retain their rights and obligations under the GATT and agreements negotiated under the GATT.

(The intention of paragraphs 3, 4, and 5 is to grant Mexico the same concessions granted to the U.S. under the *Canada - United States Free Trade Agreement* respecting wine and distilled spirits.)

**Section B - Mexican Measures**

1. Articles 301 and 309 shall not apply to:
  - (a) controls by Mexico on the export of logs of all species;
  - (b) measures under the existing provisions of Articles 192 through 194 of the *General Ways of Communication Act* ("Ley de Vias Generales de Comunicación") 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;
  - (c) measures taken in accordance with Annex 300-A (Trade in Automotive Goods) and measures taken in accordance with existing provisions of Articles 1, 4 and 5 of the *Mexican Foreign Trade Act* ("Ley Reglamentaria del Artículo 131 de la Constitución Política de los Estados Unidos Mexicanos en Materia de Comercio Exterior") with respect to automotive goods referred to in Annex 300-A (Trade in Automotive Goods);
  - (d) measures taken in accordance with Sections 3 (Import and Export Restrictions), 5 (Bilateral Emergency Actions-Quantitative Restrictions), 6 (Rules of Origin), and 8 (Trade in Worn Clothing) of Annex 300-B (Textile and Apparel Goods) and measures taken in accordance with existing provisions of Articles 1, 4 and 5 of the *Mexican Foreign Trade Act* ("Ley Reglamentaria del Artículo 131 de la Constitución Política de los Estados Unidos Mexicanos en Materia de Comercio Exterior") with respect to textile and apparel goods referred to in Annex 300-B;
  - (e) measures taken in accordance with Articles 703 (Market Access) and Annex (permits for Dairy, Poultry and Eggs) of Chapter Seven (Agriculture) and measures taken in accordance with existing provisions of Articles 1, 4 and 5 of the *Mexican Foreign Trade Act* ("Ley Reglamentaria del Artículo 131 de la Constitución Política de los Estados Unidos Mexicanos en Materia de Comercio Exterior") with respect to agricultural goods referred to in Chapter Seven;

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- (f) measures covered by Chapter Six (Energy) and measures taken in accordance with existing provisions of Articles 1, 4 and 5 of the *Mexican Foreign Trade Act* ("Ley Reglamentaria del Artículo 131 de la Constitución Política de los Estados Unidos Mexicanos en Materia de Comercio Exterior") with respect to energy and basic petrochemical goods referred to in Chapter 6;
- (g) export permit measures taken in accordance with existing provisions of Articles 1, 4 and 5 of the *Mexican Foreign Trade Act* ("Ley Reglamentaria del Artículo 131 de la Constitución Política de los Estados Unidos Mexicanos en Materia de Comercio Exterior") with respect to goods subject to quantitative restrictions, tariff rate quotas or tariff preference levels adopted or maintained by another Party; and
- (h) with respect to existing provisions, the continuation or prompt renewal of a non-conforming provision of any of the above provisions or an amendment to a non-conforming provision of any of the above provisions to the extent that the amendment does not decrease its conformity with the provisions of Articles 301 and 309.

2. Notwithstanding Article 309, and without prejudice to other rights and obligations under this Agreement concerning import and export restrictions, for the first 10 years after the date of entry into force of this Agreement, Mexico may require permits for the importation of used goods provided for in the following existing items in the Tariff Schedule of the *General Import Duty Act* ("Tarifa de la Ley del Impuesto General de Importación"). For purposes of reference, the goods covered by those items are broadly identified next to the corresponding item.

<u>Item</u>	<u>Description</u>
8407.3499	Gasoline engines of more than 1,000 cm <sup>3</sup> , except for motorcycles.
8413.11.01	Pumps 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 lifting frames on tires and straddle carriers.

- 8426.19.01 Other (overhead travelling cranes, transporter cranes, gantry cranes, bridge cranes, mobile lifting frames and straddle carriers.
- 8426.30.01 Portal or pedestal jib cranes.
- 8426.41.01 Derricks, cranes and other lifting machinery on tires, self-propelled with mechanical working and carrying capacity less than 55 tons.
- 8426.41.02 Derricks, cranes and other lifting machinery on tires, self-propelled with hydraulic working and carrying capacity more than 9.9 up to 30 tons.
- 8426.41.99 Other (Machinery, self propelled, on tires.)
- 8426.49.01 Derricks, cranes and other lifting machinery (other than on tires), self-propelled with mechanical working and carrying capacity less than 55 tons.
- 8426.49.02 Derricks, cranes and other lifting machinery (other than on tires), self-propelled with hydraulic working and carrying capacity more than 9.9 up to 30 tons.
- 8426.91.01 Derricks, cranes and other lifting machinery except items 8426.91.02, 03 and 04.
- 8426.91.02 Derricks, cranes and other lifting machinery for mounting on road vehicles, with hydraulic working and carrying capacity up to 9.9 tons.
- 8426.91.03 Derricks, cranes and other lifting machinery (basket type) for mounting on road vehicles, with carrying capacity up to 1 ton and 15 meters lift.
- 8426.91.99 Other (machinery designed for mounting on road vehicles).
- 8426.99.01 Derricks, cranes and other lifting machinery except items 8426.91.02
- 8426.99.02 Swivel cranes.
- 8426.99.99 Other (derricks; cranes, including cable cranes; mobile lifting frames, straddle carriers and works trucks fitted with a crane).

- 8427.10.01 Self-propelled work trucks powered by an electric motor, carrying capacity 3.5 tons.
- 8427.20.01 Other self-propelled trucks with combustion piston engines, carrying capacity up to 7 tons.
- 8428.40.99 Other (escalators and moving walkways).
- 8428.90.99 Other (continuous-action elevators and conveyors, for goods or materials).
- 8429.11.01 Self-propelled bulldozers and angledozers, for track laying.
- 8429.19.01 Other (bulldozers and angledozers).
- 8429.20.01 Self-propelled graders and levelers.
- 8429.30.01 Self-propelled scrapers.
- 8429.40.01 Self-propelled tamping machines and road rollers.
- 8429.51.02 Self-propelled front-end shovel loaders, wheel-type, less than 335 HP.
- 8429.51.03 Self-propelled front-end shovel loaders, wheel-type, other than item 8429.51.01.
- 8429.51.99 Other (mechanical shovels, excavators and shovel loaders).
- 8429.52.02 Self-propelled backhoes, shovels, clamshells and draglines, other than 8429.52.01.
- 8429.52.99 Other (machinery with a 360° revolving superstructure).
- 8429.59.01 Excavators.
- 8429.59.02 Track laying draglines, carrying capacity up to 4 tons.
- 8429.59.03 Track laying draglines, other than item 8429.59.04.

- 8429.59.99 Other (self-propelled bulldozers, angledozers, graders, levellers, scrapers, mechanical shovels, excavators, shovel loaders, tamping machines and road rollers).
- 8430.31.01 Self-propelled tunneling machinery.
- 8430.31.99 Other (self-propelled coal or rock cutters and tunnelling machinery).
- 8430.39.01 Sinking or boring shields.
- 8430.39.99 Other (coal or rock cutters and tunnelling machinery).
- 8430.41.01 Self-propelled boring or sinking machinery, other than item 8430.41.02.
- 8430.41.99 Other (self-propelled boring or sinking machinery).
- 8430.49.99 Other (boring or sinking machinery).
- 8430.50.01 Self-propelled peat excavators, with frontal carriers and hydraulic mechanism less than 335 hp capacity.
- 8430.50.02 Scrapers.
- 8430.50.99 Other (machinery self-propelled).
- 8430.61.01 Tamping machinery, not self-propelled.
- 8430.61.02 Compacting machinery, not self-propelled.
- 8430.61.99 Other (machinery, not self-propelled).
- 8430.62.01 Scarificationer machine.
- 8430.69.01 Threshers or scrapers machine.
- 8430.69.02 Trencher machine, other than 8430.69.03.
- 8430.69.99 Other (moving, grading, levelling, scraping, excavating, tamping, compacting, extracting or boring machinery).

- 8452.10.01 Sewing machines of the household type.
- 8452.21.04 Industrial machines, other than 845221.02, 03 and 05.
- 8452.21.99 Other (automatic sewing machines).
- 8452.29.05 Pending
- 8452.29.06 Industrial machines, other than 84522901, 03 and 05.
- 8452.29.99 Other (sewing machines).
- 8452.90.99 Other (parts of sewing machines).
- 8471.10.01 Analog or hybrid automatic data processing machines.
- 8471.20.01 Digital automatic data processing machines, containing in the same housing at least a central processing unit and an input and output unit, whether or not combined.
- 8471.91.01 Numerical or digital units entered with the rest of a system, which may contain in the housing one or two of the following types of units: storage units, input units, output unit.
- 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).
- 8471.93.01 Storage units, including the rest of the system.
- 8471.99.01 Other (automatic data processing machines and units thereof).
- 8474.20.02 Crushing jawbone and grinding millstone.
- 8474.20.05 Drawer cone crushing, with diameter no more than 1200 millimeters.
- 8474.20.06 Grinding hammer percussion.
- 8701.30.01 Track-laying tractors with a net engine power more than 105 h.p. but less than 380 h.p. including pushing blade.

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- 8701.90.02 Rail road tractors, on tires with mechanical mechanism for pavement.
- 8474.20.01 Crushing and grinding with two or more cylinders.
- 8474.20.03 Blades crushing machines.
- 8474.20.04 Blades XXX
- 8474.20.99 Other (crushing or grinding machines).
- 8474.39.99 Other (mixing machines).
- 8474.80.99 Other (kneading machines).
- 8475.10.01 Machines for assembling electric or electronic lamps, tubes.
- 8477.10.01 Injection-molding machines for working rubber or plastics, up to 5 kg capacity for one molding model.
- 8711.10.01 Motorcycles, mopeds and cycles fitted with an auxiliary motor with reciprocating internal combustion piston engine not exceeding 50 cm.<sup>3</sup>.
- 8711.20.01 Motorcycles, mopeds and cycles fitted with an auxiliary motor with reciprocating internal combustion piston engine over 50 cm.<sup>3</sup> but not over 250 cm.<sup>3</sup>.
- 8711.30.01 Motorcycles, mopeds and cycles fitted with an auxiliary motor with reciprocating internal combustion piston engine over 250 cm.<sup>3</sup> but not over 500 cm.<sup>3</sup>.
- 8711.40.01 Motorcycles, mopeds and cycles fitted with an auxiliary motor with reciprocating internal combustion piston engine over 500 cm.<sup>3</sup> but less than 550 cm.<sup>3</sup>.
- 8711.90.99 Other (motorcycles, mopeds and cycles fitted with an auxiliary motor without an internal combustion piston engine, and sidecars which are not to be used with motorcycles and velocipedes of any kind).
- 8712.00.02 Bicycles, other than of the type for racing.

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- 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, not mechanically propelled.
- 8716.31.02 Tanker trailers and tanker semi-trailers for the transport of goods, not mechanically propelled, of the steel-tank type.
- 8716.31.99 Other (Tanker trailers and tanker semi-trailers for the transport of goods, not mechanically propelled, except of the steel-tank type, and of the thermal type for the transportation of milk).
- 8716.39.01 Trailers and semi-trailers for the transport of goods, not mechanically propelled, of the platform type (more detailed description pending).
- 8716.39.02 Trailers and semi-trailers for the transport of vehicles, not mechanically propelled.
- 8716.39.04 Trailers and semi-trailers for the transport of goods, not mechanically propelled, of the modular-platform type (more detailed description pending).
- 8716.39.05 Semi-trailers for the transport of goods, not mechanically propelled, of the low-bed type (more detailed description pending).
- 8716.39.06 Trailers and semi-trailers for the transport of goods, not mechanically propelled, of the closed-box type, including those for refrigeration.
- 8716.39.07 Trailers and semi-trailers for the transport of goods, not mechanically propelled, of the steel-tank type.
- 8716.39.99 Other. (Trailers and semi-trailers for the transport of goods, not mechanically propelled, except those referred to in items 87163901, 02, 04, 05, 06 and 07, those with two levels which are recognizable as intended for use exclusively in the transportation of cattle, and carriages with solid rubber wheels).
- 8716.40.01 Other trailers and semi-trailers, not mechanically propelled. (Other than for the transport of goods).

8716.80.99 Other. (Vehicles not mechanically propelled, except trailers and semi-trailers, hand-wagons, and hand-wagons of hydraulic operation.

3. Notwithstanding Article 309, and without prejudice to other rights and obligations under this Agreement concerning import and export restrictions:

- (a) for the first five years after the date of entry into force of this Agreement, Mexico may require permits for the importation of new automotive goods provided for in the following existing items in the Tariff Schedule of the *General Import Duty Act* ("Tarifa de la Ley del Impuesto General de Importación"). For purposes of reference, the goods covered by those items are broadly identified next to the corresponding item;

<u>Item</u>	<u>Description</u>
8701.20.01	Road Tractors for semi-trailers
8702.10.01	Public-transport type passenger vehicles, with diesel or semi-diesel engine, with body mounted on a chassis.
8702.10.02	Public-transport type passenger vehicles, with diesel or semi-diesel engine, with an integral body.
8702.90.03	Public-transport type passenger vehicles, with gasoline engine, with an integral body.
8703.10.99	Other special vehicles.
8704.22.99	Motor vehicles for the transport of goods with diesel engine and capacity of cargo of more than 5 tons but less than 20 tons.
8704.23.99	Motor vehicles for the transport of goods with diesel engine and capacity of cargo of more than 20 tons.
8704.32.99	Motor vehicles for the transport of goods with gasoline engine and with capacity of cargo of more than 5 tons.

- 8705.20.01 Mobile drilling derricks.
- 8705.40.01 Concrete mixers.
- 8706.00.01 Chassis fitted with gasoline engine.
- 8706.00.99 Other chassis fitted with gasoline engine.

(b) for the first 10 years after the date of entry into force of this Agreement, Mexico may require permits for the importation of new automotive goods provided for in the following existing items in the Tariff Schedule of the *General Import Duty Act* ("Tarifa de la Ley del Impuesto General de Importación"). For purposes of reference, the goods covered by those items are broadly identified next to the corresponding item;

<u>Item</u>	<u>Description</u>
8407.34.99	Gasoline engines of more than 1,000 cm <sup>3</sup> , except for motorcycles.
8702.90.02	Public-transport type passenger vehicles, with gasoline engine, with body mounted on a chassis.
8703.21.01	Passenger motor vehicles with gasoline engine of less than or equal to 1,000 cm <sup>3</sup> .
8703.22.01	Passenger motor vehicles with gasoline engine of more than 1,000 cm <sup>3</sup> but less than 1,500 cm <sup>3</sup> .
8703.23.01	Passenger motor vehicles with gasoline engine of more than 1,500 cm <sup>3</sup> but less than or equal to 3,000 cm <sup>3</sup> .
8703.24.01	Passenger motor vehicles with gasoline engine of more than 3,000 cm <sup>3</sup> .
8703.31.01	Passenger motor vehicles with diesel engine of less than or equal to 1,500 cm <sup>3</sup> .
8703.32.01	Passenger motor vehicles with diesel engine of more than 1,500 cm <sup>3</sup> but less than or equal to 2,500 cm <sup>3</sup> .

- 8703.33.01 Passenger motor vehicles with diesel engine of more than 2,500 cm<sup>3</sup>.
- 8703.90.99 Other passenger vehicles.
- 8704.21.99 Motor vehicles for the transport of goods with diesel engine and with capacity of cargo of less than or equal to 5 tons.
- 8704.31.99 Motor vehicles for the transport of goods with gasoline engine and with capacity of cargo of less than or equal to 5 tons.

(c) for the first 25 years after the date of entry into force of this Agreement, Mexico may require permits for the importation of used automotive goods provided for in the following existing items in the Tariff Schedule of the General Import Duty Act ("Tarifa de la Ley del Impuesto General de Importación"). As of the 26th year after the date of entry into force of this Agreement, Mexico may require permits for the importation of non-originating automotive goods provided for under such items. For purposes of reference, the goods covered by those items are broadly identified next to the corresponding item.

<u>Item</u>	<u>Description</u>
8701.20.01	Road Tractors for semi-trailers
8702.10.01	Public-transport type passenger vehicles, with diesel or semi-diesel engine, with body mounted on a chassis.
8702.10.02	Public-transport type passenger vehicles, with diesel or semi-diesel engine, with an integral body.
8702.90.01	Trolleys.
8702.90.02	Public-transport type passenger vehicles, with gasoline engine, with body mounted on a chassis.
8702.90.03	Public-transport type passenger vehicles, with gasoline engine, with an integral body.

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- 8703.10.01 Special vehicles with electric engine (snowmobiles, golf cart).
- 8703.10.99 Other special vehicles.
- 8703.21.01 Passenger motor vehicles with gasoline engine of less than or equal to 1,000 cm<sup>3</sup>.
- 8703.22.01 Passenger motor vehicles with gasoline engine of more than 1,000 cm<sup>3</sup> but less than 1,500 cm<sup>3</sup>.
- 8703.23.01 Passenger motor vehicles with gasoline engine of more than 1,500 cm<sup>3</sup> but less than or equal to 3,000 cm<sup>3</sup>.
- 8703.24.01 Passenger motor vehicles with gasoline engine of more than 3,000 cm<sup>3</sup>.
- 8703.31.01 Passenger motor vehicles with diesel engine of less than or equal to 1,500 cm<sup>3</sup>.
- 8703.32.01 Passenger motor vehicles with diesel engine of more than 1,500 cm<sup>3</sup> but less than or equal to 2,500 cm<sup>3</sup>.
- 8703.33.01 Passenger motor vehicles with diesel engine of more than 2,500 cm<sup>3</sup>.
- 8703.90.01 Electrical motor cars.
- 8703.90.99 Other passenger vehicles.
- 8704.21.99 Motor vehicles for the transport of goods with diesel engine and with capacity of cargo of less than or equal to 5 tons.
- 8704.22.99 Motor vehicles for the transport of goods with diesel engine and capacity of cargo of more than 5 tons but less than 20 tons.
- 8704.23.99 Motor vehicles for the transport of goods with diesel engine and capacity of cargo of more than 20 tons.
- 8704.31.99 Motor vehicles for the transport of goods with gasoline engine and with capacity of cargo of less than or equal to 5 tons.
- 8704.32.99 Motor vehicles for the transport of goods with gasoline engine and with capacity of cargo of more than 5 tons.

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- 8705.10.01 Mobile crane vehicles.
- 8705.20.01 Mobile drilling derricks.
- 8705.20.99 Other drilling derricks.
- 8705.40.01 Concrete mixers.
- 8705.90.01 Spraying vehicles.
- 8705.90.99 Other special purpose vehicles.
- 8706.00.01 Chassis fitted with gasoline engine.
- 8706.00.99 Other chassis fitted with gasoline engine.

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**Section C - United States Measures**

Articles 301 and 309 shall not apply to:

- (a) controls by the United States on the export of logs of all species;
- (b) taxes on imported perfume containing distilled spirits under existing provisions of Section 5001(a)(3) and 5007(b)(2) of the Internal Revenue Code of 1986 (26 U.S.C. 5001(a)(3), 5007(b)(2));
- (c) measures under existing provisions of section 27 of the *Merchant Marine Act* (46 U.S.C. App. 883), the *Passenger Vessel Act of 1920* (46 U.S.C. App. 289), the *Merchant Ship Sales Act of 1946* (46 U.S.C. App. 292, 316, and 46 U.S.C. 12108); and
- (d) import restrictions with respect to Canada imposed under existing provisions of section 22 of the *Agricultural Adjustment Act of 1933* (7 U.S.C. 624).

**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 5 equal annual stages commencing 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 commencing 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 commencing 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.

(other staging categories will be displayed in the tariff schedules of each Party and may be incorporated here.)

2. The base rate of duty and staging category for determining the interim rate of 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 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 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 part of this Agreement, to an originating good provided that:

- (a) notwithstanding any provision in Chapter Four of this Agreement, 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 the rate applicable under the staging category set out for an item contained in column I of section A of this Annex to an originating good provided that:

- (a) notwithstanding any provision to the contrary 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 paragraph 5 applies, the applicable rate indicated for an item contained in column II, reduced in accordance with the staging category of column I of section A of this Annex except as otherwise indicated, or where there is a letter "X" (to be replaced with descriptive language) in column II, the applicable rate of duty for the item shall be the higher of:

- (a) the General Preferential Tariff rate of duty for that item applied on July 1, 1991, reduced in accordance with the applicable staging category set out for that item in column I of its Schedule; or

- (b) the applicable rate under the staging category for that item set out in Annex 401.2, as amended, of the *Canada - United States Free Trade Agreement*.

7. Paragraphs 4, 5 and 6 shall not apply to goods provided for under Chapters 50 through 63 of the Harmonized System and to other goods identified in Appendix 1.1 of Annex 300-B (Textiles and Apparel Goods).

8. Mexico shall apply the rate applicable under the staging category set out for an item in column II of section B of this Annex to an originating good when the good qualifies to be marked as a good of Canada, pursuant to Annex 312, without regard to whether the good is marked.

9. Mexico shall apply the rate applicable under the staging category set out for an item in column I of section B of this Annex to an originating good when the good qualifies to be marked as a good of the United States, pursuant to Annex 312, without regard to whether the good is marked.

10. The United States 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 Canada pursuant to Annex 312, without regard to whether the good is marked.

11. The United States shall apply the rate applicable under the staging category set out for an item in section C of this Annex to an originating good when the good qualifies to be marked as a good of Mexico pursuant to Annex 312, whether or not the good is marked.

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**SECTION A - SCHEDULE OF CANADA**  
**(TARIFF SCHEDULE TO BE ATTACHED)**

**SECTION B - SCHEDULE OF MEXICO**  
**(TARIFF SCHEDULE TO BE ATTACHED)**

**SECTION C - SCHEDULE OF THE UNITED STATES**  
**(TARIFF SCHEDULE TO BE ATTACHED)**

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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).
2. For trade between Canada and the United States:
  - (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. tariff items 5811.00.20 (quilted cotton piece goods), 5811.00.30 (quilted man-made piece goods) or 6307.90.99 (furniture moving pads) that are subject to the most-favored-nation rate of duty when exported to the territory of the other Party; (Canadian tariff items to be added) 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;
- (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; or
- (d) substituted by an identical or similar 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 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;

- (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; or
- (d) substituted by an identical or similar 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;
- (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; or
- (d) substituted by an identical or similar good that is subsequently exported to the territory of Canada on or after January 1, 1996, or substituted by an identical or similar good that is subsequently exported to the territory of Mexico on or after January 1, 2001.

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**ANNEX 303.8**

**Exception to Article 303(8)  
For Certain Cathode-Ray Picture Tubes**

**Mexico**

Mexico may refund customs duties paid, or waive or reduce the amount of customs duties owed, on goods provided for in subheading 8540.xx 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 goods that would not have been considered to be originating goods had this Agreement been in force during that period, where the goods are:

- (a) subsequently exported from the territory of Mexico to the territory of the United States, or are used as materials in the production of other goods that are subsequently exported from the territory of Mexico to the territory of the United States, or are substituted by identical or similar goods used as materials in the production of other goods that are 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 goods 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 such goods qualifying as originating goods 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 used as materials in the production of other goods that are subsequently exported from the territory of Mexico to the territory of Canada, or are substituted by identical or similar goods used as materials in the production of other goods that are subsequently exported to the territory of Canada, 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.

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**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:

- (a) Mexico shall not increase the ratio of customs duties waived to customs duties owed relative to the performance required under any such waiver; or
- (b) Mexico shall not add any type of 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 Waiver Measures**

For purposes of Article 304(2):

- (a) Canada may condition on the fulfillment of a performance requirement the waiver of customs duties under any measure in effect on or before September 28, 1988, on any goods entered or withdrawn from warehouse for consumption before January 1, 1998;
- (b) 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;
- (c) as between the United States and Canada, Article 405 of the *Canada - United States Free Trade Agreement* is incorporated and made 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; and
- (d) Canada may grant duty waivers as set out in Annex 300-A.

**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 duty for such goods applicable under its Schedule attached 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 duty for such goods applicable under the Tariff Schedule of Canada attached to Annex 401.2 of the *Canada - United States Free Trade Agreement*.
- (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 duty for such goods applicable under its Schedule attached to Annex 401.2 of the *Canada - United States Free Trade 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 duty for such goods that would apply if such goods were included in staging category B in the Schedule of Mexico attached 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 duty applicable under the *Canada-U.S. Free Trade 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 duty of 50 percent reduced in five equal annual stages commencing 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 [description under review]

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:

1. Cruise ships, excursion boats, ferry-boats, cargo ships, barges and similar vessels for the transport of persons or goods, including:
  - (a) tankers;
  - (b) refrigerated vessels, other than tankers; and
  - (c) other vessels for the transport of goods and other vessels for the transport of both persons and goods, including open vessels.
2. Fishing vessels, including factory ships and other vessels for processing or preserving fishery products of a registered length not exceeding 30.5m.

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3. 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, including drilling ships, drilling barges and floating drilling rigs.

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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, no later than the date of entry into force of this Agreement:

- (d) provide written clarification 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, where possible, clarifications on "jumboizing", vessel conversions, and emergency repairs, and
- (e) commence a process to define the terms "repairs", "emergency repairs", and "rebuilding" under U.S. maritime legislation, including the Merchant Marine Act of 1920 (codified at 46 U.S.C. App. 883) and the Merchant Marine Act of 1936 (codified at 46 U.S.C. App. 1171, 1176, 1241 and 1241(o)).

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## 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 the goods provided for under the tariff provisions set out in Tables 308.1.1 and 308.1.2 in section B of this Annex to the rate set out therein, or to such reduced rate as the Parties may agree, in accordance with the Schedule set out in section B of this Annex, or with such accelerated schedule as the Parties may agree.

2. Notwithstanding Chapter 3, 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 of this Annex has been reduced in accordance with 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 of this Annex, 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 rate set out therein or to such reduced rate as the Parties may agree.

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

**Table 308.1.1**

	Tariff Rate	Schedule <sup>2</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:		
8471.92.90.11	3.7%	S
8471.92.90.12	3.7%	S
8471.92.90.19	3.7%	S
Mexico:		
8471.92.h1 <sup>3</sup>	3.7%	S

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<sup>2</sup> R on the date of entry of this Agreement

S in five equal stages commencing January 1, 1999.

<sup>3</sup> 8471.92.h1 combined input/output units.

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United States:

8471.92.10 3.7% S

Display Units:

Canada:

8471.92.90.32 3.7% S  
8471.92.90.39.a1<sup>4</sup> 3.7% S  
8471.92.90.39.a2<sup>5</sup> Free S

Mexico:

8471.92.h2<sup>6</sup> 3.7% S  
8471.92.h3<sup>7</sup> Free S

United States:

8471.92.30 - Free S  
8471.92.40.75 3.7% S  
8471.92.40.85 3.7% S

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<sup>4</sup> 8471.92.90.39.a1 other display units

<sup>5</sup> 8471.92.90.39.a2 display units without a cathode ray tube having a visual display diagonal not exceeding 30.5 cm

<sup>6</sup> 8471.92.h2 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.

<sup>7</sup> 8471.92.h3 display units without a cathode ray tube having a visual display diagonal not exceeding 30.5 cm

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Other Input or Output Units:

Canada:

8471.92.10.20	Free	S
8471.92.10.90	Free	S
8471.92.90.20	Free	S
8471.92.90.40	Free	S
8471.92.90.50	3.7%	S
8471.92.90.91	Free	S
8471.92.90.99	Free	S

Mexico:

8471.92.h4 <sup>8</sup>	3.7%	S
8471.92.h5 <sup>9</sup>	Free	S

United States:

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

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<sup>8</sup> 8471.92.h4 optical scanners and magnetic ink recognition devices

<sup>9</sup> 8471.92.h5 other input or output units.

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**Storage Units**

8471.93 Free S

**Other Units of Automatic Data Processing  
Machines**

8471.99 Free S

**Parts of Computers**

8473.30 Free R

**Computer Power Supplies**

8504.40.a3<sup>10</sup> Free S

8504.90.a4<sup>11</sup> Free S

**Table 308.1.2**

**Metal Oxide Varistors:**

8533.40.a4<sup>12</sup> Free R

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<sup>10</sup> 8504.40.a3 power supplies for use or incorporation in apparatus of heading 8471.

<sup>11</sup> 8504.90.a4 parts of power supplies for use or incorporation in apparatus of heading 8417.

<sup>12</sup> 8533.40.a4 metal oxide varistors.

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**Diodes, Transistors and Similar  
Semiconductor Devices; Photosensitive  
Semiconductor Devices; Light Emitting  
Diodes; Mounted Piezo-electric Crystals**

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:

8541.20	Free	R
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Mexico:

8541.20	Free	R
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United States:

8541.40.20	Free	S
8541.40.60	Free	R
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 Television Picture Tubes**

1. Any Party considering the reduction of its most-favored-nation rate of customs duty for goods provided for in tariff provision 8540.11.a2 (cathode-ray color television picture tubes, including video monitor cathode-ray tubes, 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, 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 provision set out in its Schedule attached 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**

**Section A - Canada**

Canada shall accord most-favored-nation duty-free treatment to goods provided for in item(s) [to be provided] of its tariff schedule.

**Section B - Mexico**

Mexico shall accord most-favored-nation duty-free treatment to goods provided for in item(s) [to be provided] of its tariff schedule.

**Section C - United States**

The United States shall accord most-favored-nation duty-free treatment to goods provided for in item(s) [to be provided] of its tariff schedule.

For purposes of this Annex:

**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.

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## ANNEX 311.2

### Existing Customs User Fees

#### Section A - Mexico

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

#### Mexico 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 312, without regard to whether the goods are marked.
2. The United States shall not increase its merchandise processing fee and shall by June 30, 1999, eliminate such fee, on originating goods where those goods qualify to be marked as goods of Mexico pursuant to Annex 312, without regard to whether the goods are marked.

**ANNEX 312**

**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 the purposes of this Annex, Annex 300-B and Annex 302.2, and for such other purposes as may be agreed.
2. Each Party may require that a good of another Party, as determined in accordance with the Marking Rules, imported into its territory bear a country of origin marking 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 administering any measure relating to country of origin marking, minimize the difficulties, costs and inconveniences that such measure may cause to the commerce and industry of the other Parties.
5. Each Party shall:
  - (a) accept any reasonable method of marking, 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 which
    - (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 an expense which would materially discourage its exportation to the territory of another Party,

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- (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 be processed in the importing Party by the importer, or on its behalf, in a manner that results in a change of origin for marking purposes, 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 an expense that would materially discourage its importation, provided that the failure to mark the good before importation was not for the purpose of avoiding compliance with such requirement,
- (xii) for the 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 headings 8541 or 8542, and 6904.10.

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 container that ordinarily reaches the ultimate purchaser shall be marked so as to indicate the country of origin of the good it contains.

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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, whenever administratively practicable, permit an importer to mark a good 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 that 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, unless a 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 Chapter Five (Customs Procedures).

11. For purposes of this Annex:

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

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

**materially discourage** means add a cost to the good that is substantial in relation to its customs value;

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**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 the Party into which the good is imported 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 314

### Distinctive Products

1. Mexico and Canada 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, Mexico and Canada 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. The United States and Mexico shall recognize Canadian Whiskey as a distinctive product of Canada. Accordingly, the United States and Mexico shall not permit the sale of any product as Canadian Whiskey, unless it has been manufactured in Canada in accordance with the laws and regulations of Canada governing the manufacture of Canadian Whiskey for consumption in Canada.
3. The United States and Canada shall recognize Tequila and Mezcal as distinctive products of Mexico. Accordingly, the United States and Canada 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 315

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.

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

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

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Tomato puree  
Vegetable oil  
Vegetable fat  
Wheat flour  
White sugar

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**ANNEX 316**

**Other Export Measures**

Article 316 shall not apply as between Mexico and the other Parties.

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## ANNEX 300-A

### Trade and Investment in the Automotive Industry Sector

1. Except as provided in this Annex, each Party shall apply this Agreement to automotive goods of another Party and to enterprises of the automotive industry sector in its territory.
2. Except as provided in this Annex, each Party shall promptly accord to existing producers of vehicles in its territory treatment no less favorable than that it accords, in like circumstances, to a new producer of vehicles in its territory regarding measures covered by this Annex.
3. The Parties shall review, no later than December 31, 2003, the status of the North American automotive industry sector and the effectiveness of the measures contained in this Annex to determine actions that could be taken to strengthen the integration and global competitiveness of the industry.

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## Appendix A: 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* which entered into force on September 16, 1966, in accordance with Article 1001, 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 *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 Annex 1002.1, Parts Two (Export-Based Waivers of Customs Duties) and Three (Production-Based Waivers of Customs Duties) of the *Canada - United States Free Trade Agreement*. Canada shall eliminate those measures in accordance with the terms set out in that agreement.

### Used Vehicles

3. Canada may adopt or maintain prohibitions and restrictions on imports of used vehicles from the territory of Mexico, except as follows:
  - (a) after January 1, 2009, Canada may not adopt or maintain prohibitions or restrictions on imports from the territory of Mexico of originating used vehicles that are at least 10 years old;
  - (b) after January 1, 2011, Canada may not adopt or maintain prohibitions or restrictions on imports from the territory of Mexico of originating used vehicles that are at least eight years old;
  - (c) after January 1, 2013, Canada may not adopt or maintain prohibitions or restrictions on imports from the territory of Mexico of originating used vehicles that are at least six years old;
  - (d) after January 1, 2015, Canada may not adopt or maintain prohibitions or restrictions on imports from the territory of Mexico of originating used vehicles that are at least four years old;
  - (e) after January 1, 2017, Canada may not adopt or maintain prohibitions or

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restrictions on imports from the territory of Mexico of originating used vehicles that are at least two years old; and

- (f) after January 1, 2019, Canada may not adopt or maintain prohibitions or restrictions on imports from the territory of Mexico of originating used vehicles regardless of age.

## Appendix B: Mexico

### Auto Decree and Auto Decree Implementing Regulations

1. Subject to this Appendix, Mexico may maintain, until January 1, 2004, 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 para el Fomento y Modernización de la Industria Automotriz") (November 30, 1990) (the "Auto Decree Implementing Regulations"). Mexico may adopt or maintain any measure respecting automotive goods or manufacturers of automotive goods in its territory provided that such measure is not inconsistent with 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.

2a. For purposes of paragraph 2, "national value added" means the total value of sales of such enterprises (excluding those for the aftermarket) minus the value of its total imports, direct and indirect, excluding those imports incorporated in aftermarket parts and components, as modified by paragraph 3.

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

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. 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").

4a. For purposes of paragraph 4, "independent maquiladora" means an enterprise registered as an export maquiladora enterprise under the Maquiladora Decree which has no common

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majority shareholder with any manufacturer, and for which no manufacturer is directly or indirectly a majority shareholder.

### National Value Added

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

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

whichever is greater.

6. Mexico shall 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 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 such 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 1992, purchases that such 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 parts and components from any other national supplier or enterprise of the autoparts industry.

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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 such manufacturer for that year shall be equal to the manufacturer's total value of sales in Mexico for the year.
- 9a. For purposes of paragraphs 8 and 9:
- (a) "base value" means the average annual value of the manufacturer's production in Mexico for sale in Mexico (VTVd) in model years 1991 and 1992, adjusted for inflation, using the Mexican producer price index for automotive goods published by the Bank of Mexico ("Banco de Mexico"); and
  - (b) "manufacturer's total sales in Mexico in that year" means the invoice value of sales by a manufacturer of vehicles it produced in Mexico for sale in Mexico, plus the invoice value of its sales of imported vehicles.
10. In the event an abnormal production disruption affects a manufacturer's production capability, Mexico shall allow such 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 such event.
- 10a. For purposes of paragraph 10, "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.

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11. If, upon the request of a manufacturer, the Intersecretariat Automotive Industry Commission finds that the production capability of such 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 reference value for the manufacturer for that year in an amount commensurate with the disruption, provided that such reduction in that manufacturer's required national value added from suppliers (VANp) that may result from the Commission's determination to lower the manufacturer's reference value shall be fully made up by the manufacturer over the following two model years.

11a. For purposes of paragraph 11, "significant disruption" means a sizable impairment in the manufacturer's production capability that lasts at least six months but no longer than 12 months.

#### Trade Balance

12. Mexico shall 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 parts and components that such manufacturer incorporated into vehicles it has produced 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.

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

14. Mexico shall permit 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 value of new vehicles that it may import.

15. Mexico shall provide that in the calculation of a manufacturer's adjustment factor (Y) in its extended trade balance:

- (a) a manufacturer's total national value added (VANt) be replaced by that manufacturer's reference value in any year in which the manufacturer's total national value added (VANt) is lower than its reference value; and
- (b) the applicable percentage under paragraphs 6 or 7, as appropriate, be used.

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

- (a) to use the procedures of the existing Auto Decree Implementing Regulation; or
- (b) to apply up to \$US 150 million, adjusted for inflation in accordance with the U.S. GDP Price Deflator or its equivalent in Mexican pesos,

until such surpluses have been exhausted.

#### Other Restrictions in the Auto Decree

17. Mexico shall eliminate the restriction set out in the existing Auto Decree that limits the number of vehicles that a manufacturer may import into Mexico in relation to the total number of vehicles that such manufacturer sells in Mexico.

#### Autotransportation Decree and Autotransportation Implementing Regulations

18. Mexico shall eliminate the Mexican *Decree for Development and Modernization of the Autotransportation Vehicle Manufacturing Industry* (December 1989) ("Decreto para el Fomento y Modernización de la Industria Manufacturera de Vehiculos de Autotransporte") (the "Autotransportation Decree") and the *Resolution that Establishes Rules for the Implementation of the Autotransportation Decree* (November 1990) ("Acuerdo que Establece

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Reglas de Aplicacion del Decreto para el Fomento y Modernización de la Industria Manufacturera de Vehículos de Autotransporte") (the "Autotransportation Decree Implementing Regulations"). Mexico may adopt or maintain any measure respecting autotransportation vehicles or manufacturers of autotransportation vehicles in its territory provided that such measure is not inconsistent with this Agreement.

### Importation of Autotransportation Vehicles

19. Except as provided in paragraphs 20 and 21, Mexico may adopt or maintain a prohibition or restriction on the importation of autotransportation vehicles of another Party until January 1, 1999.

20. 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 such manufacturer produced in Mexico in that year.

20a. For purposes of paragraph 20, "manufacturer of autotransportation vehicles" means an enterprise, established in Mexico, that produces autotransportation vehicles, is registered with the Ministry of Trade and Industrial Development ("*Secretaría de Comercio y Fomento Industrial*"), and whose sales in Mexico incorporate at least 40 percent national value added, where national value added is the result of subtracting from the total sales (excluding imports of autotransportation vehicles) of an autotransportation manufacturer the invoice value of its direct and indirect imports of parts and components.

21. 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 them, 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.

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

### Used Vehicles

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

- (a) after January 1, 2009, Mexico may not adopt or maintain prohibitions or restrictions on imports from the territories of Canada or United States of originating used vehicles that are at least ten years old;
- (b) after January 1, 2011, Mexico may not adopt or maintain prohibitions or restrictions on imports from the territories of Canada or United States of originating used vehicles that are at least eight years old;
- (c) after January 1, 2013, Mexico may not adopt or maintain prohibitions or restrictions on imports from the territories of Canada or United States of originating used vehicles that are at least six years old;
- (d) after January 1, 2015, Mexico may not adopt or maintain prohibitions or restrictions on imports from the territories of Canada or United States of originating used vehicles that are at least four years old;
- (e) after January 1, 2017, Mexico may not adopt or maintain prohibitions or restrictions on imports from the territories of Canada or United States of originating used vehicles that are at least two years old; and
- (f) after January 1, 2019, Mexico may not adopt or maintain prohibitions or restrictions on imports from the territories of Canada or United States of originating used vehicles, regardless of age.

### Appendix B: Definitions

**Note:** (The following terms shall be defined as provided in the Auto Decree and Auto Decree Implementing Regulations, incorporating those specific modifications required by this Appendix.

For purposes of transparency, set out below for each term are the corresponding Spanish term, citations to the relevant provisions of the Auto Decree and Auto Decree

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Implementing Regulations and, where appropriate, the paragraph of this Appendix that modifies the definition in the Auto Decree or Auto Decree Implementing Regulations. English translations of these definitions, amplified for clarity where appropriate, and incorporating modifications required by this Appendix, will be set out here at a later date.)

**adjustment factor (Y)** means "factor de ajuste Y" as defined in rule 18 of the Auto Decree Implementing Regulations and as modified by paragraph 15 of this Appendix;

**enterprise of the autoparts industry** means "empresa de la industria de autopartes" as set out in Article 2, paragraph V of the Auto Decree, as modified by paragraph 2 of this Appendix;

**extended trade balance** means "balanza comercial ampliada" referred to in rule 28 of the Auto Decree implementing Regulations, and is equal to the numerator (S+W+.3I+Sft+T-Y) of formula (1) in rule 8, of the Auto Decree Implementing Regulations;

**manufacturer** means an "empresa de la industria terminal" as defined in Article 2, paragraph IV of the Auto Decree that produces any of the following classes of vehicles:

- (a) passenger car: a vehicle for the transportation of up to 10 people or a compact car of popular use, provided for in subheadings (to be specified) of the Harmonized System;
- (b) commercial truck: a vehicle with or without a chassis, for the transportation of cargo or over 10 people, with a GVW of up to 2,727 kgs., provided for in heading (to be specified) of the Harmonized System;
- (c) light duty truck: a vehicle with a chassis, for the transportation of cargo or over 10 people, with a GVW of over 2,727 but less than 7,272 kgs., provided for in headings (to be specified); or
- (d) medium duty truck: a vehicle with a chassis for the transportation of cargo or over ten people, with a GVW of over 7,272 kgs. but less than 8,864 kgs., provided for in headings (to be specified) of the Harmonized System;

**manufacturer's production in Mexico for sale in Mexico (VTVd)** means "valor total de las ventas que realicen las empresas de la industria terminal al mercado domestico, excluyendo vehiculos importados" as set out in rule 18 of the Auto Decree Implementing Regulations;

**manufacturer's total national value added (VANt)** means "valor agregado nacional de la

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**empresa de la industria terminal** as defined in rule 18 of the Auto Decree Implementing Regulations;

**national supplier** means a "proveedor nacional" as defined by article 2 paragraph VII of the Auto Decree, as modified by paragraph 2 of this Appendix;

**national value added from suppliers (VANp)** means "valor agregado nacional de proveedores", as provided in rule 18 of the Auto Decree Implementing Regulations;

**parts and components** means "partes y componentes automotrices" as defined in article 2, paragraph X of the Auto Decree;

**trade balance (S)** means "saldo en balanza comercial de la empresa de la industria terminal", as defined in rule 9 of the Auto Decree Implementing Regulation, as modified by paragraphs 12 and 13 of this Appendix;

**autotransportation vehicles** means a vehicle included in any of the following types:

- (a) **heavy duty truck**: a vehicle with a chassis for the transport of goods or more than ten people with a GVW over 8,864 kgs., provided for in headings (to be specified) of the Harmonized System;
- (b) **truck tractor**: a vehicle with 2 or 3 axles for transporting goods by hauling trailers, semi-trailers or containing integrated equipment, provided for in subheading (to be specified) of the Harmonized System;
- (c) **integral bus**: a vehicle without a chassis but with an integral body used to transport more than 10 people, provided for in heading (to be specified) of the Harmonized System; and
- (d) **specialty vehicles**: special purpose motor vehicles or vehicles modified for the handicapped provided for in heading (to be specified) of the Harmonized System, (as provided for in Article 2 of the Autotransportation Decree).

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## Appendix C: United States

### Corporate Average Fuel Economy

1. As provided in paragraph 2, for purposes of the Energy Policy and Conservation Act (October 1975), as amended ("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 such 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 such model year.
2. The United States shall implement the obligation set out in paragraph 1 for all automobiles of a manufacturer sold in the United States, wherever produced and irrespective of car line or truck line, beginning with the next model year after January 1, 2004, except as provided in the following schedule:
  - (a) with respect to a manufacturer that initiated the manufacture of automobiles in Mexico before model year 1992, the enterprise that provides certification 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 such election;
  - (b) with respect to a manufacturer initiating the manufacture 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 such manufacturer initiates manufacturing automobiles in Mexico, whichever is later;
  - (c) with respect to any other manufacturer of automobiles in the territory of a Party, the enterprise that provides certification 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 such election. If such a manufacturer initiates manufacturing automobiles in Mexico, it shall be subject to subparagraph (b) on the date it initiates such manufacturing; and
  - (d) with respect to all manufacturers of automobiles not manufacturing automobiles in the territory of a Party, paragraph 1 shall apply beginning with the next model year after January 1, 1994.

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3. The United States shall make any future changes pertaining to the definition of domestic production in the CAFE Act or its implementing regulations equally applicable to value added in any of the Parties.
4. Nothing in this Appendix shall require the United States to make any changes in its fuel economy requirements for automobiles.
5. For purposes of this Appendix, "automobile" means a motor vehicle that complies with the definition in the CAFE Act and its implementing regulations.

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**Appendix D: General Definitions**

**existing producer of vehicles** means a producer that was producing in the territory of the relevant Party prior to model year 1992; and

**automotive goods** means all types of motor vehicles, and parts and components intended for use in motor vehicles.

**Note:** (Additional terms may be added where appropriate)

## 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 the date of entry into force of this Agreement, 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 goods as provided in its Schedule set out in Annex 302.2, in accordance with Appendix 2.1.
2.
  - (a) For purposes of this Annex, a good shall be considered to be an originating good if the applicable change in tariff classification has been satisfied in the territory of one or more of the Parties, as provided by Article 404.
  - (b) For purposes of determining which rate of duty and staging category is applicable to an originating textile or apparel good, a good shall be a good of the Party in which the last substantial transformation occurred, according to each importing Party's regulations, practices or procedures or, in the event of an agreement between the Parties pursuant to Annex 312(1), setting out rules applicable to textile and apparel goods for determining whether a good is a good of a Party ("Marking Rules"), according to such agreement.
3. Each Party shall provide duty-free treatment for the following textile and apparel goods of another Party, provided such goods have been certified by the competent authority of the exporting Party as one of the following:

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- (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

that have been identified and agreed by the Parties concerned for duty-free treatment.

### **Section 3: Import and Export Restrictions and Consultation Levels**

1. Appendix 3.1 sets out certain circumstances and conditions under which prohibitions, restrictions, or consultation levels in effect upon the date of entry into force of this Agreement may be maintained, notwithstanding Article 309.

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

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

1. During the transition period only, if, as a result of the reduction or elimination of a duty provided for in this Agreement, an originating textile or apparel good, 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 6.0, is being imported into the territory of another Party in such increased 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 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 such good; or
- (b) increase the rate of duty on such 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, or

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- (ii) the MFN applied rate of duty in effect on the day immediately preceding the date of entry into force of this Agreement.

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

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

3. The following conditions and limitations shall apply to any emergency action taken pursuant to this Section:

- (a) a Party shall deliver without delay to any Party that may be affected written notice of intent to take such action, and shall enter into consultations with that Party upon request;
- (b) 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;
- (c) no action may be taken by a Party against any particular originating good more than once during the transition period; and
- (d) upon the termination of the action, the rate of duty shall be the rate that, according to the Schedule for that staged elimination of the tariff, would have been in effect a year after the commencement of the action, and commencing 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 schedule in that Party's Schedule in Annex 302.2, or
  - (ii) the tariff shall be eliminated in equal annual stages ending on the date set forth in that Party's Schedule in Annex 302.2 for the elimination of the tariff.

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4. A 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 on the other Party, 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 listed in Appendix 1.1, unless the Parties otherwise agree. If the concerned Parties 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 pursuant to this Section. The Party taking such tariff action shall only apply it for the minimum period necessary to achieve such substantially equivalent effects.

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

1. Notwithstanding any other provision of this Agreement except Appendix 5.2, a Party may take bilateral emergency action against non-originating goods of another Party in accordance with this Section and the provisions of Appendix 3.1.

2. If a Party considers that non-originating textile and apparel goods, including goods entered under the tariff preference levels (TPLs) set out in Appendix 6.0, are being imported into its territory from a Party in such increased quantities, in absolute terms or relative to the domestic market, so as to cause serious damage or actual threat thereof, to a domestic industry producing a like or directly competitive good in the importing Party, that Party may request consultations with another 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 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 the provisions of paragraph 2, Section 4.

5. The concerned Parties shall commence consultations within 60 days following 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:

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- (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 the previous levels of trade; and
- (c) ensure that textile and apparel goods imported from the territory of another Party are accorded equitable treatment as compared with treatment granted to other non-Party suppliers of like textile and apparel goods.

6. If the Parties do not agree on a mutually satisfactory level during the 90-day consultation period, the Party requesting consultations may impose annual quantitative restrictions on imports of the good from the territory of the other Party for a period no longer than that provided for in paragraph 9, provided that:

- (a) the measure shall not have effect beyond the transition period; and
- (b) the quantitative restriction shall not be less than the sum of
  - (i) the quantity of the good imported into its territory from the Party that would be affected by the restriction, as reported in general import statistics, during the first 12 of the most recent 14 months preceding the month in which the request for consultations was made, and
  - (ii) an additional 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.

7. The first term of any quantitative restriction imposed under paragraph 6 shall commence on the day following the request for consultations and terminate at the end of the calendar year in which the quantitative restriction was imposed. Any quantitative restriction that is imposed for a term less than 12 months and the applicable flexibility provisions shall be prorated to correspond to the period of time remaining in the calendar year in which the restriction is imposed:

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

- (a) increase by 6 percent restrictions on cotton, man-made fiber and non-cotton vegetable fiber textile and apparel goods and by 2 percent restrictions on wool textile and apparel goods;

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- (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
- (c) apply the flexibility provisions set forth in Appendix 3.1, as appropriate.

9. Quantitative restrictions established pursuant to paragraph 6 before July 1 in any given calendar year may remain in place for the initial prorated period in the first calendar year, plus two additional calendar years. Such restrictions established on or after July 1 in any given calendar year may remain in place for the initial prorated period plus three additional calendar years.

10. No Party may take an emergency action under this Section with respect to any textile or apparel non-originating good that is already subject to a quantitative restriction.

11. No party may adopt or maintain a quantitative restriction under this Section on a textile or apparel good if that good has been integrated into the GATT as a result of commitments undertaken by that Party pursuant to any successor agreement to the Multifiber Arrangement.

12. A Party may take a bilateral emergency action after the expiration of the transition period to deal with cases of serious damage to domestic industry arising from the operation of this Agreement only with the consent of the Party against whose good the action would be taken.

#### Section 6: Special Provisions

A Party shall treat the textile or apparel goods of another Party set out in Appendix 6.0 in accordance with the provisions therein.

#### 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 contained in Annex 401.1 applicable to goods of subheading 6212.10. No earlier than 15 months after the date of entry into force of this Agreement, any Party may request consultations to seek a mutually satisfactory solution to any difficulties that it considers results from the application of that rule of origin.

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- (b) If the Parties fail to reach a mutually satisfactory solution through consultations within 90 days of a request for consultations, any Party may request that the rule applicable to subheading 6212.10 be changed to the rule applicable to headings 62.06 through 62.11 of the Harmonized System (HS) with respect to trade with the requesting Party. Any such change shall be effective no earlier than 180 days following the request therefor. The Parties shall take measures to ease any resulting administrative burden on producers.
  - (c) Unless otherwise agreed, at any time after the initial consultations, and within the transition period of this Agreement, any Party may make one request for additional consultations under the same procedures provided in paragraphs (a) and (b).<sup>1</sup>
- 2.
- (a) At the request of any Party, the Parties shall consult to consider whether specific goods should be made subject to different rules of origin in order to address issues of availability of supply of fibers, yarns or fabrics within the free trade area.
  - (b) In the consultations, each Party shall consider all data presented by a Party showing substantial production in its territory for a good submitted for review. A legitimate claim of substantial production of the good in the territory of a Party shall be deemed to exist if that Party can show that its domestic producers are capable of supplying commercial quantities of the good in a timely manner.
  - (c) The Parties shall make every effort to conclude consultations within sixty days. Any agreement between two or more Parties resulting from these consultations shall be considered part of this Agreement. If agreement is not reached, the Parties have recourse to the provisions of paragraph 8(a) of Appendix 6.6.

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<sup>1</sup> With respect to the rule for subheading 6212.10, the Parties agree that the rule and paragraph 1 will be deleted if consensus among the Parties is reached, prior to entry into force of NAFTA, to ease administrative burden and reduce cost associated with the application of the rule for subheadings 6206 through 6211 to the apparel in subheading 6212.10.

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- (d) In this context, at the request of any Party, the Parties shall consult to consider whether the rules of origin applicable to the following provisions in Annex 401.1 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, United States tariff item 5407.60.22 and Mexican tariff item 5407.60.02,
  - (ii) provisions (i) through (viii) of the rule for subheadings 6205.20 through 6205.30,<sup>2</sup>
  - (iii) note 2 to Chapter 61,
  - (iv) note 2 to Chapter 62, and
  - (v) Canadian tariff item 6303.92.a1, United States tariff item 6303.92.h1 and Mexican tariff item 6303.92.x1.

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

#### Section 8: Labelling Requirements

To facilitate trade in textile and apparel goods between the Parties through the harmonization of domestic labelling requirements and the elimination of unnecessary obstacles to trade resulting from differences in such requirements, the Subcommittee on Labelling of Textile and Apparel Goods established under Article 913(5) shall perform the functions set out in Annex 913-D.

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<sup>2</sup> Prior to entry into force of NAFTA, with respect to provisions (i) through (viii) of the rule for subheadings 6205.20 through 6205.30, the Parties will extend cooperation as necessary in an effort to encourage production in the territory of shirting fabrics specifically identified in the rule.

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## 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 purpose of the Committee shall be to assess the potential effects that may result from the elimination of restrictions, maintained by a Party prior to the date of entry into force of this Agreement, on trade in worn clothing and other worn articles as defined in the heading 63.09 of the HS. This Committee shall:

- (a) include or consult with a broadly representative group from the manufacturing and retailing sectors in each Party; and
- (b) act in a transparent manner and reach recommendations by consensus of all representatives involved.

2. The Committee shall develop and pursue a work program to consider the potential benefits and risks that may be derived from the elimination of restrictions on trade between the Parties in worn clothing and other worn articles, including the effects on business and employment opportunities, and on the market for textile and apparel goods in each Party.

3. Notwithstanding Article 309 and paragraph 2 of Section 3, a Party may maintain restrictions in effect upon 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:

**carryforward** means the allocation to the present year of a portion of the following year's limit, which must be accounted for by an equivalent decrease in the following year's limit;

**carryover** means the allocation to the present year of an unused portion of the previous year's limit;

**category** means a grouping of textile or apparel goods, as further defined in Appendix 10.1;

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**consensus** means, when applied to recommendations of the Committee on Trade in Worn Clothing, a recommendation is approved if no member of the Committee formally objects to its approval;

**consultation level ("level")**, including designated consultation level, means a level of exports, for a particular textile or apparel good, which may be increased in accordance with the provisions of Appendix 3.1 as a result of consultations requested by the exporting Party, in contrast to a specific limit which is increased by the specific rates provided for in Appendix 3.1;

**exporting Party** means the Party from whose territory textile or apparel goods are exported;

**flexibility provisions** means the provisions set forth in paragraph 7 of Appendix 3.1;

**importing Party** means the Party into whose territory textile or apparel goods are imported;

**integrated into the GATT**, when referring to a textile or apparel good, means that good has become subject to the obligations of the *General Agreement on Tariffs and Trade* pursuant to any successor agreement to the Multifiber Arrangement;

**non-wool fabric** means fabric in chief weight of any fiber other than wool, except woven fabric in chief weight of cotton or man-made fiber, containing 36 percent or more by weight wool;

**non-wool made-up textile good** means a good in chief weight of any fiber other than wool;

**oxford cloth** means fabrics woven as plain weave except that two or more warp ends are woven as one (taped warp);

**restriction** means any import or export limitation, except for customs duties, taxes or other duties or charges, whether made effective through quotas, licenses, permits, import or export price requirements, or any other measure;

**specific limit ("limit")**, means a level of exports, specified in Appendix 3.1, for a particular textile or apparel good which may be increased only in accordance with the provisions and specific rates set forth in Appendix 3.1;

**square meters equivalent (SME)** means a common unit of measurement for textile and apparel goods; primary units of measure (e.g., units, dozens, kilograms) are converted to SMEs using the conversion factors set forth in Schedule 3.1.3 of Appendix 3.1;

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**tariff preference level (TPL)** means a mechanism by which to apply the preferential rate of customs duty to imports of a particular non-originating good up to a specified quantity;

**transition period** means a period of 10 years from the date of entry into force of this Agreement; and

**wool apparel** means:

- (i) apparel in chief weight of wool,
- (ii) woven apparel in chief weight of man-made fibers containing 36 percent or more by weight of wool, and
- (iii) 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

The descriptions listed in this Appendix are provided for ease of reference only; for legal purposes, coverage shall be determined according to the terms of the Harmonized System.

HS No. Description

Ch. 30 Pharmaceutical Products

3005 90 Wadding, gauze, bandages and the like

Ch. 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)

Ch. 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)

Ch. 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

Ch. 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  
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

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**HS No. Description**

- 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

**Ch. 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
- 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

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5206 22 Cotton yarn, <85% cotton, single, combed, 714.29 >decitex ≥ 232.56, not for retail sale  
5206 23 Cotton yarn, <85% cotton, single, combed, 232.56 >decitex ≥ 192.31, not for retail sale  
5206 24 Cotton yarn, <85% cotton, single, combed, 192.31 >decitex ≥ 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, ≥714.29, not for retail sale, nes  
5206 32 Cotton yarn, <85% cotton, multiple, uncombed, 714.29 >decitex ≥ 232.56, not for retail sale, nes  
5206 33 Cotton yarn, <85% cotton, multiple, uncombed, 232.56 >decitex ≥ 192.31, not for retail sale, nes  
5206 34 Cotton yarn, <85% cotton, multiple, uncombed, 192.31 >decitex ≥ 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, ≥714.29, not for retail sale, nes  
5206 42 Cotton yarn, <85% cotton, multiple, combed, 714.29 >decitex ≥ 232.56, not for retail sale, nes  
5206 43 Cotton yarn, <85% cotton, multiple, combed, 232.56 >decitex ≥ 192.31, not for retail sale, nes  
5206 44 Cotton yarn, <85% cotton, multiple, combed, 192.31 >decitex ≥ 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) ≥85% cotton, for retail sale  
5207 90 Cotton yarn (other than sewing thread) <85% cotton, for retail sale  
5208 11 Plain weave cotton fabric, ≤85% cotton, ≤100g/m2, unbleached  
5208 12 Plain weave cotton fabric, ≤85% cotton, >100g/m2, ≤200g/m2, unbleached  
5208 13 Twill weave cotton fabric, ≥85% cotton, ≤200g/m2, unbleached  
5208 19 Woven fabric of cotton, ≥85% cotton, ≤200g/m2, unbleached, nes  
5208 21 Plain weave cotton fabric, ≥85% cotton, ≤100g/m2, bleached  
5208 22 Plain weave cotton fabric, ≥85% cotton, >100g/m2, ≤200g/m2, bleached  
5208 23 Twill weave cotton fabric, ≥85% cotton, ≤200g/m2, bleached  
5208 29 Woven fabric of cotton, ≥85% cotton, ≤200g/m2, bleached, nes  
5208 31 Plain weave cotton fabric, ≥85% cotton, ≤100g/m2, dyed  
5208 32 Plain weave cotton fabric, ≥85% cotton, >100g/m2, ≤200g/m2, dyed  
5208 33 Twill weave cotton fabric, ≥85% cotton, ≤200g/m2, dyed  
5208 39 Woven fabric of cotton, ≥85% cotton, ≤200g/m2, dyed, nes  
5208 41 Plain weave cotton fabric, ≥85% cotton, ≤100g/m2, yarn dyed  
5208 42 Plain weave cotton fabric, ≥85% cotton, >100g/m2, ≤200 g/m2, yarn dyed  
5208 43 Twill weave cotton fabric, ≥85% cotton, ≤200g/m2, yarn dyed  
5208 49 Woven fabric of cotton, ≥85% cotton, ≤200g/m2, yarn dyed, nes  
5208 51 Plain weave cotton fabric, ≥85% cotton, ≤100g/m2, printed  
5208 52 Plain weave cotton fabric, ≥85% cotton, >100g/m2, ≤200 g/m2, printed  
5208 53 Twill weave cotton fabric, ≥85% cotton, ≤200g/m2, printed  
5208 59 Woven fabric of cotton, ≥85% cotton, ≤200g/m2, printed, nes  
5209 11 Plain weave cotton fabric, ≥85% cotton, >200g/m2, unbleached  
5209 12 Twill weave cotton fabric, ≥85% cotton, >200g/m2, unbleached  
5209 19 Woven fabric of cotton, ≥85% cotton, >200g/m2, unbleached, nes  
5209 21 Plain weave cotton fabric, ≥85% cotton, >200g/m2, bleached  
5209 22 Twill weave cotton fabric, ≥85% cotton, >200g/m2, bleached  
5209 29 Woven fabric of cotton, ≥85% cotton, >200g/m2, bleached, nes  
5209 31 Plain weave cotton fabric, ≥85% cotton, >200g/m2, dyed  
5209 32 Twill weave cotton fabric, ≥85% cotton, >200g/m2, dyed  
5209 39 Woven fabric of cotton, ≥85% cotton, >200g/m2, dyed, nes

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5209 41 Plain weave cotton fabric,  $\geq 85\%$  cotton,  $> 200\text{g}/\text{m}^2$ , yarn dyed  
5209 42 Blue denim fabric of cotton,  $\geq 85\%$  cotton,  $> 200\text{g}/\text{m}^2$   
5209 43 Twill weave cotton fabric, other than denim,  $\geq 85\%$  cotton,  $> 200\text{g}/\text{m}^2$ , yarn dyed  
5209 49 Woven fabric of cotton,  $\geq 85\%$  cotton,  $> 200\text{g}/\text{m}^2$ , yarn dyed, nes  
5209 51 Plain weave cotton fabric,  $\geq 85\%$  cotton,  $> 200\text{g}/\text{m}^2$ , printed  
5209 52 Twill weave cotton fabric,  $\geq 85\%$  cotton,  $> 200\text{g}/\text{m}^2$ , printed  
5209 59 Woven fabric of cotton,  $\geq 85\%$  cotton,  $> 200\text{g}/\text{m}^2$ , printed, nes  
5210 11 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , unbleached  
5210 12 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , unbleached  
5210 19 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , unbleached, nes  
5210 21 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , bleached  
5210 22 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , bleached  
5210 29 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , bleached, nes  
5210 31 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , dyed  
5210 32 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , dyed  
5210 39 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , dyed, nes  
5210 41 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , yarn dyed  
5210 42 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , yarn dyed  
5210 49 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , yarn dyed, nes  
5210 51 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , printed  
5210 52 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , printed  
5210 59 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $\leq 200\text{g}/\text{m}^2$ , printed, nes  
5211 11 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , unbleached  
5211 12 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , unbleached  
5211 19 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , unbleached, nes  
5211 21 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , bleached  
5211 22 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , bleached  
5211 29 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , bleached, nes  
5211 31 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , dyed  
5211 32 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , dyed  
5211 39 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , dyed, nes  
5211 41 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , yarn dyed  
5211 42 Blue denim fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$   
5211 43 Twill weave cotton fabric, other than denim,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , yarn dyed  
5211 49 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , yarn dyed, nes  
5211 51 Plain weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , printed  
5211 52 Twill weave cotton fabric,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , printed  
5211 59 Woven fabric of cotton,  $< 85\%$  cotton, with man-made fiber,  $> 200\text{g}/\text{m}^2$ , printed, nes  
5212 11 Woven fabric of cotton, weighing  $\leq 200\text{g}/\text{m}^2$ , unbleached, nes  
5212 12 Woven fabric of cotton, weighing  $\leq 200\text{g}/\text{m}^2$ , bleached, nes  
5212 13 Woven fabric of cotton, weighing  $\leq 200\text{g}/\text{m}^2$ , dyed, nes  
5212 14 Woven fabric of cotton,  $\leq 200\text{g}/\text{m}^2$ , of yarns of different colors, nes  
5212 15 Woven fabric of cotton, weighing  $\leq 200\text{g}/\text{m}^2$ , printed, nes  
5212 21 Woven fabric of cotton, weighing  $> 200\text{g}/\text{m}^2$ , unbleached, nes  
5212 22 Woven fabric of cotton, weighing  $> 200\text{g}/\text{m}^2$ , bleached, nes

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- 5212 23 Woven fabric of cotton, weighing >200g/m<sup>2</sup>, dyed, nes
- 5212 24 Woven fabric of cotton, >200g/m<sup>2</sup>, of yarns of different colors, nes
- 5212 25 Woven fabric of cotton, weighing >200g/m<sup>2</sup>, printed, nes

**Ch. 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, ≥85% flax, unbleached or bleached
- 5309 19 Woven fabric, ≥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

**Ch. 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, ≤50tex/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

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- 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
- 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

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Ch.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
- 5504 10 Staple fibers of viscose, not carded or combed
- 5504 90 Artificial staple fibers, other than viscose, not carded or combed
- 5505 10 Waste of synthetic fibers
- 5505 20 Waste of artificial fibers
- 5506 10 Staple fibers of nylon or other polyamides, carded or combed
- 5506 20 Staple fibers of polyesters, carded or combed
- 5506 30 Staple fibers of acrylic or modacrylic, carded or combed
- 5506 90 Synthetic staple fibers, carded or combed, nes
- 5507 00 Artificial staple fibers, carded or combed
- 5508 10 Sewing thread of synthetic staple fibers
- 5508 20 Sewing thread of artificial staple fibers
- 5509 11 Yarn,  $\geq 85\%$  nylon or other polyamide staple fibers, single, not for retail sale
- 5509 12 Yarn,  $\geq 85\%$  nylon or other polyamide staple fibers, multiple, not for retail sale, nes
- 5509 21 Yarn,  $\geq 85\%$  of polyester staple fibers, single, not for retail sale
- 5509 22 Yarn,  $\geq 85\%$  of polyester staple fibers, multiple, not for retail sale, nes
- 5509 31 Yarn,  $\geq 85\%$  of acrylic or modacrylic staple fibers, single, not for retail sale
- 5509 32 Yarn,  $\geq 85\%$  acrylic/modacrylic staple fibers, multiple, not for retail sale, nes
- 5509 41 Yarn,  $\geq 85\%$  of other synthetic staple fibers, single, not for retail sale
- 5509 42 Yarn,  $\geq 85\%$  of other synthetic staple fibers, multiple, not for retail sale, nes
- 5509 51 Yarn of polyester staple fibers mixed with artificial staple fiber, not for retail sale, nes
- 5509 52 Yarn of polyester staple fiber mixed with wool or fine animal hair, not for retail sale, nes
- 5509 53 Yarn of polyester staple fibers mixed with cotton, not for retail sale, nes
- 5509 59 Yarn of polyester staple fibers, not for retail sale, nes
- 5509 61 Yarn of acrylic staple fiber mixed with wool or fine animal hair, not for retail sale, nes
- 5509 62 Yarn of acrylic staple fibers mixed with cotton, not for retail sale, nes
- 5509 69 Yarn of acrylic staple fibers, not for retail sale, nes
- 5509 91 Yarn of other synthetic staple fibers mixed with wool or fine animal hair, not for retail sale, nes
- 5509 92 Yarn of other synthetic staple fibers mixed with cotton, not for retail sale, nes
- 5509 99 Yarn of other synthetic staple fibers, not for retail sale, nes
- 5510 11 Yarn,  $\geq 85\%$  of artificial staple fibers, single, not for retail sale
- 5510 12 Yarn,  $\geq 85\%$  of artificial staple fibers, multiple, not for retail sale, nes
- 5510 20 Yarn of artificial staple fiber mixed with wool/fine animal hair, not for retail sale, nes
- 5510 30 Yarn of artificial staple fibers mixed with cotton, not for retail sale, nes

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- 5510 90 Yarn of artificial staple fibers, not for retail sale, nes
- 5511 10 Yarn,  $\geq 85\%$  of synthetic staple fibers, other than sewing thread, for retail sale
- 5511 20 Yarn,  $< 85\%$  of synthetic staple fibers, for retail sale, nes
- 5511 30 Yarn of artificial fibers (other than sewing thread), for retail sale
- 5512 11 Woven fabric,  $\geq 85\%$  of polyester staple fibers, unbleached or bleached
- 5512 19 Woven fabric,  $\geq 85\%$  of polyester staple fibers, other than unbleached or bleached
- 5512 21 Woven fabric,  $\geq 85\%$  of acrylic staple fibers, unbleached or bleached
- 5512 29 Woven fabric,  $\geq 85\%$  of acrylic staple fibers, other than unbleached or bleached
- 5512 91 Woven fabric,  $\geq 85\%$  of other synthetic staple fibers, unbleached or bleached
- 5512 99 Woven fabric,  $\geq 85\%$  of other synthetic staple fibers, other than unbleached or bleached
- 5513 11 Plain weave polyester fabric,  $< 85\%$  syn stple fiber, with cot,  $\leq 170g/m^2$ , unbl or bl
- 5513 12 Twill weave polyester staple fiber fabric,  $< 85\%$  syn. staple fiber, with cotton,  $\leq 170g/m^2$ , unbl or bl
- 5513 13 Woven polyester fabric,  $< 85\%$  synthetic stple fiber, with cotton,  $\leq 170g/m^2$ , unbl or bl, nes
- 5513 19 Woven fabric of other synthetic staple fiber,  $< 85\%$  syn. stpl fib, with cotton,  $\leq 170g/m^2$ , unbl or bl
- 5513 21 Plain weave polyester staple fiber fabric,  $< 85\%$  synthetic staple fiber, with cotton,  $\leq 170g/m^2$ , dyed
- 5513 22 Twill weave polyester staple fiber fabric,  $< 85\%$  synthetic staple fiber, with cotton,  $\leq 170g/m^2$ , dyed
- 5513 23 Woven fabric of polyester staple fiber,  $< 85\%$  syn. staple fiber, with cotton,  $\leq 170g/m^2$ , dyed, nes
- 5513 29 Woven fabric of other synthetic staple fiber,  $< 85\%$  syn. staple fiber, with cotton,  $\leq 170g/m^2$ , dyed
- 5513 31 Plain weave polyester staple fiber fabric,  $< 85\%$  syn. staple fiber, with cotton,  $\leq 170g/m^2$ , yarn dyed
- 5513 32 Twill weave polyester staple fiber fabric,  $< 85\%$  syn. staple fiber, with cotton,  $\leq 170g/m^2$ , yarn dyed
- 5513 33 Woven fabric of polyester staple fiber,  $< 85\%$  syn. staple fiber, with cotton,  $\leq 170g/m^2$ , dyed nes
- 5513 39 Woven fabric of other synthetic staple fiber,  $< 85\%$  syn. staple fiber, with cotton,  $\leq 170g/m^2$ , yarn dyed
- 5513 41 Plain weave polyester staple fiber fabric,  $< 85\%$  syn. stpl fiber, with cotton,  $\leq 170g/m^2$ , printed
- 5513 42 Twill weave polyester staple fiber fabric,  $< 85\%$  syn. staple fiber, with cotton,  $\leq 170g/m^2$ , printed
- 5513 43 Woven fabric of polyester staple fiber,  $< 85\%$  syn staple fiber, with cotton,  $\leq 170g/m^2$ , printed, nes
- 5513 49 Woven fabric of other synthetic staple fiber,  $< 85\%$  syn. staple fiber, with cotton,  $\leq 170g/m^2$ , printed
- 5514 11 Plain weave polyester staple fiber fabric,  $< 85\%$  syn. staple fiber, with cotton,  $> 170g/m^2$ , unbl or bl
- 5514 12 Twill weave polyester staple fiber fabric,  $< 85\%$  syn. staple fiber, with cotton,  $> 170g/m^2$ , unbl or bl
- 5514 13 Woven fabric of polyester staple fiber,  $< 85\%$  syn. stpl fiber, with cotton,  $> 170g/m^2$ , unbl or bl, nes
- 5514 19 Woven fabric of other synthetic staple fiber,  $< 85\%$  syn stpl. fib, with cotton,  $> 170g/m^2$ , unbl or bl
- 5514 21 Plain weave polyester staple fiber fabric,  $< 85\%$  syn staple fiber, with cotton,  $> 170g/m^2$ , dyed
- 5514 22 Twill weave polyester staple fiber fabric,  $< 85\%$  synthetic staple fiber, with cotton,  $> 170g/m^2$ , dyed
- 5514 23 Woven fabric of polyester staple fiber,  $< 85\%$  synthetic staple fiber, with cotton,  $> 170g/m^2$ , dyed
- 5514 29 Woven fabric of other synthetic staple fiber,  $< 85\%$  synthetic staple fiber, with cotton,  $> 170g/m^2$ , dyed
- 5514 31 Plain weave polyester staple fiber fabric,  $< 85\%$  syn. staple fiber, with cotton,  $> 170g/m^2$ , yarn dyed
- 5514 32 Twill weave polyester staple fiber fabric,  $< 85\%$  mixed with cotton,  $> 170g/m^2$ , yarn dyed
- 5514 33 Woven fabric of polyester staple fiber,  $< 85\%$  syn. staple fiber, with cotton,  $> 170g/m^2$ , yarn dyed nes
- 5514 39 Woven fabric of other synthetic staple fiber,  $< 85\%$  syn. stpl fiber, with cotton,  $> 170g/m^2$ , yarn dyed
- 5514 41 Plain weave polyester staple fiber fabric,  $< 85\%$  synthetic staple fiber, with cotton,  $> 170g/m^2$ , printed
- 5514 42 Twill weave polyester staple fiber fabric,  $< 85\%$  synthetic staple fiber, with cotton,  $> 170g/m^2$ , printed
- 5514 43 Woven fabric of polyester staple fibers  $< 85\%$  syn. staple fiber, with cotton,  $> 170g/m^2$ , printed, nes
- 5514 49 Woven fabric of other synthetic staple fiber,  $< 85\%$  syn. staple fiber, with cotton,  $> 170g/m^2$ , printed
- 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

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- 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
  - 5516 32 Woven fabric of artificial staple fiber,  $< 85\%$  art staple fiber, with wool/fine animal hair, dyed
  - 5516 33 Woven fabric of artificial staple fiber,  $< 85\%$  art staple fiber, with wool/fine animal hair, yarn dyed
  - 5516 34 Woven fabric of artificial staple fiber,  $< 85\%$  art staple fiber, 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
- Ch. 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 Wedge 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

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- 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

**Ch.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
- 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

**Ch. 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

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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 Tullies 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  
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

**Ch. 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

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- 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 ≥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

**Ch. 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, w ≤ 30 cm, ≥ 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, ≥ 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

## HS No. Description

## Ch. 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
- 6104 21 Women's or girls' ensembles, of wool or fine animal hair, knitted or crocheted
- 6104 22 Women's or girls' ensembles, of cotton, knitted or crocheted
- 6104 23 Women's or girls' ensembles, of synthetic fibers, knitted or crocheted
- 6104 29 Women's or girls' ensembles, of other textile materials, knitted or crocheted
- 6104 31 Women's or girls' jackets, of wool or fine animal hair, knitted or crocheted
- 6104 32 Women's or girls' jackets, of cotton, knitted or crocheted
- 6104 33 Women's or girls' jackets, of synthetic fibers, knitted or crocheted
- 6104 39 Women's or girls' jackets, of other textile materials, knitted or crocheted
- 6104 41 Women's or girls' dresses, of wool or fine animal hair, knitted or crocheted
- 6104 42 Women's or girls' dresses, of cotton, knitted or crocheted
- 6104 43 Women's or girls' dresses, of synthetic fibers, knitted or crocheted
- 6104 44 Women's or girls' dresses, of artificial fibers, knitted or crocheted
- 6104 49 Women's or girls' dresses, of other textile materials, knitted or crocheted
- 6104 51 Women's or girls' skirts, of wool or fine animal hair, knitted or crocheted
- 6104 52 Women's or girls' skirts, of cotton, knitted or crocheted
- 6104 53 Women's or girls' skirts, of synthetic fibers, knitted or crocheted

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6104 59 Women's or girls' skirts, of other textile materials, knitted or crocheted  
6104 61 Women's or girls' trousers and shorts, of wool or fine animal hair, knitted or crocheted  
6104 62 Women's or girls' trousers and shorts, of cotton, knitted or crocheted  
6104 63 Women's or girls' trousers and shorts, of synthetic fibers, knitted or crocheted  
6104 69 Women's or girls' trousers and shorts, of other textile materials, knitted or crocheted  
6105 10 Men's or boys' shirts, of cotton, knitted or crocheted  
6105 20 Men's or boys' shirts, of man-made fibers, knitted or crocheted  
6105 90 Men's or boys' shirts, of other textile materials, knitted or crocheted  
6106 10 Women's or girls' blouses and shirts, of cotton, knitted or crocheted  
6106 20 Women's or girls' blouses and shirts, of man-made fibers, knitted or crocheted  
6106 90 Women's or girls' blouses and shirts, of other materials, knitted or crocheted  
6107 11 Men's or boys' underpants and briefs, of cotton, knitted or crocheted  
6107 12 Men's or boys' underpants and briefs, of man-made fibers, knitted or crocheted  
6107 19 Men's or boys' underpants and briefs, of other textile materials, knitted or crocheted  
6107 21 Men's or boys' nightshirts and pajamas, of cotton, knitted or crocheted  
6107 22 Men's or boys' nightshirts and pajamas, of man-made fibers, knitted or crocheted  
6107 29 Men's or boys' nightshirts and pajamas, of other textile materials, knitted or crocheted  
6107 91 Men's or boys' underpants, briefs, robes, and similar articles of cotton, knitted or crocheted  
6107 92 Men's or boys' underpants, briefs, robes, and sim articles of man-made fibers, knitted or crocheted  
6107 99 Men's or boys' underwear, briefs, robes, and sim art of other textile materials, knitted or crocheted  
6108 11 Women's or girls' slips and petticoats, of man-made fibers, knitted or crocheted  
6108 19 Women's or girls' slips and petticoats, of other textile materials, knitted or crocheted  
6108 21 Women's or girls' briefs and panties, of cotton, knitted or crocheted  
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  
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

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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

**Ch. 62 Articles of apparel and clothing accessories, not knitted or crocheted or crocheted**

6201 11 Men's or boys' overcoats, and similar articles of wool or fine animal hair, not knit  
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  
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 knit  
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 man-made fibers, not knitted or crocheted  
6202 19 Women's or girls' overcoats and similar articles of other textile mat, not knit  
6202 91 Women's or girls' anoraks and similar article of wool or fine animal hair, not knit  
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 man-made fibers, not knitted or crocheted  
6202 99 Women's or girls' anoraks and similar article of other textile materials, not knit

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- 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
- 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

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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  
6212 20 Girdles, panty girdles and parts thereof, of textile materials, whether or not 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

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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

**Ch. 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  
6304 11 Bedspreads of textile materials, nes, knitted or crocheted

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**HS No. Description**

- 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

**Ch. 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

**Ch. 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

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**HS No. Description**

**Ch. 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

**Ch. 70 Glass and glassware**

ex 7019 10 Yarn of fiber glass  
ex 7019 20 Woven fabric of fiber glass

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

8708 21 Safety seat belts for motor vehicles

**Ch. 88 Aircraft, spacecraft, and parts thereof**

8804 00 Parachutes; their parts and accessories

**Ch. 91 Clocks and watches and parts thereof**

9113 90 Watch straps, bands and bracelets of textile materials

**Ch. 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

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

9502 91 Garments for dolls

**Ch. 96 Miscellaneous manufactured articles**

ex 9612 10 Woven ribbons, of man-made fibers, other than those <30 mm wide and permanently in cartridges

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## APPENDIX 2.1

### Tariff Elimination

#### Trade Between the United States and Canada

1. The United States and Canada shall progressively eliminate their respective customs duties on originating textile and apparel goods of each other in accordance with the base rates and schedules set forth in Annex 401.2, as amended, of the *Canada-United States Free Trade Agreement*.

#### Trade Between the United States and Mexico

2: The United States and Mexico shall progressively eliminate their respective customs duties on originating textile and apparel goods of each other, starting from the base rates set forth in the Party's Schedule in 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 B 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 commencing 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 commencing on January 1, 1994, and such goods shall be duty-free effective January 1, 2003; and
- (d) if the application of the formulas provided in subparagraphs (b) and (c) for staging categories B and C result 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.

Exceptions to this provision are specified in Schedule 2.1.

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3. In addition, on January 1, 1994, the United States shall eliminate customs duties on textile and apparel goods that are:

- (a) assembled in Mexico from fabrics wholly formed and cut in the United States; and
- (b) exported from and reimported into the United States under U.S. tariff item 9802.00.80.10,

and shall not adopt or maintain customs duties on textile and apparel goods of Mexico that satisfy the requirements of any successor provision to that U.S. tariff item.

#### Trade Between Canada and Mexico

4. Canada and Mexico shall progressively eliminate their respective customs duties on originating textile and apparel goods of each other, starting from the base rates set forth in the Party's Schedule in 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 B in a Party's Schedule shall be removed in six equal annual stages commencing 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+ shall be reduced by the following percentages of the base rates, commencing on January 1, 1994, and such goods shall be duty-free effective January 1, 2001:

January 1, 1994, 20 per cent;  
January 1, 1995, 0 per cent;  
January 1, 1996, 10 per cent;  
January 1, 1997, 10 per cent;

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January 1, 1998, 10 per cent;  
January 1, 1999, 10 per cent;  
January 1, 2000, 10 per cent;  
January 1, 2001, 30 per cent; 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 commencing on January 1, 1994, and such goods shall be duty-free effective January 1, 2003.

Trade Between All Parties

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

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Schedule 2.1

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:

Year 1	25.0%
Year 2	24.1%
Year 3	18.0%
Year 4	12.0%
Year 5	6.0%
Year 6 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, 5112.19.99, as modified to correspond to the U.S. tariff items identified in paragraph 1, during the transition period:

Year 1	15.0%
Year 2	14.5%
Year 3	10.8%
Year 4	7.2%
Year 5	3.6%
Year 6 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:

Year 1	25.0%
Year 2	25.0%
Year 3	20.0%
Year 4	13.3%
Year 5	6.7%
Year 6 and thereafter	0.0%

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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:

Year 1	15.0%
Year 2	15.0%
Year 3	12.0%
Year 4	8.0%
Year 5	4.0%
Year 6 and thereafter	0.0%

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

Year 1	20.0%
Year 2	20.0%
Year 3	10.0%
Year 4	6.6%
Year 5	3.3%
Year 6 and thereafter	0.0%

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## APPENDIX 3.1

### Administering Import and Export Restrictions and Consultation Levels

#### General Provisions Applicable Only to Trade Between Mexico and the United States and Between Mexico and Canada

1. A Party applying a restriction or consultation level on non-originating goods pursuant to Section 5 or paragraph 8 of this Appendix shall apply it in accordance with this Appendix and its Schedules.
2. An exporting Party whose textile or apparel good is subject to a 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 such restriction or consultation level by controlling its imports.
3. Textile and apparel goods exported subject to restrictions or consultation levels shall be counted against the limits or levels applicable to the year in which exported. Exports in excess of authorized limits or levels in each calendar year shall, if allowed entry into the importing Party, be charged to the limit or level authorized for the succeeding year.
4. Each exporting Party whose goods are subject to a restriction or consultation level shall use its best efforts 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. Upon written request by an exporting Party whose goods are subject to a restriction or consultation level, that Party and the importing Party shall enter into consultations, within 30 days of receipt of the written request therefor, on any question arising from the implementation of this Appendix. If the exporting Party considers that, as a result of a restriction or consultation level applied under this Appendix, it is being placed in an inequitable position in relation to another Party or a non-Party, the consulting Parties shall seek a mutually beneficial solution within 60 days of the request for consultations.
6. The Parties concerned may by mutual agreement adjust annual Designated Consultation Levels (DCLs) as follows:

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- (a) if an 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 to a request is negative, consultations shall take place not later than 15 days after the receipt of the negative response or as soon as mutually convenient. The Parties concerned shall endeavor to reach a mutually satisfactory solution. An exchange of letters shall confirm any agreement reached on any new DCL.

7. The Parties may adjust annual Specific Limits (SLs) as follows:

- (a) an exporting Party wishing to adjust an SL in accordance with this paragraph shall provide notice to the importing Party of its intent to make such adjustment;
- (b) that exporting Party may increase any SL by not more than 6 percent (swing); and
- (c) in addition, exports from that Party may exceed by a maximum of 11 percent any SL by allocating to such limit for that calendar year an unused portion ("shortfall") of the corresponding limit for the previous calendar year ("carryover") or a portion of the corresponding limit for the succeeding calendar year ("carryforward") subject to the following conditions
  - (i) carryover may be utilized as available up to 11 percent of the receiving calendar year's applicable limits,
  - (ii) carryforward may be utilized up to 6 percent of the receiving calendar year's applicable limits and shall be charged against the succeeding calendar year's corresponding limits,
  - (iii) the combination of carryover and carryforward shall not exceed 11 percent of the receiving calendar year's applicable limits in any calendar year, and

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- (iv) carryover of shortfall shall be applied to any specific limit following notice given by the exporting Party and confirmation by the importing Party that sufficient shortfall exists. If the importing Party does not consider that sufficient shortfall exists, it will promptly provide data to support that view. If substantial statistical differences exist between the import and export data upon which shortfall for a given period is computed, the Parties shall work to resolve these differences promptly.

Provisions Applicable Only to Trade between Mexico and the United States

8. 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.

9. In addition, on January 1, 1994, the United States shall eliminate restrictions or consultation levels on textile and apparel goods that are:

- (a) assembled in Mexico from fabrics wholly formed and cut in the United States; and
- (b) exported from and reimported into the United States under U.S. tariff item 9802.00.80.10,

and, notwithstanding Section 5, shall not adopt or maintain prohibitions, restrictions, or consultation levels on textile and apparel goods of Mexico that satisfy the requirements of any successor provision to that U.S. tariff item.

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10. Notwithstanding paragraph 8, no Party may apply the restrictions and consultation levels specified in Schedule 3.1.2 to the following textile and apparel goods, provided such goods have been certified by the competent authority of Mexico as one of the following:

- (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

that have been identified and agreed between the United States and Mexico for exemption from quantitative restrictions.

11. *The Bilateral Textile Agreement Between the United States of America and the United Mexican States*, signed at Mazatlan February 13, 1988, as amended and extended (the Bilateral Agreement), shall terminate upon the date of entry into force of this Agreement.

12. Except as otherwise provided in this Annex, the Parties shall eliminate the restrictions and consultation levels listed in Schedule 3.1.2 in accordance with the schedule provided in Schedule 3.1.1. At the request of either Party, the Parties shall consult to consider accelerating the elimination of restrictions or consultation levels on specific textile and apparel goods. An agreement between the Parties to accelerate the elimination of a restriction or consultation level shall be considered part of this Agreement, superseding Schedule 3.1.1.

13. During the first calendar year following the date of entry into force of this Agreement, Mexico may carry over any unused portion of the preceding year's limit specified in the Bilateral Agreement, or apply against the first year's limit specified in this Appendix any exports made during the preceding year in excess of the applicable limit under the Bilateral Agreement, in accordance with the flexibility provisions set forth in paragraph 7.

14. All exports of textiles 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 a bilateral visa arrangement, as amended.

15. At the written request of either Party, both Parties shall consult, within 30 days of receipt of the request, on any questions arising from the implementation of this Appendix.

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In addition, at the request of either Party, those Parties shall conduct a major review of this Section no later than five years from the date of entry into force of this Agreement.

16. For the purpose of applying restrictions or consultation levels, each Party shall classify a good as being:

- (a) of 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) of cotton, if not covered by (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) of wool, if not covered by (a) or (b), and the good is in chief weight of wool; and
- (d) of non-cotton vegetable fiber, if not covered by (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 (d)(i) and wool exceeds 17 percent by weight of all component fibers, in which case it shall be of wool, or

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- (iii) if not covered by (d)(i) or (d)(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.

### Schedules

To determine which HS provisions are contained in a U.S. category listed in the Schedules in 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), United States Department of Commerce, International Trade Administration, Office of 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 Goods

<u>Category</u>	<u>Description</u>	<u>Staging Category</u>
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, Spec. Reg.	1
340/640 SR	C/MMF Woven Shirts, Spec. Reg.	1
341/641 SR	MMF Blouses, Special Regime	1
342/642 SR	C/MMF Skirts, Special Regime	1
347/348/647/648 SR	C/MMF Trousers, Spec. Reg.	1
351/651 SR	C/MMF Pyjamas, etc. Spec. Reg.	1
352/652 SR	C/MMF Underwear, Spec. Regime	1
359-C/659-C SR	C/MMF Coveralls, Spec. Regime	1
633 SR	MMF Suit Coats, Special Regime	1
635 SR	MMF Coats, Special Regime	1

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b. Non-originating Goods

<u>Category</u>	<u>Description</u>	<u>Staging Category</u>
Broadwoven Fabric		
Group	C/MMF	1
218	C/MMF Fabrics/Yarns Diff. Col.	1
219	C/MMF Duck Fabric	2
220	C/MMF Fabric of Special Weave	1
225	C/MMF Denim Fabric	1
226	C/MMF Cheesecloth, Batistes	1
227	C/MMF Oxford Cloth	1
300/301/607-Y	C Combed/Carded Yarn; etc.	1
313	C Sheeting Fabric	2
314	C Poplin and Broadcloth Fabric	2
315	C Printcloth Fabric	2
317	C Twill Fabric	2
326	C Sateen Fabric	1
334/634	C/MMF Men's and Boy's Coats	1
335 NR	C Coats, Women's and Girl's	1
336/636 NR	C/MMF Dresses	1
338/339/638/639 NR	C/MMF Knit Shirts and Blouses	2
340/640 NR	C/MMFWoven Shirts	2
341/641 NR	C/MMF Woven Blouses	1
342/642	C/MMF Skirts	1
347/348/647/648 NR	C/MMF Trousers and Pants	2
351/651	C/MMF Pyjamas and Nightwear	1
352/652 NR	C/MMF Underwear	1
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/Boy's Suit-type Coats	3
435	Women's and Girl's Coats, Wool	1
443	Men's and Boys Suits, Wool	3
604-A	Acrylic Spun Yarn	1
604-O/607-O	Staple Fiber Yarn	1
611	Artificial Staple Fiber Woven Fab.	3
613	MMF Sheeting Fabric	1
614	MMF Poplin & Broadcloth Fab.	1
615	MMF Printcloth Fabric	1

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617	MMF Twill & Sateen Fab.	1
625	MMF Poplin/Broad. Stap/Fil	1
626	MMF Printcloth Stap/Fil	1
627	MMF Sheeting Stap/Fil	1
628	MMF Twill/Sateen Stap/Fil	1
629	MMF Other Stap/Fil Fab.	1
633 NR	MMF Suit-Type Coats, M&B	2
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

Schedule 3.1.2

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

<u>Category</u>	<u>Form</u>	<u>Unit of Measure</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
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
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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<u>Category</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>
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>Category</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year10</u>
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 8 of Appendix 3.1, and to tariff preference levels (TPLs) applied pursuant to Section 6 and Appendix 6.0.

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2. Unless otherwise provided in this Annex, or mutually agreed as between two Parties with respect to trade between those Parties, the rates of conversion into square meters equivalent listed below shall apply in implementing this Annex.

3. For goods covered by a textile category, the following conversion factors shall apply:

<u>U.S.</u> <u>Category</u>	<u>Conversion</u> <u>Factor</u>	<u>Description</u>	<u>Primary</u> <u>Unit of</u> <u>Measure</u>
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	SM
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	COTTON HOSIERY	DPR
333	30.30	M&B SUIT-TYPE COATS, COTTON	DZ
334	34.50	OTHER M&B COATS, COTTON	DZ
335	34.50	W&G COTTON COATS	DZ
336	37.90	COTTON DRESSES	DZ
338	6.00	M&B COTTON KNIT SHIRTS	DZ
339	6.00	W&G COTTON KNIT SHIRTS/BLOUSES	DZ
340	20.10	M&B COTTON SHIRTS, NOT KNIT	DZ
341	12.10	W&G COTTON SHIRTS/BLOUSES, NOT KNIT	DZ
342	14.90	COTTON SKIRTS	DZ

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345	30.80	COTTON SWEATERS	DZ
347	14.90	M&B COT. TROUSERS/BREECHES/SHORTS	DZ
348	14.90	W&G COT. TROUSERS/BREECHES/SHORTS	DZ
349	4.00	BRASSIERES, OTHER BODY SUPPORT GAR	DZ
350	42.60	COTTON DRESSING GOWNS, ROBES ETC.	DZ
351	43.50	COTTON NIGHTWEAR/PAJAMAS	DZ
352	9.20	COTTON UNDERWEAR	DZ
353	34.50	M&B COTTON DOWN-FILLED COATS	DZ
354	34.50	W&G COTTON DOWN-FILLED COATS	DZ
359	8.50	OTHER COTTON APPAREL	KG
360	0.90	COTTON PILLOWCASES	NO
361	5.20	COTTON SHEETS	NO
362	5.80	OTHER COTTON BEDDING	NO
363	0.40	COTTON TERRY & OTHER PILE TOWELS	NO
369	8.50	OTHER COTTON MANUFACTURES	KG
400	3.70	WOOL YARN	KG
410	1.00	WOOL WOVEN FABRIC	SM
414	2.80	OTHER WOOL FABRIC	KG
431	1.80	WOOL GLOVES/MITTENS	DPR
432	2.30	WOOL HOSIERY	DPR
433	30.10	M&B WOOL SUIT-TYPE COATS	DZ
434	45.10	OTHER M&B WOOL COATS	DZ
435	45.10	W&G WOOL COATS	DZ
436	41.10	WOOL DRESSES	DZ
438	12.50	WOOL KNIT SHIRTS/BLOUSES	DZ
439	6.30	BABIES' WOOL GARM/CLOTHING ACCESS.	KG
440	20.10	WOOL SHIRTS/BLOUSES, NOT-KNIT	DZ
442	15.00	WOOL SKIRTS	DZ
443	3.76	M&B WOOL SUITS	NO
444	3.76	W&G WOOL SUITS	NO
445	12.40	M&B WOOL SWEATERS	DZ
446	12.40	W&G WOOL SWEATERS	DZ
447	15.00	M&B WOOL TROUSERS/BREECHES/SHORTS	DZ
448	15.00	W&G WOOL TROUSERS/BREECHES/SHORTS	DZ
459	3.70	OTHER WOOL APPAREL	KG
464	2.40	WOOL BLANKETS	KG
465	1:00	WOOL FLOOR COVERINGS	SM
469	3.70	OTHER WOOL MANUFACTURES	KG

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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% ARTIF 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 STAP/FIL POPLN & BROADCLTH FAB	SM
626	1.00	MMF STAP/FIL PRINTCLOTH FABRIC	SM
627	1.00	MMF STAP/FIL SHEETING FABRIC	SM
628	1.00	MMF STAPLE/FIL TWILL/SATEEN FABRIC	SM
629	1.00	OTHER MMF STAP/FIL 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 GARM	DZ
650	42.60	MMF ROBES, DRESSING GOWNS, ETC.	DZ
651	43.50	MMF NIGHTWEAR & PAJAMAS	DZ
652	13.40	MMF UNDERWEAR	DZ
653	34.50	M&B MMF DOWN-FILLED COATS	DZ
654	34.50	W&G MMF DOWN-FILLED COATS	DZ
659	14.40	OTHER MMF APPAREL	KG

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665	1.00	MMF FLOOR COVERINGS	SM
666	14.40	OTHER MMF FURNISHINGS	KG
669	14.40	OTHER MMF MANUFACTURES	KG
670	3.70	MMF FLAT GOODS, HANDBAGS, LUGGAGE	KG
800	8.50	YARN, SILK BLENDS/VEG FIBER	KG
810	1.00	WOVEN FAB, SLK BLENDS/VEG FIBER	SM
831	2.90	GLOVES & MITTENS, SILK BLEND/ VEG	DPR
832	3.80	HOSIERY, SILK BLENDS/VEG FIBER	DPR
833	30.30	M&B SUIT-TYPE COATS, SILK BL/VEG	DZ
834	34.50	OTHER M&B COATS, SILK BLEND/VEG	DZ
835	34.50	W&G COATS, SILK BLEND/VEG FIBER	DZ
836	37.90	DRESSES, SILK BLEND/VEG FIBER	DZ
838	11.70	KNIT SHIRTS & BLOUSES, SLK BL/VEG	DZ
839	6.30	BABIES' GARM & CLOTH ACC, SLK/VEG	KG
840	16.70	NOT-KNIT SHIRTS & BLOUSES, SLK/VEG	DZ
842	14.90	SKIRTS, SILK BLENDS/VEG FIBERS	DZ
843	3.76	M&B SUITS, SILK BLENDS/VEG FIBER	NO
844	3.76	W&G SUITS, SILK BLENDS/VEG FIBER	NO
845	30.80	SWEATERS, NON-COTTON VEG FIBERS	DZ
846	30.80	SWEATERS, SILK BLENDS	DZ
847	14.90	TROUSERS/BREECHES/SHORTS, SILK/VEG	DZ
850	42.60	ROBES, DRESSING GOWNS,ETC, SLK/VEG	DZ
851	43.50	NIGHTWEAR & PJ'S, SILK BL/VEG FIB	DZ
852	11.30	UNDERWEAR, SILK BLENDS/VEG FIBER	DZ
858	6.60	NECKWEAR, SILK BLENDS/VEG FIBER	KG
859	12.50	OTHER SILK/VEG FIBER APPAREL	KG
863	0.40	TOWELS, SILK BLENDS/VEG FIBERS	NO
870	3.70	LUGGAGE, SILK BLENDS/VEG FIBERS	KG
871	3.70	HANDBAGS & FLATGOODS, SLK BL/VEG	KG
899	11.10	OTHER SILK BLENDS/VEG MANUFACTURES	KG

## 4. For goods not covered by a textile category, the following conversion factors shall apply:

<u>US Harmonized System Statistical Provision</u>	<u>Conversion Factor</u>	<u>Primary Unit of Measure</u>	<u>Description</u>
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 CERT HAND-LOOM, YARNS OF DIF COLORS
5208.42.1000	1.00	SM	WOVEN FABRIC, ≥85% COTTON 100-200G/M2 CERT HAND-LOOM, YARNS OF DIF 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, CERT 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, CERT 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 FAB, JUTE OR OTHER TEX BAST FIBER (EX FLX/HEMP/RAM), ≤130CM WIDE, UNBL
5310.10.0040	1.00	SM	WOVEN FAB, JUTE OR OTH TEX BAST FIB (EX FLX/HMP/RM) >130 TO ≤250 CM WIDE, UNBL
5310.10.0060	1.00	SM	WOVEN FAB JUTE OR OTH TEX BAST FIB (EX FLAX/HEMP/RAM), >250 CM WIDE, UNBL
5310.90.0000	1.00	SM	WOVEN FABRIC, JUTE OR OTH TEX 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
5402.20.3020	20.10	KG	POLYESTER HIGH TENACITY YARN, <5 TURNS PER METER, NOT FOR RETAIL SALE

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	<u>Conversion Factor</u>	<u>Primary Unit of Measure</u>	<u>Description</u>
5402.41.0010	20.10	KG	NYLON MULTIFIL YRN, PARTIALLY ORIENTED, UNTWST/TWST <5 TRNS/MET, NOT RTL SALE
5402.41.0020	20.10	KG	NYLON MONO/MULTFIL YARN, UNTWST/TWST <5 TURNS/METER, NOT FOR RETAIL SALE, NES
5402.41.0030	20.10	KG	NYLON MONO/MULTIFIL YARN, UNTWST/TWIST <5 TURNS/METER, NOT FOR RETAIL SALE
5402.42.0000	20.10	KG	POLY YARN, PARTIALLY ORIENTED, UNTWST/ TWST ≤ 50 TRNS/METER, NOT RTL SALE
5402.43.0020	20.10	KG	POLY YARN, MONOFIL, UNTWST/TWST ≤5 TURNS/METER, NOT FOR RETAIL SALE
5402.49.0010	20.10	KG	POLYETHYLENE/POLYPROPYLENE FIL YARN, UNTWST/TWST <5 TRNS/MET, NOT RTL SALE
5402.49.0050	20.10	KG	SYNTHETIC FIL YARN, UNTWST/TWST <5 TURNS/METER, NOT FOR RETAIL SALE, NES
5403.10.3020	20.10	KG	VISCOSE RAYON HIGH TENACITY FIL YARN, UNTW/TWST <5 TRNS/MET, NOT RTL SALE
5403.31.0020	20.10	KG	VISCOSE RAYON FIL YARN, SINGLE, UNTWST/TWST <5 TURNS/METER, NOT RETAIL SALE
5403.33.0020	20.10	KG	CELLULOSE ACETATE FIL YRN, SING, UNTWST/TWST <5 TURNS/MET, NOT RETAIL SALE
5403.39.0020	20.10	KG	ARTIFICIAL FIL YARN, UNTWST/TWST <5 TURNS/MET, NOT RETAIL SALE, NES
5404.10.1000	20.10	KG	SYNTHETIC MONOFIL RACKET STRINGS, ≥67 DECITEX, CROSS-SECT. DIMENSION >1MM
5404.10.2020	20.10	KG	NYLON MONFILAMENT, ≥67 DECITEX, CROSS-SECTIONAL DIMENSION >1MM,
5404.10.2040	20.10	KG	POLYESTER MONFILAMENT, >67 DECITEX, CROSS- SECTIONAL DIMENSION >1MM
5404.10.2090	20.10	KG	SYNTHETIC MONFILAMENT ≥67 DECITEX, CROSS- SECTIONAL DIMENSION >1MM, NES
5404.90.0000	20.10	KG	SYNTHETIC STRIP WIDTH ≤5MM
5405.00.3000	20.10	KG	ARTIFICIAL MONOFIL, ≥67 DECITEX, CROSS- SECTIONAL DIMENSION ≤1MM
5405.00.6000	20.10	KG	ARTIFICIAL STRIP AND THE LIKE, WIDTH ≤ 5MM
5407.30.1000	1.00	SM	WOVEN SYN FIL FABRIC WITH YARN AT ACUTE/RIGHT ANGLES, >60% PLASTIC
5501.10.0000	7.60	KG	NYLON/OTHER POLYAMIDE FILAMENT TOW
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
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

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5503.30.0000	7.60	KG	ACRYLIC/MODOACRYLIC STAPLE FIBERS, NOT CARDED/COMBED OR OTHERWISE PROCESSED
5503.40.0000	7.60	KG	POLYPROPYLENE STAPLE FIBERS NOT CARDED/COMBED OR OTHERWISE PROCESSED
5503.90.0000	7.60	KG	SYNTHETIC STAPLE FIBER NOT CARDED/ COMBED, OR OTHERWISE PROCESSED, NES
5504.10.0000	6.30	KG	VISCOSE RAYON STAPLE FIBERS NOT CARDED/COMBED OR OTHERWISE PROCESSED
5504.90.0000	6.30	KG	ARTIFICIAL STAPLE FIBERS NOT CARDED/ COMBED OR OTHERWISE PROCESSED, NES
5505.10.0020	7.60	KG	WASTE, NYLON AND OTHER POLYAMIDES
5505.10.0040	7.60	KG	WASTE, POLYESTER
5505.10.0060	7.60	KG	WASTE, MMF SYNTHETIC FIBERS, NES
5505.20.0000	6.30	KG	WASTE, MMF ARTIFICIAL FIBERS
5506.10.0000	7.60	KG	NYLON/OTHER POLYAMIDES FIBERS, CARDED/COMBED OR OTHERWISE PROCESSED
5506.20.0000	7.60	KG	POLYESTER STAPLE FIBER, CARDED/COMBED, OR OTHERWISE PROCESSED
5506.30.0000	7.60	KG	ACRYLIC/MODOACRYLIC STAPLE FIBER, CARDED/COMBED OR OTHERWISE PROCESSED
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
5801.90.2010	1.00	SM	WOVEN PILE FABRIC, >85% SILK OR SILK WASTE
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
5803.90.4010	1.00	SM	GAUZE, >85% SILK OR SILK WASTE
5804.10.0010	11.10	KG	TULLES & OTHER NETTING FABRIC, KNIT OR CROCHETED, >85% SILK OR SILK WASTE
5804.29.0010	11.10	KG	LACE IN THE PIECE/STRIP/MOTIF, >85% SILK OR SILK WASTE
5804.30.0010	11.10	KG	HAND-MADE LACE IN PIECE/STRIP/MOTIF, >85% SILK OR SILK WASTE
5805.00.1000	1.00	SM	HAND-WOVEN TAPESTRIES FOR WALLHANGINGS, VALUED AT >\$215/SM
5805.00.2000	1.00	SM	HAND-WOVEN TAPESTRIES, NES, WOOL, CERTIFIED HAND-LOOMED
5805.00.4090	1.00	SM	HAND-WOVEN TAPESTRIES, NES
5806.10.3010	11.10	KG	NARROW WOVEN PILE & CHENILLE FABRIC, >85% SILK OR SILK WASTE
5806.39.3010	11.10	KG	NARROW WOVEN FABRIC, NOT PILE, >85% SILK OR SILK WASTE

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5806.40.0000	13.60	KG NARROW FABRIC, WARP WITHOUT WEFT WITH AN ADHESIVE (BOLDUCS)
5807.10.1090	11.10	KG WOVEN LABELS, TEXTILE MATERIALS, NOT EMBROIDERED, NOT COTTON OR MMF
5807.10.2010	8.50	KG WOVEN BADGES AND SIMILAR ARTICLES, COTTON, NOT EMBROIDERED
5807.10.2020	14.40	KG WOVEN BADGES/SIMILAR ARTICLES, MMF, NOT EMBROIDERED
5807.10.2090	11.10	KG WOVEN BADGES/SIMILAR ARTICLES, TEXTILE MATS, NOT EMBROIDERED, NOT COTTON/MMF
5807.90.1090	11.10	KG NOT-WOVEN LABELS OF TEXTILE MATERIALS, NOT EMBROIDERED, NOT COTTON/MMF
5807.90.2010	8.50	KG NOT-WOVEN BADGES/SIMILAR ARTICLES, COTTON, NOT EMBROIDERED
5807.90.2020	14.40	KG NOT-WOVEN BADGES/SIMILAR ARTICLES, MMF, NOT EMBROIDERED
5807.90.2090	11.10	KG NOT-WOVEN BADGES/SIMILAR ARTICLES, TEX MATS, NOT EMBROIDERED, NOT COTTON/MMF
5808.10.2090	11.10	KG BRAIDS IN PIECE FOR HEADWEAR, OTH TEX MATERIALS, NES, NOT KNT OR EMBROIDERED
5808.10.3090	11.10	KG BRAID IN PIECE, NES, NES
5808.90.0090	11.10	KG ORNAMENTAL TRIMMING IN PIECE, TEX MATS, NOT KNT OR EMBROIDERED, NOT COTTON/MMF
5810.92.0040	14.40	KG EMBROIDERED BADGES/EMBLEMS/MOTIFS WITH VISIBLE GROUND, MMF
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

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<u>Conversion Factor</u>	<u>Primary Unit of Measure</u>	<u>Description</u>
6304.99.1000	1.00	SM WALL HANGINGS, WOOL OR FINE ANIMAL HAIR, CERT 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
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

US  
Harmonized  
System  
Statistical  
Provision

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<u>Statistical Provision</u>	<u>Conversion Factor</u>	<u>Primary Unit of Measure</u>	<u>Description</u>
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, MENS' AND BOYS'
6501.00.60	4.4	DZ	HAT FORMS/BODIES, NOT BLOCKED, NO BRIMS, FUR, WOMENS' AND GIRL'S
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 STRPS, VEG FIB, NOT-SEWED, NOT BL/COL
6502.00.60	18.7	DZ	HAT SHAPES, PLAITED OR ASSEMBLED FROM STRIPS, VEG FIB, NOT-SEWED, BL/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) The primary unit of measure for the following tariff items in category 666 shall be No and shall be converted into square meters equivalent by the factor of 5.5.

6301.10.0000	ELECTRIC BLANKETS
6301.40.0010	BLANKET (NOT ELECTRIC) & TRAVEL RUGS OF SYNTH FIBER, WOVEN
6301.40.0020	BLANKETS (NOT ELECTRIC) & TRAVEL RUGS OF SYNTH 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

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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 BEDSPREAD WITH TRIM, MANMADE FIBER, NES  
6304.19.2000 BEDSPREAD, MANMADE FIBER, NES

(b) The primary unit of measure for the following tariff items in category 666 shall be No and shall be converted into square meters equivalent by the 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 subheading 6117.90 and 6217.90 of the HS shall be Kg and shall be converted into square meters equivalent 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. The following abbreviations are used herein for primary units of measure: Kg means kilogram; SM means square meter; Dz means dozen; Dpr means dozen pair; and No means number.

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**APPENDIX 5.2**

**Bilateral Emergency Actions  
(Quantitative Restrictions)**

1. Section 5 shall not supersede Article 407 of the *Canada-United States Free Trade Agreement*, which is hereby incorporated into and made a part of this Agreement solely for such purpose.

**APPENDIX 6.0**

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

For purposes of trade between the United States and Mexico, a good of either Party of Chapter 57 or subheading 6110.30 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, 53.07 through 53.08, 53.11, or any headings of Chapter 54 or 55; 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, 52.04 through 52.12, 53.07 through 53.08, 53.11, any heading of Chapter 54, or 55.08 through 55.16;
- (b) a change to 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 goods of those tariff items that are classified as parts of ensembles in tariff item 6103.23.00.30, 6103.23.00.70, 6104.23.00.22 or 6104.23.00.40 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 goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties; 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 goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

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**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 as set out in Appendix 2.1, up to the annual quantities specified in Schedule 6.0.1, in square meters equivalent (SME), to apparel goods provided for in Chapters 61 and 62 of the HS 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 of Appendix 3.1.
  - (b) The annual tariff preference levels 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 as set out in Appendix 2.1, up to the annual quantity specified in Schedule 6.0.1, to textile or apparel goods provided for in Chapters 61, 62 and 63 of the HS 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 provision shall terminate on the day that quantitative restrictions established pursuant to the Multifiber Arrangement or successor arrangement are terminated.

Exceptions

3. (a) Apparel goods provided for in Chapters 61 and 62 of the HS, in which the fabric that imparts to the good its essential character is classified in one of the following U.S. tariff provisions, shall be ineligible for preferential tariff treatment provided for under the levels established in Schedule 6.0.1. for trade between the United States and Mexico:
- (i) blue denim: 5209.42, 5211.42, 5212.24.60.20, and 5514.32.00.10; and
  - (ii) oxford cloth of average yarn number less than 135 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 subheadings 6107.11 and 6109.10 shall be ineligible for preferential tariff treatment provided for under the levels established in Schedule 6.0.1 between the United States and Mexico if they are composed chiefly of circular knit fabric of yarn number equal to or less than 100 metric number.
- (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 items of those tariff items that are classified as parts of ensembles in tariff items 6103.23.00.30, 6103.23.00.70, 6104.23.00.22 and 6104.23.00.40 shall be ineligible for preferential tariff treatment provided for under the levels established in Schedule 6.0.1 between the United States and Mexico.

Fabric and Made-up Goods

4. (a) Each Party shall apply the rate of duty applicable to originating goods as set out in Appendix 2.1, up to the annual quantities specified in Schedule 6.0.2, in square meters equivalent (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, 58, 60, and 63 of the HS 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

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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 of Appendix 3.1.

- (b) The annual tariff preference level 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 square meters equivalent that will be counted against the tariff preference levels applied to trade between Canada and the United States shall be:

- (a) for textile goods that do not originate because certain non-originating textile materials do not undergo the applicable change in tariff classification described in Annex 401.1 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 square meters equivalent for that good, determined in accordance with the conversion factors set out in Schedule 3.1.3 of Appendix 3.1; and
- (b) for textile goods that do not originate because certain non-originating textile materials do not undergo the applicable change in tariff classification described in Annex 401.1 for that good, but where such materials are more than 50 percent by weight of the materials of that good, 100 percent of the square meters equivalent for that good, determined in accordance with the conversion factors set out in Schedule 3.1.3 of Appendix 3.1.

#### Spun Yarn

- 6. (a) Each Party shall apply the rate of duty applicable to originating goods as set out in Appendix 2.1, up to the annual quantities specified in Schedule 6.0.3, in kilograms (kg), to cotton or man-made fiber yarns provided for in headings 5205 through 5207 or 5509 through 5511 that are spun in a Party from fiber of headings 5201 through 5203 or 5501 through 5507, produced or obtained outside the free trade area and that meet other applicable conditions for preferred tariff treatment under this Agreement.
- (b) The annual tariff preference level 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.

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7. Textile or apparel goods that enter a Party under paragraphs 1, 2, 4, and 6 shall not be considered to be originating goods.

Review and Consultations

8. (a) Trade in the goods described in paragraphs 1, 2, 4, and 6 shall be monitored by the Parties with a view to adjusting annual tariff preference levels for imports into Canada from Mexico and the United States, imports into Mexico from Canada and the United States, and imports into the United States from Mexico at the request of a Party based on the ability to obtain supplies of particular fibers, yarns and fabrics, as appropriate, that can be used to produce originating goods. Any adjustment in the tariff preference level would require the mutual consent of the affected Parties.
- (b) The United States and Canada will decide, in consultations as provided for in paragraph 3 of Section 7, whether to continue to apply annual growth factors to the specified tariff preference levels following the five consecutive years. If a growth factor for a tariff preference level is not continued as a result of the consultations provided for in paragraph 3 of Section 7, the provisions of subparagraph (a) shall also apply to imports from Canada into the United States of goods covered by the tariff preference level.

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Schedule 6.0.1

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

<u>Imports into Canada:</u>	<b>From Mexico</b>	<b>From United States</b>
Cotton/Man-made fiber apparel	6,000,000 SME	9,000,000 SME
Wool apparel	250,000 SME	919,740 SME
<u>Imports into Mexico:</u>	<b>From Canada</b>	<b>From United States</b>
Cotton/Man-made fiber apparel	6,000,000 SME	12,000,000 SME
Wool apparel	250,000 SME	1,000,000 SME
<u>Imports into United States:</u>	<b>From Canada</b>	<b>From Mexico</b>
Cotton/Man-made fiber apparel	80,000,000 SME <sup>1</sup>	45,000,000 SME
Wool apparel	5,066,948 SME <sup>2</sup>	1,500,000 SME
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/man-made fiber apparel imports from Canada into the United States, no more than 60,000,000 SME shall be made 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 suits of U.S. category 443.

Schedule 6.0.2**Preferential Tariff Treatment for Non-Originating  
Fabric and Made-Up Goods**

<u>Imports into Canada</u>	<b>From Mexico</b> 7,000,000 SME	<b>From United States</b> 2,000,000 SME <sup>1</sup>
<u>Imports into Mexico</u>	<b>From Canada</b> 7,000,000 SME	<b>From United States</b> 2,000,000 SME
<u>Imports into United States</u>	<b>From Canada</b> 65,000,000 SME <sup>2</sup>	<b>From Mexico</b> 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 subheadings 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 subheadings 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 subheadings 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 subheadings 6302.10, 6302.40, 6303.11, 6303.12, 6303.19, 6304.11 or 6304.91) of the HS.

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Schedule 6.0.3

**Preferential Tariff Treatment for Non-Originating  
Spun Yarn**

<u>Imports into Canada</u>	<b>From Mexico</b> 1,000,000 kg	<b>From United States</b> 1,000,000 kg
<u>Imports into Mexico</u>	<b>From Canada</b> 1,000,000 kg	<b>From United States</b> 1,000,000 kg
<u>Imports into United States</u>	<b>From Canada</b> 10,700,000 kg	<b>From Mexico</b> 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.

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## 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 provided that:

- (a) the good is wholly obtained or produced 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 described in Annex 401.1 as a result of production occurring entirely in the territory of one or more of the Parties, 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) with the exception of 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 parts 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 tariff heading for the good provides for both the good itself and its parts and is not further subdivided into subheadings, or the tariff subheading for the good provides for both the good itself and its parts,

provided that the good is the good specifically described by the nomenclature of the heading or subheading and 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 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 described in paragraph 2 or the net cost method described in paragraph 3.
2. The regional value content of a good, where calculated on the basis of the transaction value method, shall be determined as follows:

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

where:

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

TV is the transaction value of the good; and

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

3. The regional value content of a good, where calculated on the basis of the net cost method, shall be determined as follows:

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

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where:

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

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. For purposes of paragraphs 2 and 3, and except as provided in Articles 403(1) and 403(2)(a)(i), the value of non-originating materials used by the producer in the production of the good shall not include the value of non-originating materials used to produce originating materials that are subsequently used in the production of the good.

5. The regional value content of a good shall be calculated solely on the basis of the net cost method described 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 with respect to such goods;
- (d) the good is
  - (i) identified in Article 403(1) or 403(2),
  - (ii) provided for in headings 64.01 through 64.05, or
  - (iii) provided for in tariff item 8469.10.a1 (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 has been designated as an intermediate material under paragraph 10 and is subject to a regional value-content requirement.

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6. If an exporter or producer calculates the regional value content of a good using the transaction value method described 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, or both, is required to be adjusted or is unacceptable under Article 1 of the Customs Valuation Code, the exporter or producer of the good may then calculate the regional value content of the good using the net cost method described in paragraph 3.

7. Nothing in paragraph 6 shall be construed to preclude a review and appeal, pursuant to Chapter Five (Customs Procedures), of an adjustment or rejection of a transaction value for a good or the value of any material used in the production of the good, or both.

8. For purposes of calculating the net cost of a good pursuant to paragraph 3, the producer of the good may use any one of the following methods:

- (a) calculate the total cost incurred with respect to all goods produced by that producer minus 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 goods and then reasonably allocate the resulting net cost of those goods to the good;
- (b) reasonably allocate the total cost incurred with respect to all goods produced by that producer to the good minus 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 the individual costs that are 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 are consistent with the provisions regarding the reasonable allocation of costs set out in the Uniform Regulations.

9. With the exception of an intermediate material described in paragraph 10 and except as provided in Article 403(1) and (2)(a)(i), the value of a material used in the production of a good shall be:

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- (a) the price actually paid or payable by the producer for the material, provided that the price is acceptable under Article 1 of the Customs Valuation Code; or
- (b) if the price actually paid or payable is unacceptable under Article 1 of the Customs Valuation Code, the value shall be determined in accordance with the other Articles of the Customs Valuation Code; and
- (c) when not included under subparagraph (a) or (b)
  - (i) freight, insurance, packing and all other costs incurred in transporting such materials to the location of the producer,
  - (ii) duties, taxes and customs brokerage fees on such materials paid in the territory of one or more of the Parties,
  - (iii) the cost of waste and spoilage resulting from the use or consumption, or both, of such materials, less the value of renewable scrap or by-product, and
  - (iv) the value of goods and services relating to such materials determined in accordance with subparagraph 1(b) of Article 8 of the Customs Valuation Code.

10. Except as provided in Article 403, the producer of a good may designate any self-produced material used in the production of the good as an intermediate material, provided that, when the intermediate material is subject to a regional value-content requirement, no other intermediate material subject to a regional value-content requirement is used in the production of that intermediate material.

11. For purposes of determining the value of an intermediate material, the producer of the intermediate material may use either of the following methods:

- (a) calculate the total cost incurred with respect to all goods produced by that producer and then reasonably allocate the resulting cost to the intermediate material; or
- (b) reasonably allocate to the intermediate material the individual costs that are part of the total cost incurred with respect to that intermediate material.

**Article 403: Automotive Goods**

1. Where applying the net cost method under Article 402(3) for purposes of calculating the regional value content of any one of the following goods:

- (a) a motor vehicle provided for in subheadings 8702.xx (vehicles for the transport of 15 or fewer persons), 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 subheadings 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 customs values of non-originating materials imported from outside the territories of the Parties under the tariff provisions listed in Annex 403.1.

2. (a) Where applying the net cost method under Article 402(3) with respect to a good identified in subparagraph (b), the producer of the good shall include in the value of non-originating materials used by the producer in the production of the good the sum of
- (i) for each material used by the producer that is listed in Annex 403.2, at the choice of the producer, either
    - (A) the value of such material that is non-originating, or
    - (B) the value of non-originating materials used in the production of such material, and
  - (ii) the value of any non-originating material used by the producer that is not in listed in Annex 403.2.
- (b) Subparagraph (a) shall apply to the following goods
- (i) a motor vehicle provided for in heading 8701 or subheading 8702.yy (vehicles for the transport of 16 or more persons),

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- (ii) a motor vehicle provided for in subheadings 8704.10, 8704.22, 8704.23, 8704.32 or 8704.90,
- (iii) a motor vehicle provided for in headings 8705 or 8706, and
- (iv) any of the components identified in Annex 403.2 for use in such motor vehicles.

3. A producer may designate a self-produced material used in the production of any material listed in Annex 403.2 as an intermediate material, provided that, when the intermediate material is subject to a regional value-content requirement, no other intermediate material subject to a regional value-content requirement is used in the production of that intermediate material.

4. In calculating the regional value content of a motor vehicle described in paragraphs 1 and 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) the basis described in Annex 403.4.

5. In calculating the regional value content for any or all goods provided for in a tariff provision listed in Annex 403.1 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, or over any quarter or month, or
  - (ii) over its fiscal year, if the good is sold as an after-market part;

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- (b) calculate the average referred to in subparagraph (a) separately for any or all goods sold to one or more motor vehicle producers; and
- (c) with respect to any calculation under this paragraph, calculate separately those goods that are exported to the territory of one or more of the Parties.

6. Notwithstanding Annex 401.1,

- (a) the regional value-content requirement shall be, for a producer's fiscal year beginning nearest to January 1, 1998 and thereafter, 56 percent under the net cost method, and for a producers's fiscal year beginning nearest to January 1, 2002 and thereafter, 62.5 percent under the net cost method, for the following
  - (i) a motor vehicle provided for in subheading 8702.xx (vehicles for the transport of 15 or fewer persons), 8703.21 through 8703.90, 8704.21 or 8704.31, and
  - (ii) a good provided for in heading 8407 or 8408 or subheading 8708.40 which is for use as original equipment in the production of a motor vehicle identified in subparagraph (a)(i); and
- (b) the regional value-content requirement shall be, for a producer's fiscal year beginning nearest to January 1, 1998 and thereafter, 55 percent under the net cost method, and for a motor vehicle producers's fiscal year beginning nearest to January 1, 2002 and thereafter, 60 percent under the net cost method, for the following
  - (i) a motor vehicle provided for in heading 8701, subheadings 8702.yy (vehicles for the transport of 16 or more persons), 8704.10, 8704.22, 8704.23, 8704.32 and 8704.90, and heading 8705 or 8706,
  - (ii) a good provided for in heading 8407 or 8408 or subheading 8708.40 which is for use as original equipment in the production of a motor vehicle identified in subparagraph (b)(i), and
  - (iii) except for a good identified in subparagraph (a)(ii) or provided for in subheadings 8482.10 through 8482.80 or subheadings 8483.10 through 8483.40, a good identified in Annex 403.1 which is for use as original equipment in the production of a motor vehicle identified in subparagraphs (a)(i) or (b)(i).

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7. Notwithstanding paragraph 6,
- (a) the regional value content of a motor vehicle referred to in Article 403(1) or 403(2) shall not be less than 50 percent for a period of five years from the date on which the first motor vehicle prototype is produced in a plant by a motor vehicle assembler, provided that
    - (i) it is a motor vehicle of a class, or marque, or, for a motor vehicle identified in Article 403(1)(a), size 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;
  - (b) the regional value content of a motor vehicle referred to in Article 403(1) or 403(2) shall not be less than 50 percent for a period of two years from the date on which the first motor vehicle prototype is produced at a plant following a refit, provided that it is a different motor vehicle of a class, or marque, or, for a motor vehicle identified in Article 403(1)(a), size and underbody, than was assembled by the motor vehicle assembler in the plant before the refit; and
  - (c) for the purposes of subparagraphs (a) and (b) sizes means in the case of a motor vehicle identified in Article 403(1)(a)
    - (i) minicompacts -- less than 85 cubic feet of passenger and luggage volume,
    - (ii) subcompacts -- between 85 and 100 cubic feet of passenger and luggage volume,
    - (iii) compacts -- between 100 and 110 cubic feet of passenger and luggage volume,
    - (iv) midsize -- between 110 and 120 cubic feet of passenger and luggage volume, and

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- (v) large -- between 120 or more cubic feet of passenger and luggage volume.

**Article 404: Accumulation**

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, be considered to have been performed in the territory of a Party by that exporter or producer, provided that:

- (a) the applicable tariff classification change has occurred, or the regional value-content requirement has been satisfied, or both, entirely in the territory of one or more of the Parties;
- (b) the good satisfies all other applicable requirements of this Chapter; and
- (c) the production of the producer that chooses to accumulate its production with that of other producers is deemed to be the production of a single producer for purposes of Article 402(10).

**Article 405: De Minimis**

1. Notwithstanding Article 401(b), 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 the applicable change in tariff classification is not more than seven percent of the transaction value of the good or, if the transaction value of the good is unacceptable under Article 1 of the Customs Valuation Code, 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 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 or, if the transaction value of the good is unacceptable under Article 1 of the Customs Valuation Code,

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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. Paragraphs 1 and 2 shall not apply to:

- (a) a material provided for in Chapter 4 of the Harmonized System or tariff item 1901.90.a1 (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 material provided for in Chapter 4 of the Harmonized System or tariff item 1901.90.a1 (dairy preparations containing over 10 percent by weight of milk solids) that is used in the production of a good provided for in heading 21.05, subheading 2202.90, or tariff items 1901.10.a1 (infant preparations containing over 10 percent by weight of milk solids), 1901.20.a1 (mixes and doughs, containing over 25 percent by weight of butterfat, not put up for retail sale), 1901.90.a1 (dairy preparations containing over 10 percent by weight of milk solids), 2106.90.a4 (preparations containing over 10 percent by weight of milk solids) or 2309.90.a1 (animal feeds containing over 10 percent by weight of milk solids and less than 6 percent by weight of grain or grain products);
- (c) a material provided for in heading 17.01 that is used in the production of a good provided for in headings 17.01 through 17.03;
- (d) a material provided for in Chapter 15 of the Harmonized System that is used in the production of a good provided for in headings 15.01 through 15.08, 15.12, 15.14 or 15.15;
- (e) a material provided for in heading 08.05 and subheadings 2009.11 through 2009.30 that is used in the production of a good provided for in subheadings 2009.11 through 2009.30 or tariff item 2106.90.a2 (concentrated fruit or vegetable juice of any single fruit or vegetable, fortified with minerals or vitamins) or 2202.90.a1 (fruit or vegetable juice of any single fruit or vegetable, fortified with minerals or vitamins); and
- (f) a material provided for in headings 22.03 through 22.08 that is used in the production of a good provided for in headings 22.07 through 22.08.

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4. Paragraph 1 shall not apply for purposes of calculating the volume or weight of:
- (a) a non-originating material of Chapter 17 of the Harmonized System or heading 18.05 that are used in the production of a good provided for in subheading 1806.10;
  - (b) a non-originating material of Chapter 9 of the Harmonized System that is used in the production of a good provided for in tariff item 2101.10.a1 (instant coffee, not flavored); and
  - (c) a non-originating material of heading 20.09 that is used in the production of a good provided for in subheading 2009.90, or 2106.90.a3 (concentrated mixtures of fruit or vegetable juice, fortified with minerals or vitamins) 2202.90.a2 (mixtures of fruit or vegetable juices, fortified with minerals or vitamins).
5. A good of Chapters 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 gives the good its essential character do not undergo the applicable change in tariff classification described in Annex 401.1 for the good, shall nonetheless be considered to originate if the weight of all such fibers or yarns in the good is not more than seven percent of the weight of that component.
6. Paragraphs 1 and 2 shall not apply to a good of Chapters 1 through 44 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.

#### **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 origin of the materials need not be determined through the identification of any specific fungible material, but may be determined on the basis of any of the inventory management methods provided for in the Uniform Regulations; and

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- (b) where originating and non-originating fungible goods are commingled and exported in the same form, the origin of the good may be determined on the basis of any of the inventory management methods provided for in the Uniform Regulations.

**Article 407: Accessories, Spare Parts, or Tools**

For purposes of determining whether a good, is an originating good, 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 one with the good 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 described in Annex 401.1, 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
- (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 either originating or non-originating materials 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 as one 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 described in Annex 401.1, 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 in calculating the regional value content of the good.

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

For the purpose of determining whether a good is an originating good, packing materials and containers in which the good is packed for shipment shall be disregarded in determining whether:

- (a) the non-originating materials used in the production of the good undergo the applicable change in tariff classification described in Annex 401.1; 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 virtue 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 virtue of having undergone:

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

**Article 413: Interpretation**

For purposes of this Chapter, the following rules of interpretation shall apply:

- (a) the basis for tariff classification in Article 401 is the Harmonized System;

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- (b) a more specific rule in Annex 401.1 shall take precedence over a general requirement under Article 401;
- (c) for purposes of applying Article 401(d), when determining whether a tariff heading or subheading provides for both a good and its parts, reference shall be made both to the nomenclature of the heading or subheading and to any legal note provided in the Harmonized System;
- (d) the principles of the Customs Valuation Code shall apply to domestic transactions as well as international transactions;
- (e) in the event of any inconsistency between the provisions of this Chapter and the Customs Valuation Code, the provisions of this Chapter shall prevail to the extent of the inconsistency;
- (f) in applying Customs Valuation Code under this Chapter, the definitions in Article 415 shall take precedence over the definitions of the Customs Valuation Code to the extent of any difference; and
- (g) all costs referred to in this Chapter shall be recorded and maintained in accordance with the Generally Accepted Accounting Principles in the territory of the Party in which the good is produced.

#### **Article 414: Consultation and Revision**

1. The Parties shall consult regularly to ensure that the provisions of this Chapter are administered effectively, uniformly and consistently with the spirit and intent of this Agreement, and shall cooperate in the administration of the provisions of this Chapter in accordance with the provisions of Chapter Five (Customs Procedures).

2. If any Party concludes that the provisions of this Chapter require revision to take into account developments in production processes or other matters, the proposed revision along with supporting rationale and any studies shall be submitted to the other Parties for consideration and any appropriate action pursuant to Chapter Five (Customs Procedures).

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**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 subheadings 8701.20 and 8702.yy (vehicles for the transport of 16 or more persons), subheadings 8704.22, 8704.23, 8704.32 and 8704.90, and headings 87.05 and 87.06;
- (b) motor vehicles provided for in subheadings 8701.10 and 8701.30 through 8701.90;
- (c) motor vehicles provided for in subheadings 8702.xx (vehicles for the transport of 15 or fewer persons) and 8704.21 and 8704.31; or
- (d) motor vehicles provided for in subheadings 8703.21 through 8703.90;

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

**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;

**identical or similar goods** has the same meaning as prescribed for identical goods and similar goods, respectively, 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 used in the maintenance or operation of equipment or buildings 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;

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- (d) lubricants, greases, compounding materials and other materials used by labor or used to operate equipment and buildings, or both;
- (e) gloves, glasses, footwear, clothing, safety equipment and supplies;
- (f) equipment, other 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;

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

**material** means a good, other than an indirect material, that is used in the production of another good;

**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 new construction, including at least the pouring or construction of new foundations and floors, erection of new structure and roof, and installation of new plumbing, electrical and other utilities to house the complete vehicle assembly process (need definition of 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 the good using one of the methods set forth in Article 402 (8) (a);

**non-allowable interest costs** means interest costs actually incurred by the producer in excess of the applicable federal government rate identified in the Uniform Regulations for comparable maturities, plus seven percentage points;

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**non-originating good or non-originating material** means a good or material that has not satisfied the rule of origin applicable to the good or material under this Chapter;

**producer** means a person who grows, mines, harvests, manufactures, processes or assembles a good, or any combination thereof;

**production** means growing, mining, harvesting, manufacturing, processing or assembling a good, or any combination thereof;

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

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

**related person** means persons who are related only if:

- (a) they are officers or directors of one another's business;
- (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 per cent or more of the outstanding voting stock or shares of both 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);

**royalties** means payments of any kind, including payments under technical assistance and 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:

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- (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 (e.g., 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 customer 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;

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- (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 the good;

**shipping and packing costs** means the costs incurred in packing the 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;

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

**transaction value** means the price of a good actually paid or payable to the producer of the good, adjusted to a F.O.B. basis and in accordance with the principles of paragraphs 1, 3 and 4 of Article 8 of the Customs Valuation Code;

**used** means used or consumed, or both, in the production of goods; and

**wholly obtained or produced in the territory of one or more of the Parties** means goods that are:

- (a) mineral goods extracted in the territory of one or more of the Parties;
- (b) goods 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 (fish, shellfish and other marine life) taken from the sea by vessels registered or recorded with a Party and flying its flag;

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- (e) goods produced on board factory ships from the goods referred to in subparagraph (d) provided such factory ships are registered or recorded with that Party and fly its flag;
- (f) 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;
- (g) 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; and
- (h) waste and scrap derived from
  - (i) production in the territory of one or more of the Parties,
  - (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, or
  - (iii) goods produced in the territory of one or more of the Parties exclusively from goods referred to in subparagraphs (a) through (h) inclusive or from their derivatives, at any stage of production.

**ANNEX 403.1**

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

**INTERIM NOTE:** The nomenclature that follows the tariff provisions is for illustrative purposes only.

- 4009 (tubes, pipes and hoses)
- 4010.10 (rubber belts)
- 4011 (tires)
- 4016.93 (rubber, gaskets, washers and other seals)
- 4016.99.15.xx (seals)
- 7007.11 and 7007.21 (laminated safety glass)
- 7009.10 (mirrors)
- 8301.20 (locks)
- 8407.31 (engines of a cylinder capacity not exceeding 50cc)
- 8407.32 (engines of a cylinder capacity exceeding 50cc but not exceeding 250cc)
- 8407.33 (engines of a cylinder capacity exceeding 250cc but not exceeding 1000cc)
- 8407.34.xx (engines of a cylinder capacity exceeding 1000 cc but not exceeding 2,000 cc);
- 8407.34.yy (engines of a cylinder capacity exceeding 2000 cc)
- 8408 (diesel engines)
- 8409 (parts of engines)
- 8413.30 (pumps)
- 8414.59 (turbochargers and supercharges)
- 8415.81 through 8415.83 (air conditioners)
- 8481.20, 8481.30 and 8481.80 (valves)
- 8482.10 through 8482.80 (ball bearings)
- 8483.10 through 8483.40 (transmission shafts)
- 8483.50 (flywheels)
- 8501.10 (electric motors)
- 8501.20 (electric motors)
- 8501.31 (electric motors)
- 8501.32.xx (electric motors that provide primary source for electric powered vehicles of subheading 8703.90)
- 8507.10.xx, 8507.30.xx, 8507.40.xx and 8507.80.xx (batteries that provide primary source for electric cars)
- 8511.30 (distributors)
- 8511.40 (starter motors)

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8511.50 (other generators)  
8512.20 (other lighting or visual signalling equipment)  
8512.40 (windscreen wipers, defrosters)  
8519.91 (cassette decks)  
8527.21 (cassette players combined with radios)  
8527.29 (radios)  
8536.50 (switches)  
8536.90 (junction boxes)  
8537.10.99.10 (U.S. tariff provision 8537.10.00.40) (motor control centres)  
8539.10 (seal beamed headlamps)  
8539.21 (tungsten halogen headlamps)  
8544.30 (wire harnesses)  
8706 (chassis)  
8707 (bodies)  
8708.10.xx (bumpers but not parts thereof)  
8708.21 (safety seat belts)  
8708.29.99.10 (U.S. tariff provision 8708.29.00.10) (body stampings)  
8708.29.xx (inflators and modules for airbags)  
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.xx (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.xx (clutches, but not parts thereof)  
8708.94 (steering wheels, steering columns and steering boxes)  
8708.99.50.xx (airbags)  
8708.99.81 (catalytic convertors)  
8708.99.99.11 (half-shafts and drive shafts)  
8708.99.99.19 (other parts for powertrains)  
8708.99.99.20 (parts for suspension systems)  
8708.99.99.49 (parts for steering systems)  
8708.99.xx (other parts not included above)  
9031.80 (monitoring devices)  
9031.80.xx (electronic diagnostics for air bag systems)  
9032.89 (automatic regulating instruments)  
9401.20 (seats)

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**ANNEX 403.2**

**List of Components and Materials for Article 403(2)**

**1. Component: Engines of heading 8407 or 8408**

**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) 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.

**ANNEX 403.4**

**Regional Value-Content Calculation for CAMI**

1. For purposes of Article 403, when determining the origin of motor vehicles produced in the territory of Canada and imported into the territory of the United States, CAMI Automotive, Inc. ("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 a fiscal year that corresponds most closely to CAMI's fiscal year, provided that:
  - (a) 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., and any subsidiary directly or indirectly owned by any of them, or by any combination thereof, ("GM") acquires 75 percent (75 percent) or more by unit of the class of motor vehicles or model line of motor vehicles, as the case may be, that CAMI Automotive Inc. 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 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 described 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:

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- (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 labour strike, lock-out, labour dispute, picketing or boycott of 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.

Such averaging may be for CAMI's fiscal year in which a CAMI or the General Motors of 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 year, the averaging may be only for those two fiscal years.

4. For the purposes of this Article, where by virtue 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 the same person and a continuation of GM from which it acquired the assets.

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**Annex 401.1**

**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 apply 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 shall apply only to non-originating materials;

d) the expression:

heading means the first four digits in the tariff classification number under the Harmonized System;

subheading means the first six digits in the tariff classification number under the Harmonized System;

tariff item means the first eight digits in the tariff classification number under the Harmonized System as implemented by each Party.

**SPECIFIC RULES OF ORIGIN**

**SECTION I**

**Live Animals; Animal Products (Ch. 1-5)**

<b>Chapter 1</b>	<b><u>Live Animals</u></b>
01.01-01.06	A change to headings 01.01 through 01.06 from any other chapter.
<b>Chapter 2</b>	<b><u>Meat and Edible Meat Offal</u></b>
02.01-02.10	A change to headings 02.01 through 02.10 from any other chapter.
<b>Chapter 3</b>	<b><u>Fish and Crustaceans, Molluscs and Other Aquatic Invertebrates</u></b>
03.01-03.07	A change to headings 03.01 through 03.07 from any other chapter.
<b>Chapter 4<sup>1</sup></b>	<b><u>Dairy Produce; Birds' Eggs; Natural Honey; Edible Products of Animal Origin, Not Elsewhere Specified or Included</u></b>
04.01-04.10	A change to headings 04.01 through 04.10 from any other chapter, except from Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.31, 1901.90.41 or 1901.90.81, Mexican tariff item 1901.90.03.
<b>Chapter 5</b>	<b><u>Products of Animal Origin, Not Elsewhere Specified or Included</u></b>
05.01-05.11	A change to headings 05.01 through 05.11 from any other chapter.

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<sup>1</sup> The de minimis provision of Article 405 is not applicable to materials of Chapter 4 or Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.31, 1901.90.41 or 1901.90.81, Mexican tariff item 1901.90.03 used in the production of goods of Chapter 4.

Can1901.90.31, U.S.1901.90.31, 1901.90.41, 1901.90.81, Mex1901.90.03 Dairy preparations containing over 10% by weight of milk solids (also shown in the text as 1901.90.a1).

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**SECTION II**  
**Vegetable Products (Ch. 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 or bulbs imported from a country not a Party to this Agreement.

<b>Chapter 6</b>	<b><u>Live Trees and Other Plants; Bulbs, Roots and the Like; Cut Flowers and Ornamental Foliage</u></b>
06.01-06.04	A change to headings 06.01 through 06.04 from any other chapter.
<b>Chapter 7</b>	<b><u>Edible Vegetables and Certain Roots and Tubers</u></b>
07.01-07.14	A change to headings 07.01 through 07.14 from any other chapter.
<b>Chapter 8</b>	<b><u>Edible Fruit and Nuts; Peel of Citrus Fruit or Melons</u></b>
08.01-08.14	A change to headings 08.01 through 08.14 from any other chapter.
<b>Chapter 9</b>	<b><u>Coffee, Tea, Maté and Spices</u></b>
09.01-09.10	A change to headings 09.01 through 09.10 from any other chapter.
<b>Chapter 10</b>	<b><u>Cereals</u></b>
10.01-10.08	A change to headings 10.01 through 10.08 from any other chapter.
<b>Chapter 11</b>	<b>Products of the Milling Industry; Malt; Starches; Insulin; Wheat <u>Gluten</u></b>
11.01-11.09	A change to headings 11.01 through 11.09 from any other chapter.
<b>Chapter 12</b>	<b><u>Oil Seeds and Oleaginous Fruits; Miscellaneous Grains, Seeds and Fruit; Industrial or Medicinal Plants; Straw and Fodder</u></b>
12.01-12.14	A change to headings 12.01 through 12.14 from any other chapter.
<b>Chapter 13</b>	<b><u>Lac; Gums, Resins and Other Vegetable Saps and Extracts</u></b>
13.01-13.02	A change to headings 13.01 through 13.02 from any other chapter.

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Chapter 14                      Vegetable Plaiting Materials; Vegetable Products Not Elsewhere Specified or Included  
14.01-14.04                      A change to headings 14.01 through 14.04 from any other chapter.

**SECTION III**

**Animal or Vegetable Fats and Oils and Their Cleavage Products; Prepared Edible Fats; Animal or Vegetable Waxes (Ch. 15)**

Chapter 15<sup>2</sup>                      Animal or Vegetable Fats and Oils and Their Cleavage Products; Prepared Edible Fats; Animal or Vegetable Waxes

15.01-15.18                      A change to headings 15.01 through 15.18 from any other chapter.

1519.11-1519.13                      A change to subheadings 1519.11 through 1519.13 from any other heading, except from heading 15.20.

1519.19                      A change to subheading 1519.19 from any other subheading.

1519.20                      A change to subheading 1519.20 from any other heading, except from heading 15.20.

1520.10                      A change to subheading 1520.10 from any other heading, except from heading 15.19.

1520.90                      A change to subheading 1520.90 from any other subheading.

15.21-15.22                      A change to headings 15.21 through 15.22 from any other chapter.

**SECTION IV**

**Prepared Foodstuffs; Beverages, Spirits, and Vinegar; Tobacco and Manufactured Tobacco Substitutes (Ch. 16-24)**

Chapter 16                      Preparations of Meat, of Fish or of Crustaceans, Molluscs or Other Aquatic Invertebrates

16.01-16.05                      A change to headings 16.01 through 16.05 from any other chapter.

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<sup>2</sup> The de minimis provision of Article 405 is not applicable to materials of Chapter 15 used in the production of goods of heading 15.01 through 15.08, 15.12, 15.14 and 15.15.

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<b>Chapter 17</b>	<b><u>Sugars and Sugar Confectionery</u></b>
17.01-17.03 <sup>3</sup>	A change to headings 17.01 through 17.03 from any other chapter.
17.04	A change to heading 17.04 from any other heading.
<b>Chapter 18</b>	<b><u>Cocoa and Cocoa Preparations</u></b>
18.01-18.05	A change to headings 18.01 through 18.05 from any other chapter.
1806.10 <sup>4</sup>	
1806.10.10 <sup>5</sup>	A change to Canadian tariff item 1806.10.10, U.S. tariff item 1806.10.41 or 1806.10.42, 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% by weight of the sugar and provided that the non-originating cocoa powder of heading 18.05 constitutes no more than 35% 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.

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<sup>3</sup> The de minimis provision of Article 405 is not applicable to materials of heading 17.01 used in the production of goods of headings 17.01 through 17.03.

<sup>4</sup> The de minimis provision of Article 405 is not applicable to materials of headings 17.01 through 17.03 and heading 18.05 used in the production of goods of subheading 1806.10.

<sup>5</sup> Can1806.10.10, U.S1806.10.41, 1806.10.42, Mex1806.10.01 Containing 90% or more by weight of sugar.

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Chapter 19 <sup>6</sup>	<u>Preparations of Cereals, Flour, Starch or Milk; Pastrycooks' Products</u>
1901.10	
1901.10.31 <sup>7</sup>	A change to Canadian tariff item 1901.10.31, U.S. tariff item 1901.10.10, 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	
1901.20.11 <sup>8</sup>	A change to Canadian tariff item 1901.20.11 or 1901.20.21, U.S. tariff item 1901.20.10, Mexican tariff item 1901.20.01 from any other chapter, except from Chapter 4.
1901.20	A change to subheading 1901.20 from any other chapter.
1901.90	
1901.90.31 <sup>9</sup>	A change to Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.31, 1901.90.41 or 1901.90.81, 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 headings 19.02 through 19.05 from any other chapter.

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<sup>6</sup> The de minimis provision of Article 405 is not applicable to materials of Chapter 4 or Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.31, 1901.90.41 or 1901.90.81, Mexican tariff item 1901.90.03 used in the production of goods of Canadian tariff item 1901.10.31, 1901.20.11 or 1901.90.31, U.S. tariff item 1901.10.10, 1901.20.10, 1901.90.31, 1901.90.41 or 1901.90.81, Mexican tariff item 1901.10.01, 1901.20.02 or 1901.90.03.

<sup>7</sup> Can1901.10.31, U.S.1901.10.10, Mex1901.10.01 Containing over 10% by weight of milk solids.

<sup>8</sup> Can1901.20.11, 1901.20.21, U.S.1901.20.10, Mex1901.20.02 Containing over 25% by weight of butterfat, not put up for retail sale.

<sup>9</sup> Can1901.90.31, U.S.1901.90.31, 1901.90.41, 1901.90.81, Mex1901.90.03 Dairy preparations containing over 10% by weight of milk solids.

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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 in natural juices, or by roasting, either dry or in oil (including processing incidental to freezing, packing or roasting), shall be treated as a good of the country in which the fresh good was produced.

- 20.01-20.07<sup>10</sup> A change to headings 20.01 through 20.07 from any other chapter.
- 2008.11
- 2008.11.a1<sup>11</sup> A change to Canadian tariff item 2008.11.a1, U.S. tariff item 2008.11.h1, Mexican tariff item 2008.11.x1 from any other heading, except from heading 12.02.
- 2008.11 A change to subheading 2008.11 from any other chapter.
- 2008.19-2008.99 A change to subheadings 2008.19 through 2008.99 from any other chapter.
- 2009.11-2009.30<sup>12</sup> A change to subheadings 2009.11 through 2009.30 from any other chapter, except from heading 08.05.
- 2009.40-2009.80 A change to subheadings 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% by volume of the product<sup>13</sup>.

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<sup>10</sup> With respect to heading 20.08, reference needed to Agricultural chapter.

<sup>11</sup> 2008.11.a1 Peanuts, blanched.

<sup>12</sup> The de minimis provision of Article 405 is not applicable to materials of heading 08.05 and subheadings 2009.11 through 2009.30 used in the production of goods of subheadings 2009.11 through 2009.30.

<sup>13</sup> The de minimis provision of Article 405 may not be used for this rule.

Chapter 21<sup>14</sup>

Miscellaneous Edible Preparations

21.01

2101.10.11<sup>15</sup> A change to Canadian tariff item 2101.10.11, U.S. tariff item 2101.10.25, 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.

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

2103.20.10<sup>16</sup> A change to Canadian tariff item 2103.20.10, U.S. tariff item 2103.20.20, 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 subheadings 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 1901.90.31, 1901.90.41 or 1901.90.81, Mexican tariff item 1901.90.03.

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<sup>14</sup> The de minimis provision of Article 405 is not applicable to:

- a) materials of Chapter 4 or Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.31, 1901.90.41 or 1901.90.81, Mexican tariff item 1901.90.03 used in the production of goods of heading 21.05 or tariff item 2106.90.a4;
- b) materials of Chapter 9 used in the production of goods of Canadian tariff item 2101.10.11, U.S. tariff item 2101.10.25, Mexican tariff item 2101.10.01; or
- c) materials of heading 08.05 and subheadings 2009.11 through 2009.30 used in the production of goods of tariff item 2106.90.a2.

<sup>15</sup> Can2101.10.11, U.S.2101.10.25, Mex2101.10.01 Instant coffee, not flavoured.

<sup>16</sup> Can2103.20.11, U.S.2103.20.20, Mex2103.20.01 Ketchup.

21.06

2106.90.a2<sup>17</sup> A change to Canadian tariff item 2106.90.a2, U.S. tariff items 2106.90.16 through 2106.90.19A, Mexican tariff item 2106.90.x2 from any other chapter, except from heading 08.05 or 20.09 or Canadian tariff item 2202.90.a1<sup>18</sup>, U.S. tariff item 2202.90.30, 2202.90.35 or 2202.90.39A, Mexican tariff item 2202.90.x1.

2106.90.a3 A change to Canadian tariff item 2106.90.a3, U.S. tariff item 2106.90.19B, Mexican tariff item 2106.90.x3 from any other chapter, except from subheading 2009.90 or Canadian tariff item 2202.90.a2, U.S. tariff item 2202.90.39B, Mexican tariff item 2202.90.x2; or

A change to Canadian tariff item 2106.90.a3, U.S. tariff item 2106.90.19B, Mexican tariff item 2106.90.x3 from any other subheading within Chapter 21, 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% by volume of the product<sup>19</sup>.

2106.90.a4<sup>20</sup> A change to Canadian tariff item 2106.90.a4, U.S. tariff item 2106.90.h4, Mexican tariff item 2106.90.x4 from any other chapter, except from Chapter 4 or tariff item 1901.90.a1.

21.06 A change to heading 21.06 from any other chapter.

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<sup>17</sup> 2106.90.a2  
2106.90.a3 Concentrated fruit or vegetable juices, fortified with minerals or vitamins:  
Of any single fruit or vegetable  
Of mixtures of fruit or vegetable juices

<sup>18</sup> 2202.90.a1  
2202.90.a2 Fruit of vegetable juices, fortified with minerals or vitamins:  
Of any single fruit or vegetable  
Of mixtures of fruit or vegetable juices

<sup>19</sup> The de minimis provision of Article 405 may not be used for this rule.

<sup>20</sup> 2106.90.a4 Containing over 10% by weight of milk solids.

Chapter 22 <sup>21</sup>	<u>Beverages, Spirits and Vinegar</u>
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.a1	A change to Canadian tariff item 2202.90.a1, U.S. tariff items 2202.90.30 through 2202.90.39A, Mexican tariff item 2202.90.x4 from any other chapter, except from heading 08.05 or 20.09 or Canadian tariff item 2106.90.a2, U.S. tariff item 2106.90.16 or 2106.90.19A, Mexican tariff item 2106.90.x2.
2202.90.a2	A change to Canadian tariff item 2202.90.a2, U.S. tariff item 2202.90.39B, Mexican tariff item 2202.90.x2 from any other chapter, except from subheading 2009.90 or Canadian tariff item 2106.90.a3, U.S. tariff item 2106.90.19B, Mexican tariff item 2106.90.x3; or  A change to Canadian tariff item 2202.90.a2, U.S. tariff item 2202.90.39B, Mexican tariff item 2202.90.x2 from any other subheading within Chapter 22, 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% by volume of the product <sup>22</sup> .
2202.90.9x <sup>23</sup>	A change to Canadian tariff item 2202.90.9x, U.S. tariff item 2202.90.10 or 2202.90.20, Mexican tariff item 2202.90.02 from any other chapter, except from Chapter 4 or Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.31, 1901.90.41 or 1901.90.81, Mexican tariff item 1901.90.03.
2202.90	A change to subheading 2202.90 from any other chapter.

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<sup>21</sup> The de minimis provision of Article 405 is not applicable to:

- a) materials of Chapter 4 or Canadian tariff item 1901.90.31, U.S. tariff item 1901.90.31, 1901.90.41 or 1901.90.81, Mexican tariff item 1901.90.03 used in the production of goods of subheading 2202.90;
- b) materials of heading 08.05 and subheadings 2009.11 through 2009.30 used in the production of goods of tariff item 2209.90.a1; or
- c) materials of headings 22.03 through 22.08 used in the production of goods of headings 22.07 through 22.08.

<sup>22</sup> The de minimis provision of Article 405 may not be used for this rule.

<sup>23</sup> Can2202.90.9x, U.S.2202.90.10, 2202.90.20, Mex2202.90.02 Beverages containing milk.

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22.03-22.09	A change to headings 22.03 through 22.09 from any other heading outside that group.
<b>Chapter 23</b>	<b>Residues and Waste From the Food Industries; Prepared Animal <u>Fodder</u></b>
23.01-23.08	A change to headings 23.01 through 23.08 from any other chapter.
2309.10	A change to subheading 2309.10 from any other heading.
2309.90	
2309.90.a1 <sup>24</sup>	A change to Canadian tariff item 2309.90.a1, U.S. tariff item 2309.90.h1, Mexican tariff item 2309.90.x1 from any other heading, except from Chapter 4 or tariff item 1901.90.a1.
2309.90	A change to subheading 2309.90 from any other heading.
<b>Chapter 24</b>	<b><u>Tobacco and Manufactured Tobacco Substitutes</u></b>
24.01-24.03 <sup>25</sup>	A change to headings 24.01 through 24.03 from any other chapter or from Canadian tariff item 2401.10.10 <sup>26</sup> or 2403.91.a1 <sup>27</sup> , U.S. tariff item 2401.10.h1 or 2403.91.20, Mexican tariff item 2401.10.x1 or 2403.91.x1.

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<sup>24</sup> 2309.90.a1      Containing over 10% by weight of milk solids and less than 6% by weight of grain or grain products.

The de minimis provision of Article 305 is not applicable to materials of Chapter 4 or tariff item Can1901.90.31, U.S.1901.90.31, 1901.90.41, 1901.90.81, Mex1901.90.03 used in the production of goods of tariff item 2309.90.a1.

<sup>25</sup>            In applying the provisions of Article 405 to goods of heading 24.02, the reference to "seven percent" shall be replaced with "nine percent".

<sup>26</sup> 2401.10.10      Wrapper tobacco.

<sup>27</sup> 2403.91.a1      Of a kind used as wrapper tobacco.

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## SECTION V

### Mineral Products (Ch. 25-27)

Chapter 25 25.01-25.30	<u>Salt; Sulphur; Earths and Stone; Plastering Materials, Lime and Cement</u> A change to headings 25.01 through 25.30 from any other chapter.
Chapter 26 26.01-26.21	<u>Ores, Slag and Ash</u> A change to headings 26.01 through 26.21 from any other chapter.
Chapter 27 27.01-27.03	<u>Mineral Fuels, Mineral Oils and Products of Their Distillation; Bituminous Substances; Mineral Waxes</u> A change to headings 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 headings 27.05 through 27.09 from any other chapter.
27.10-27.15	A change to headings 27.10 through 27.15 from any other 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 (Ch. 28-38)

Chapter 28 28.01-28.24	<u>Inorganic Chemicals; Organic or Inorganic Compounds of Precious Metals, of Rare-Earth Metals, of Radioactive Elements or of Isotopes</u> A change to subheadings 2801.10 through 2824.90 from any other chapter, except from Chapters 28 through 38; or A change to subheadings 2801.10 through 2824.90 from any other subheading within Chapters 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% where the transaction value method is used, or b) 50% where the net cost method is used.
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2825.10-2825.60

A change to subheadings 2825.10 through 2825.60 from any other chapter, except from Chapters 28 through 38; or

A change to subheadings 2825.10 through 2825.60 from any other subheading within Chapters 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

2825.70

A change to subheading 2825.70 from any other subheading, except from subheading 2613.10.

2825.80-2825.90

A change to subheadings 2825.80 through 2825.90 from any chapter, except from Chapters 28 through 38; or

A change to subheadings 2825.80 through 2825.90 from any other subheading within Chapters 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 must be not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

28.26-28.29

A change to subheadings 2826.11 through 2829.90 from any other chapter, except from Chapters 28 through 38; or

A change to subheadings 2826.11 through 2829.90 from any other subheading within Chapters 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

2830.10-2830.30

A change to subheadings 2830.10 through 2830.30 from any other chapter, except from Chapters 28 through 38; or

A change to subheadings 2830.10 through 2830.30 from any other subheading within Chapters 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

2830.90

A change to subheading 2830.90 from any other subheading, except from subheading 2613.90.

28.31-28.40

A change to subheadings 2831.10 through 2840.30 from any other chapter, except from Chapters 28 through 38; or

A change to subheadings 2831.10 through 2840.30 from any other subheading within Chapters 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

2841.10-2841.60

A change to subheadings 2841.10 through 2841.60 from any other chapter, except from Chapters 28 through 38; or

A change to subheadings 2841.10 through 2841.60 from any other subheading within Chapters 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% where the transaction value method is used, or
- b) 50% 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 subheadings 2841.80 through 2841.90 from any other chapter, except from Chapters 28 through 38; or

A change to subheadings 2841.80 through 2841.90 from any other subheading within Chapters 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

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28.42-28.51

A change to subheadings 2842.10 through 2851.00 from any other chapter, except from Chapters 28 through 38; or

A change to subheadings 2842.10 through 2851.00 from any other subheading within Chapters 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

Chapter 29

Organic Chemicals

29.01-29.42

A change to subheadings 2901.10 through 2942.00 from any other chapter, except from Chapters 28 through 38; or

A change to subheadings 2901.10 through 2942.00 from any other subheading within Chapters 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

Chapter 30

Pharmaceutical Products

30.01

A change to subheadings 3001.10 through 3001.90 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

30.02

A change to subheadings 3002.10 through 3002.90 from any other heading; or

A change to subheadings 3002.10 through 3002.90 from any other subheading within heading 30.02, whether or not there is also a

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change from any other heading, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

30.03

A change to subheadings 3003.10 through 3003.90 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

30.04

A change to subheadings 3004.10 through 3004.90 from any other heading, except from heading 30.03; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

30.05

A change to subheadings 3005.10 through 3005.90 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

30.06

A change to subheadings 3006.10 through 3006.60 from any other heading; or

A change to subheadings 3006.10 through 3006.60 from any other subheading within heading 30.06, whether or not there is also a

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change from any other heading, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

**Chapter 31**

**Fertilisers**

**31.01-31.05**

A change to subheadings 3101.00 through 3105.90 from any other chapter; or

A change to subheadings 3101.00 through 3105.90 from any other subheading within Chapter 31, 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% where the transaction value method is used, or
- b) 50% 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 subheadings 3201.10 through 3203.00 from any other chapter, except from Chapters 28 through 38; or

A change to subheadings 3201.10 through 3203.00 from any other subheading within Chapters 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

**3204.11-3204.16**

A change to subheadings 3204.11 through 3204.16 from any other chapter, except from Chapters 28 through 38; or

A change to subheadings 3204.11 through 3204.16 from any other subheading within Chapters 28 through 38, including another subheading within that group, whether or not there is also a change

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from any other chapter, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

3204.17

For any colour, as defined under the Colour Index, identified in the List of Colours below, a change to subheading 3204.17 from any other subheading.

**List of Colours**

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, 48, 49, 52, 53, 57, 63, 112, 119, 133, 146, 170, 171, 175, 176, 183, 185, 187, 188, 208, and 210; or

For any colour, as defined under the Colour Index, not identified in the List of Colours above:

- 1) a change to subheading 3204.17 from any other subheading, except from Chapter 29; or
- 2) a change to subheading 3204.17 from any other 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:
  - a) 60% where the transaction value method is used, or
  - b) 50% where the net cost method is used.

3204.19-3204.90

A change to subheadings 3204.19 through 3204.90 from any other chapter, except from Chapters 28 through 38; or

A change to subheadings 3204.19 through 3204.90 from any other subheading within Chapters 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

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- 32.05 A change to heading 32.05 from any other heading.
- 32.06-32.07 A change to subheadings 3206.10 through 3207.40 from any other chapter, except from Chapters 28 through 38; or
- A change to subheadings 3206.10 through 3207.40 from any other subheading within Chapters 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% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 32.08-32.10 A change to headings 32.08 through 32.10 from any other heading outside that group.
- 32.11-32.12 A change to headings 32.11 through 32.12 from any other heading outside that group.
- 32.13-32.15 A change to headings 32.13 through 32.15 from any other heading outside that group, except from headings 32.08 through 32.10.
- Chapter 33 Essential Oils and Resinoids; Perfumery, Cosmetics or Toilet Preparations
- 33.01 A change to subheadings 3301.11 through 3301.90 from any other chapter; or
- A change to subheadings 3301.11 through 3301.90 from any other subheading 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:
- a) 60% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 33.02 A change to heading 33.02 from any other heading, except from headings 22.07 through 22.08.
- 33.03 A change to heading 33.03 from any other chapter; or
- 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:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

33.04-33.07

A change to subheadings 3304.10 through 3307.90 from any other heading outside that group; or

A change to subheadings 3304.10 through 3307.90 from any other subheading within that group, whether or not there is also a change from any other heading outside that group, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

Chapter 34

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

34.01

A change to subheadings 3401.11 through 3401.20 from any other heading; or

A change to subheadings 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:

- a) 65% where the transaction value method is used, or
- b) 50% where the net cost method is used.

3402.11-3402.19

A change to subheadings 3402.11 through 3402.19 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

3402.20-3402.90

A change to subheadings 3402.20 through 3402.90 from any other subheading outside that group; or

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A change to subheadings 3402.20 through 3402.90 from any other subheading within that group, 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:

- a) 65% where the transaction value method is used, or
- b) 50% where the net cost method is used.

34.03

A change to subheadings 3403.11 through 3403.99 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

34.04

A change to subheadings 3404.10 through 3404.90 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

34.05

A change to subheadings 3405.10 through 3405.90 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

34.06-34.07

A change to headings 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 subheadings 3501.10 through 3501.90 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

35.02

A change to subheadings 3502.10 through 3502.90 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

35.03-35.04

A change to headings 35.03 through 35.04 from any other heading, including another heading within that group.

35.05

A change to subheadings 3505.10 through 3505.20 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

35.06

A change to subheadings 3506.10 through 3506.99 from any other heading; or

A change to subheadings 3506.10 through 3506.99 from any other subheading within heading 35.06, whether or not there is also a

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change from any other heading, provided there is a regional value content of not less than:

- a) 65% where the transaction value method is used, or
- b) 50% where the net cost method is used.

35.07

A change to subheadings 3507.10 through 3507.90 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% 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 headings 36.01 through 36.03 from any other heading, including another heading within that group.

36.04

A change to subheadings 3604.10 through 3604.90 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

36.05

A change to heading 36.05 from any other heading.

36.06

A change to subheadings 3606.10 through 3606.90 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

Chapter 37

Photographic or Cinematographic Goods

37.01-37.03

A change to headings 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 headings 37.05 through 37.06 from any other heading outside that group.

37.07

A change to subheadings 3707.10 through 3707.90 from any other chapter; or

A change to subheadings 3707.10 through 3707.90 from any other subheading within Chapter 37, 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) 65% where the transaction value method is used, or
- b) 50% where the net cost method is used.

Chapter 38

Miscellaneous Chemical Products

38.01-38.07

A change to subheadings 3801.10 through 3807.00 from any other chapter, except from Chapters 28 through 38; or

A change to subheadings 3801.10 through 3807.00 from any other subheading within Chapters 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% where the transaction value method is used, or
- b) 50% 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 rates provided for most-favoured-nations; or
- b) the good is exported to the territory of the United States of America and such material would, if imported into the territory of the United States of America, be free of duty under a trade agreement that is not subject to a competitive need limitation.

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A change to heading 38.08 from any other heading, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used, or 80% where the transaction value method is used and the goods contain more than one active ingredient; or
- b) 50% where the net cost method is used, or 70% where the net cost method is used and the goods contain more than one active ingredient.

38.09-38.23

A change to subheadings 3809.10 through 3823.90 from any other chapter, except from Chapters 28 through 38; or

A change to subheadings 3809.10 through 3823.90 from any other subheading within Chapters 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

## SECTION VII

Plastics and Articles Thereof; Rubber and Articles Thereof  
(Ch. 39-40)

Chapter 39

### Plastics and Articles Thereof

39.01-39.20

A change to headings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

3921.11-3921.13

A change to subheadings 3921.11 through 3921.13 from any other heading, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

**3921.14** 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% where the transaction value method is used, or
- b) 50% 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:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

**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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

**39.22** A change to heading 39.22 from any other heading, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

**3923.10-3923.21** A change to subheadings 3923.10 through 3923.21 from any other heading, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

**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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

**3923.30-3923.90** A change to subheadings 3923.30 through 3923.90 from any other heading, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

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39.24-39.26

A change to headings 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:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

Chapter 40

Rubber and Articles Thereof

40.01-40.06

A change to headings 40.01 through 40.06 from any other chapter; or

A change to headings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used

40.07-40.08

A change to headings 40.07 through 40.08 from any other heading outside that group.

4009.10-4009.40

A change to subheadings 4009.10 through 4009.40 from any other heading, except from headings 40.10 through 40.17.

4009.50

A change to tubes, pipes or hoses of subheading 4009.50, of a kind used for motor vehicles of heading 87.02 for the transport of 15 or fewer persons, motor cars or other motor vehicles of heading 87.03, motor vehicles of subheading 8704.21 or 8704.31 or motorcycles of heading 87.11, from any other heading, except from headings 40.10 through 40.17; or

A change to tubes, pipes or hoses of subheading 4009.50, of a kind used for motor vehicles of heading 87.02 for the transport of 15 or fewer persons, motor cars or other motor vehicles of heading 87.03, motor vehicles of subheading 8704.21 or 8704.31 or motorcycles of heading 87.11, from subheadings 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% where the transaction method is used, or
- b) 50% 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 used for motor vehicles of heading 87.02 for the transport of 15 or fewer persons, motor cars or other motor vehicles of heading 87.03, motor vehicles of subheading 8704.21 or 8704.31

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- or motorcycles of heading 87.11 from any other heading, except from headings 40.10 through 40.17
- 40.10-40.11 A change to headings 40.10 through 40.11 from any other heading, except from headings 40.09 through 40.17.
- 4012.10 A change to subheading 4012.10 from any other subheading, except from Canadian tariff item 4012.20.20<sup>28</sup>, U.S. tariff item 4012.20.15 or 4012.20.18, Mexican tariff item 4012.20.01.
- 4012.20-4012.90 A change to subheadings 4012.20 through 4012.90 from any other heading, except from headings 40.09 through 40.17.
- 40.13-40.15 A change to headings 40.13 through 40.15 from any other heading, except from headings 40.09 through 40.17.
- 4016.10-4016.92 A change to subheadings 4016.10 through 4016.92 from any other heading, except from headings 40.09 through 40.17.
- 4016.93
- 4016.93.10<sup>29</sup> A change to Canadian tariff item 4016.93.10, U.S. tariff item 4016.93.10, Mexican tariff item 4016.93.04 from any other heading, except from Canadian tariff item 4008.19.10<sup>30</sup> or 4008.29.10<sup>31</sup>, U.S. tariff item 4008.19.05 or 4008.29.10, Mexican tariff item 4008.19.01 or 4008.29.01.
- 4016.93 A change to subheading 4016.93 from any other heading, except from headings 40.09 through 40.17.
- 4016.94-4016.95 A change to subheadings 4016.94 through 4016.95 from any other heading, except from headings 40.09 through 40.17.

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<sup>28</sup> Can4012.20.20, U.S.4012.20.15, 4012.20.18, Mex4012.20.01 Of a kind used on vehicles, including tractors, for the on-highway transport of passengers or goods, or on vehicles of heading 87.05.

<sup>29</sup> Can4016.93.10, U.S.4016.93.10, Mex4016.93.04 Of a kind used in the automotive goods of Chapter 87.

<sup>30</sup> Cda4008.19.10, U.S.4008.19.05, Mex4008.19.01 Profile shapes.

<sup>31</sup> Can4008.29.10, U.S.4008.29.10, Mex4008.29.01 Profile shapes.

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4016.99

4016.99.a1<sup>32</sup> A change to Canadian tariff item 4016.99.a1, U.S. tariff item 4016.99.h1, Mexican tariff item 4016.99.x1 from any other subheading, provided there is a regional value content of not less than 50% under the net cost method.

4016.99 A change to subheading 4016.99 from any other heading, except from headings 40.09 through 40.17.

40.17 A change to heading 40.17 from any other heading, except from headings 40.09 through 40.16.

## 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 Silkworm Gut) (Ch.41-43)

Chapter 41 Raw Hides and Skins (Other Than Furskins) and Leather

41.01-41.03 A change to headings 41.01 through 41.03 from any other chapter.

41.04 A change to heading 41.04 from any other heading, except from headings 41.05 through 41.11.

41.05 A change to heading 41.05 from Canadian tariff item 4105.19.10<sup>33</sup>, U.S. tariff item 4105.19.10, Mexican tariff item 4105.19.01, headings 41.01 through 41.03 or any other chapter.

41.06 A change to heading 41.06 from Canadian tariff item 4106.19.10<sup>34</sup>, U.S. tariff item 4106.19.10, Mexican tariff item 4106.19.01, headings 41.01 through 41.03 or any other chapter.

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<sup>32</sup> 4016.99.a1 Vibration control goods of a kind used in the vehicles of heading 87.01 through 87.05.

<sup>33</sup> Can4105.19.10, U.S.4105.19.10, Mex4105.19.01 Wet blue.

<sup>34</sup> Can4106.19.10, U.S.4106.19.10, Mex4106.19.01 Wet blue.

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- 41.07 A change to heading 41.07 from Canadian tariff item 4107.10.10<sup>36</sup>, U.S. tariff item 4107.10.10, Mexican tariff item 4107.10.02, headings 41.01 through 41.03 or any other chapter.
- 41.08-41.11 A change to headings 41.08 through 41.11 from any other heading, except from headings 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 headings 54.07, 54.08 or 55.12 through 55.16.
- 4202.19-4202.21 A change to subheadings 4202.19 through 4202.21 from any other chapter.
- 4202.22 A change to subheading 4202.22 from any other chapter, except from headings 54.07, 54.08 or 55.12 through 55.16.
- 4202.29-4202.31 A change to subheadings 4202.29 through 4202.31 from any other chapter.
- 4202.32 A change to subheading 4202.32 from any other chapter, except from headings 54.07, 54.08 or 55.12 through 55.16.
- 4202.39-4202.91 A change to subheadings 4202.39 through 4202.91 from any other chapter.
- 4202.92 A change to subheading 4202.92 from any other chapter, except from headings 54.07, 54.08 or 55.12 through 55.16.
- 4202.99 A change to subheading 4202.99 from any other chapter.
- 42.03-42.06 A change to headings 42.03 through 42.06 from any other chapter.
- Chapter 43 Furskins and Artificial Fur; Manufactures Thereof
- 43.01 A change to heading 43.01 from any other chapter.

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<sup>36</sup> Can4107.10.10, U.S.4107.10.10, Mex4107.10.02 Wet blue.

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- 43.02 A change to heading 43.02 from any other heading.
- 43.03-43.04 A change to headings 43.03 through 43.04 from any other heading outside that group.

## 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 (Ch. 44-46)

Chapter 44 Wood and Articles of Wood; Wood Charcoal

- 44.01-44.21 A change to headings 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 headings 45.01 through 45.02 from any other chapter.
- 45.03-45.04 A change to headings 45.03 through 45.04 from any other 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 (Ch. 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 headings 47.01 through 47.07 from any other chapter.

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<b>Chapter 48</b>	<b>Paper and Paperboard; Articles of Paper Pulp, of Paper or of <u>Paperboard</u></b>
48.01-48.07	A change to headings 48.01 through 48.07 from any other chapter.
48.08-48.09	A change to headings 48.08 through 48.09 from any other heading outside that group.
48.10-48.13	A change to headings 48.10 through 48.13 from any other chapter.
48.14-48.15	A change to headings 48.14 through 48.15 from any other heading outside that group.
48.16	A change to heading 48.16 from any other heading, except from heading 48.09.
48.17-48.23	A change to headings 48.17 through 48.23 from any other heading outside that group.
<b>Chapter 49</b>	<b>Printed Books, Newspapers, Pictures and Other Products of the <u>Printing Industry; Manuscripts, Typescripts and Plans</u></b>
49.01-49.11	A change to headings 49.01 through 49.11 from any other chapter.

**SECTION XI**  
**Textiles and Textile Articles (Ch. 50-63)**

**Note:** For purposes of the textiles provisions, the term "wholly" is interpreted to mean that the product is made entirely or solely of the named material.

<b>Chapter 50</b>	<b><u>Silk</u></b>
50.01-50.03	A change to headings 50.01 through 50.03 from any other chapter.
50.04-50.06	A change to headings 50.04 through 50.06 from any other heading outside that group.
50.07	A change to heading 50.07 from any other heading.

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- Chapter 51**                    Wool, Fine or Coarse Animal Hair; Horsehair Yarn and Woven Fabric
- 51.01-51.05                A change to headings 51.01 through 51.05 from any other chapter.
- 51.06-51.10                A change to headings 51.06 through 51.10 from any other heading outside that group.
- 51.11-51.13                A change to headings 51.11 through 51.13 from any other heading outside that group, except from headings 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 headings 52.01 through 52.07 from any other chapter, except from headings 54.01 through 54.05 or 55.01 through 55.07.
- 52.08-52.12                A change to headings 52.08 through 52.12 from any other heading outside that group, except from headings 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 Fibres; Paper Yarn and Woven Fabrics of Paper Yarn
- 53.01-53.05                A change to headings 53.01 through 53.05 from any other chapter.
- 53.06-53.08                A change to headings 53.06 through 53.08 from any other heading outside that group.
- 53.09                        A change to heading 53.09 from any other heading, except from headings 53.07 through 53.08.
- 53.10-53.11                A change to headings 53.10 through 53.11 from any other heading outside that group, except from headings 53.07 through 53.08.
- Chapter 54**                    Man-Made Filaments
- 54.01-54.06                A change to headings 54.01 through 54.06 from any other chapter, except from headings 52.01 through 52.03 or 55.01 through 55.07.

54.07

5407.60.10<sup>36</sup>

A change to Canadian tariff item 5407.60.10, U.S. tariff item 5407.60.22, Mexican tariff item 5407.60.02 from any other chapter or from Canadian tariff item 5402.43.10<sup>37</sup> or 5402.52.10<sup>38</sup>, U.S. tariff item 5402.43.10 or 5402.52.10, Mexican tariff item 5402.43.01 or 5402.52.02, except from headings 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 headings 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 headings 51.06 through 51.10, 52.05 through 52.06 or 55.09 through 55.10.

Chapter 55

Man-Made Staple Fibres

55.01-55.11

A change to headings 55.01 through 55.11 from any other chapter, except from headings 52.01 through 52.03 or 54.01 through 54.05.

55.12-55.16

A change to headings 55.12 through 55.16 from any other heading outside that group, except from headings 51.06 through 51.10, 52.05 through 52.06, 54.01 through 54.04 or 55.09 through 55.10.

Chapter 56

Wadding, Felt and Nonwovens; Special Yarns; Twine; Cordage, Ropes and Cables and Articles Thereof

56.01-56.09

A change to headings 56.01 through 56.09 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, or Chapters 54 through 55.

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<sup>36</sup> Can 5407.60.10, U.S. 5407.60.22, Mex 5407.60.02 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 metre.

<sup>37</sup> Can 5402.43.10, U.S. 5402.43.10, Mex 5402.43.01 Wholly of polyester, measuring not less than 75 decitex but not more than 80 decitex, and having 24 filaments per yarn.

<sup>38</sup> Can 5402.52.10, U.S. 5402.52.10, Mex 5402.52.02 Wholly of polyester, measuring not less than 75 decitex but not more than 80 decitex, and having 24 filaments per yarn.

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- Chapter 57**                    Carpets and Other Textile Floor Coverings
- 57.01-57.05                A change to headings 57.01 through 57.05 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.08, 53.11, 55.08 through 55.16, or Chapter 54.
- Chapter 58**                    Special Woven Fabrics; Tufted Textile Fabrics; Lace; Tapestries; Trimmings; Embroidery
- 58.01-58.11                A change to headings 58.01 through 58.11 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, or Chapters 54 through 55.
- Chapter 59**                    Impregnated, Coated, Covered or Laminated Textile Fabrics; Textile Articles of a Kind Suitable For Industrial Use
- 59.01                        A change to heading 59.01 from any other chapter, except from headings 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 headings 51.06 through 51.13, 52.04 through 52.12, 53.06 through 53.11, or Chapters 54 through 55.
- 59.03-59.08                A change to headings 59.03 through 59.08 from any other chapter, except from headings 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 headings 51.11 through 51.13, 52.08 through 52.12, 53.10 through 53.11, 55.12 through 55.16, or Chapter 54.
- 59.10                        A change to heading 59.10 from any other heading, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, or Chapters 54 through 55.
- 59.11                        A change to heading 59.11 from any other chapter, except from headings 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.

**Chapter 60**

**Knitted or Crocheted Fabrics**

60.01-60.02

A change to headings 60.01 through 60.02 from any other chapter, except from headings 51.06 through 51.13, 53.07 through 53.08, 53.10 through 53.11, or Chapters 52, 54 through 55.

**Chapter 61**

**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:

51.11-51.12, 5208.31-5208.59, 5209.31-5209.59, 5210.31-5210.59, 5211.31-5211.59, 5212.13-5212.15, 5212.23-5212.25, 5407.42-5407.44, 5407.52-5407.54, 5407.60, 5407.72-5407.74, 5407.82-5407.84, 5407.92-5407.94, 5408.22-5408.24 (excluding Canadian tariff item 5408.22.10<sup>39</sup>, 5408.23.10<sup>40</sup> or 5408.24.10<sup>41</sup>, U.S. tariff item 5408.22.h1, 5408.23.h1 or 5408.24.h1, Mexican tariff item 5408.22.x1, 5408.23.x1 or 5408.24.x1), 5408.32-5408.34, 5512.19, 5512.29, 5512.99, 5513.21-5513.49, 5514.21-5515.99, 5516.12-5516.14, 5516.22-5516.24, 5516.32-5516.34, 5516.42-5516.44, 5516.92-5516.94, 6001.10, 6001.92, 6002.43, or 6002.91-6002.93, from any other heading outside that group.

**Note 2:**

Apparel products of this Chapter shall be considered to originate in the territory of a Party if they are both cut and sewn or otherwise assembled in the territory of one or more of the Parties and if the outer shell, exclusive of collars or cuffs, is wholly of fabrics of Canadian tariff item 6002.92.a1, U.S. tariff item 6002.92.10, Mexican tariff item 6002.92.01.<sup>42</sup>

**Note 3:**

For the purpose of determining the origin of a good of this Chapter, the rule applicable to that good shall only apply to the fabric which imparts

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<sup>39</sup> 5408.22.10 Of cuprammonium rayon.  
Can 5408.22.10

<sup>40</sup> 5408.23.10 Of cuprammonium rayon.  
Can 5408.23.10

<sup>41</sup> 5408.24.10 Of cuprammonium rayon.  
Can 5408.24.10

<sup>42</sup> Can 6002.92.a1, U.S. 6002.92.10, Mex 6002.92.01 Circular knit, wholly of cotton yarns measuring less than 100 decitex per single yarn.

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to the good its essential character and such fabric 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, 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.

6101.10-6101.30

A change to subheadings 6101.10 through 6101.30 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6101.90

A change to subheading 6101.90 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are 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 subheadings 6102.10 through 6102.30 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6102.90

A change to subheading 6102.90 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are 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 subheadings 6103.11 through 6103.12 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6103.19

6103.19.90<sup>43</sup>

A change to Canadian tariff item 6103.19.90, U.S. tariff item 6103.19.40, Mexican tariff item 6103.19.02 or 6103.19.99 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are 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 headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6103.21-6103.29

A change to subheadings 6103.21 through 6103.29 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties and, with the additional requirement that garments described in heading 61.01 or jackets or blazers described in heading 61.03, of wool, fine animal hair, cotton or man-made fibres, imported as part of the ensembles of these subheadings, the visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6103.31-6103.33

A change to subheadings 6103.31 through 6103.33 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

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<sup>43</sup> Can6103.19.90, U.S.6103.19.40, Mex6103.19.02, 6103.19.99 Of textile materials other than artificial fibres or cotton.

6103.39

6103.39.90<sup>44</sup>

A change to Canadian tariff item 6103.39.90, U.S. tariff item 6103.39.20, Mexican tariff item 6103.39.02 or 6103.39.99 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are 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 headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6103.41-6103.49

A change to subheadings 6103.41 through 6103.49 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are 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 subheadings 6104.11 through 6104.13 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6104.19

6104.19.90<sup>45</sup>

A change to Canadian tariff item 6104.19.90, U.S. tariff item 6104.19.20, Mexican tariff item 6104.19.02 or 6104.19.99 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the

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<sup>44</sup> Can6103.39.90, U.S.6103.39.20, Mexico 6103.39.02, 6103.39.99 Of other than artificial fibres.

<sup>45</sup> Can6104.19.90, U.S.6104.19.20, Mex6104.19.02, 6104.19.99 Of other than artificial fibres.

goods are 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 headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6104.21-6104.29

A change to subheadings 6104.21 through 6104.29 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties and, with the additional requirement that garments described in heading 61.02, jackets or blazers described in heading 61.04, or skirts described in heading 61.04, of wool, fine animal hair, cotton or man-made fibres, imported as part of the ensembles of these subheadings, the visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6104.31-6104.33

A change to subheadings 6104.31 through 6104.33 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6104.39

6104.39.90<sup>46</sup>

A change to Canadian tariff item 6104.39.90, U.S. tariff item 6104.39.20, Mexican tariff item 6104.39.02 or 6104.39.99 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are 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 headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through

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<sup>46</sup> Can6104.39.90, U.S.6104.39.20, Mex6104.39.02, 6104.39.99 Of other than artificial fibres.

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60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6104.41-6104.49

A change to subheadings 6104.41 through 6104.49 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are 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 subheadings 6104.51 through 6104.53 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6104.59

6104.59.90<sup>47</sup>

A change to Canadian tariff item 6104.59.90, U.S. tariff item 6104.59.20, Mexican tariff item 6104.59.02 or 6104.59.99 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are 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 headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6104.61-6104.69

A change to subheadings 6104.61 through 6104.69 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties.

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<sup>47</sup> Can6104.59.90, U.S.6104.59.20, Mex6104.59.02, 6104.59.99 Of other than artificial fibres.

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61.05-61.17

A change to headings 61.05 through 61.17 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are 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:

51.11-51.12, 5208.31-5208.59, 5209.31-5209.59, 5210.31-5210.59, 5211.31-5211.59, 5212.13-5212.15, 5212.23-5212.25, 5407.42-5407.44, 5407.52-5407.54, 5407.60, 5407.72-5407.74, 5407.82-5407.84, 5407.92-5407.94, 5408.22-5408.24 (excluding Canadian tariff item 5408.22.10, 5408.23.10 or 5408.24.10, U.S. tariff item 5408.22.h1, 5408.23.h1 or 5408.24.h1, Mexican tariff item 5408.22.x1, 5408.23.x1 or 5408.24.x1), 5408.32-5408.34, 5512.19, 5512.29, 5512.99, 5513.21-5513.49, 5514.21-5515.99, 5516.12-5516.14, 5516.22-5516.24, 5516.32-5516.34, 5516.42-5516.44, 5516.92-5516.94, 6001.10, 6001.92, 6002.43, or 6002.91-6002.93, from any other heading outside that group.

Note 2<sup>48</sup>:

Apparel products 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 outer shell, exclusive of collars or cuffs, is wholly of one or more of the following fabrics:

- (i) Velveteen fabrics of subheading 5801.23, containing 85 per cent or more by weight of cotton;
- (ii) Corduroy fabrics of subheading 5801.22, containing 85 per cent or more by weight of cotton and containing more than 7.5 wales per centimetre;
- (iii) Fabrics of subheading 5111.11 or 5111.19, if hand-woven, with a loom width of less than 76 cm, woven in the United

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<sup>48</sup> Subject to review. See Textiles and Apparel Annex text.

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Kingdom in accordance with the rules and regulations of the Harris Tweed Association, Ltd., and so certified by the Association;

- (iv) Fabrics of subheading 5112.30, weighing not more than 340 grams per square metre, 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 fibres;
- (v) 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 centimetre, of a weight not exceeding 110 grams per square metre.

**Note 3:** For the purpose of determining the origin of a good of this Chapter, the rule applicable to that good shall only apply to the fabric which imparts to the good its essential character and such fabric 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, 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.

**6201.11-6201.13** A change to subheadings 6201.11 through 6201.13 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

**-6201.19** A change to subheading 6201.19 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

**6201.91-6201.93** A change to subheadings 6201.91 through 6201.93 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in

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the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

- 6201.99                    A change to subheading 6201.99 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties.
- 6202.11-6202.13        A change to subheadings 6202.11 through 6202.13 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.
- 6202.19                    A change to subheading 6202.19 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties.
- 6202.91-6202.93        A change to subheadings 6202.91 through 6202.93 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.
- 6202.99                    A change to subheading 6202.99 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties.
- 6203.11-6203.12        A change to subheadings 6203.11 through 6203.12 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6203.19

6203.19.90<sup>49</sup>

A change to Canadian tariff item 6203.19.90, U.S. tariff item 6203.19.40, Mexican tariff item 6203.19.02 or 6203.19.99 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are 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 headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6203.21-6203.29

A change to subheadings 6203.21 through 6203.29 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties and, with the additional requirement that garments described in heading 62.01 or jackets or blazers described in heading 62.03, of wool, fine animal hair, cotton or man-made fibres, imported as part of the ensembles of these subheadings, the visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6203.31-6203.33

A change to subheadings 6203.31 through 6203.33 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

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<sup>49</sup> Can6203.19.90, U.S.6203.19.40, Mex6203.19.02, 6203.19.99 Of other than of cotton or artificial fibres.

6203.39

6203.39.a1<sup>60</sup> A change to Canadian tariff item 6203.39.a1, U.S. tariff item 6203.39.40, Mexican tariff item 6203.39.02 or 6203.39.99 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6203.39 A change to subheading 6203.39 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6203.41-6203.49 A change to subheadings 6203.41 through 6203.49 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6204.11-6204.13 A change to subheadings 6204.11 through 6204.13 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6204.19

6204.19.a1<sup>61</sup> A change to Canadian tariff 6204.19.a1, U.S. tariff item 6204.19.30, Mexican tariff item 6204.19.02 or 6204.19.99 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or

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<sup>60</sup> 6203.39.a1 Of other than artificial fibres.  
U.S.6203.39.40, Mex6203.39.02, 6203.39.99

<sup>61</sup> 6204.19.a1 U.S.6204.19.30, Mex6204.19.02, 6204.19.99 Of other than artificial fibres.

Chapter 54; provided the goods are 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 headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6204.21-6204.29

A change to subheadings 6204.21 through 6204.29 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 60.01 through 60.02, or Chapter 54; provided the goods are both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the Parties and, with the additional requirement that garments described in heading 62.02, jackets or blazers described in heading 62.04, or skirts described in heading 62.04, of wool, fine animal hair, cotton or man-made fibres, imported as part of the ensembles of these subheadings, the visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6204.31-6204.33

A change to subheadings 6204.31 through 6204.33 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6204.39

6204.39.90<sup>52</sup>

A change to Canadian tariff item 6204.39.90, U.S. tariff item 6204.39.60 or 6204.39.80, Mexican tariff item 6204.39.02 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are 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 headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through

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<sup>52</sup> Can6204.39.90, U.S.6204.39.60, 6204.39.80, Mex6204.39.02 Of other than artificial fibres.

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53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6204.41-6204.49

A change to subheadings 6204.41 through 6204.49 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6204.51-6204.53

A change to subheadings 6204.51 through 6204.53 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6204.59

6204.59.90<sup>53</sup>

A change to Canadian tariff item 6204.59.90, U.S. tariff item 6204.59.40, Mexican tariff item 6204.59.02 or 6204.59.99 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are 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 headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties, and visible lining fabrics listed in Note 1 satisfy the tariff change requirements provided therein.

6204.61-6204.69

A change to subheadings 6204.61 through 6204.69 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54;

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<sup>53</sup> Can6204.59.90, U.S.6204.59.40, Mex6204.59.02, 6204.59.99 Of other than artificial fibres.

provided the goods are 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 headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are 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 fibres 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 outer shell, exclusive of collars or cuffs, is wholly of one or more of the following fabrics:

- (i) 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 exceeding 135 metric;
- (ii) Fabrics of subheading 5513.11 or 5513.21, not of square construction, containing more than 70 warp ends and filling picks per square centimetre, of average yarn number exceeding 70 metric;
- (iii) Fabrics of subheading 5210.21 or 5210.31, not of square construction, containing more than 70 warp ends and filling picks per square centimetre, of average yarn number exceeding 70 metric;
- (iv) Fabrics of subheading 5208.22 or 5208.32, not of square construction, containing more than 75 warp ends and filling picks per square centimetre, of average yarn number exceeding 65 metric;
- (v) Fabrics of subheading 5407.81, 5407.82 or 5407.83, weighing less than 170 grams per square metre, having a dobby weave created by a dobby attachment;
- (vi) Fabrics of subheading 5208.42 or 5208.49, not of square construction, containing more than 85 warp ends and filling picks per square centimetre, of average yarn number exceeding 85 metric;
- (vii) Fabrics of subheading 5208.51, of square construction, containing more than 75 warp ends and filling picks per square centimetre, made with single yarns, of average yarn number 95 or greater metric;

- (viii) Fabrics of subheading 5208.41, of square construction, with a gingham pattern, containing more than 85 warp ends and filling picks per square centimetre, 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.

A change to subheadings 6205.20 through 6205.30 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are 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 headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

62.06-62.11

A change to headings 62.06 through 62.11 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6212.10

<sup>54</sup>A change to subheading 6212.10 from any other chapter; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

6212.20-6212.90

A change to subheadings 6212.20 through 6212.90 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided the goods are both cut and sewn or otherwise assembled in the territory of one or more of the Parties.

62.13-62.17

A change to headings 62.13 through 62.17 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, 55.08 through 55.16, 58.01 through 58.02, 60.01 through 60.02, or Chapter 54; provided

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<sup>54</sup> Subject to review. See Textiles and Apparel Annex text.

the goods are 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 1:** For the purpose of determining the origin of a good of this Chapter, the rule applicable to that good shall only apply to the fabric which imparts to the good its essential character and such fabric must satisfy the tariff change requirements set out in the rule for that good.

**63.01-63.02**

A change to headings 63.01 through 63.02 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, Chapters 54 through 55, headings 58.01 through 58.02 or 60.01 through 60.02; provided the goods are both cut and sewn (or knit to shape) or otherwise assembled in the territory of one or more of the Parties.

**63.03**

**6303.92.a1<sup>55</sup>**

A change to Canadian tariff item 6303.92.a1, U.S. tariff item 6302.92.h1, Mexican tariff item 6302.92.x1 from any other chapter or from Canadian tariff item 5402.43.10 or 5402.52.10, U.S. tariff item 5402.43.10 or 5402.52.10, Mexican tariff item 5402.43.01 or 5402.52.02, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, Chapters 54 through 55, headings 58.01 through 58.02, 60.01 or 60.02; provided the goods are 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 headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, Chapters 54 through 55, headings 58.01 through 58.02 or 60.01 through 60.02; provided the goods are both cut and sewn (or knit to shape) or otherwise assembled in the territory of one or more of the Parties.

**63.04-63.10**

A change to headings 63.04 through 63.10 from any other chapter, except from headings 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08, 53.10 through 53.11, Chapters 54 through 55, headings 58.01 through 58.02 or 60.01 through 60.02; provided the

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<sup>55</sup> 6303.92.a1 Made up from fabrics described in Canadian tariff item 5407.60.10, U.S. tariff item 5407.60.22, Mexican tariff item 5407.60.02.

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goods are both cut and sewn (or knit to shape) 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 (Ch. 64-67)

Chapter 64	<u>Footwear, Gaiters and the Like; Parts of Such Articles</u>
6401.10-6406.10	A change to subheadings 6401.10 through 6406.10 from any other subheading outside that group, provided there is a regional value content of not less than 55% under the net cost method.
6406.20-6406.99	A change to subheadings 6406.20 through 6406.99 from any other chapter.
Chapter 65	<u>Headgear and Parts Thereof</u>
65.01-65.02	A change to headings 65.01 through 65.02 from any other chapter.
65.03-65.07	A change to headings 65.03 through 65.07 from any heading outside that group.
Chapter 66	<u>Umbrellas, Sun Umbrellas, Walking-Sticks, Seat-Sticks, Whips, Riding-Crops and Parts Thereof</u>
66.01	A change to heading 66.01 from any other heading, except from a combination of both: <ul style="list-style-type: none"><li>a) subheading 6603.20; and</li><li>b) headings 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.</li></ul>
66.02	A change to heading 66.02 from any other heading.
66.03	A change to heading 66.03 from any other chapter.

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**Chapter 67**                      **Prepared Feathers and Down and Articles Made of Feathers or of Down; Artificial Flowers; Articles of Human Hair**

**67.01**

6701.00.10<sup>66</sup>                      A change to Canadian tariff item 6701.00.10, U.S. tariff item 6701.00.10, 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 (Ch. 68-70)**

**Chapter 68**                      **Articles of Stone, Plaster, Cement, Asbestos, Mica or Similar Materials**

68.01-68.11                      A change to headings 68.01 through 68.11 from any other chapter.

6812.10                                  A change to subheading 6812.10 from any other chapter.

6812.20                                  A change to subheading 6812.20 from any other subheading.

6812.30-6812.40                      A change to subheadings 6812.30 through 6812.40 from any other subheading outside that group.

6812.50                                  A change to subheading 6812.50 from any other subheading.

6812.60-6812.90                      A change to subheadings 6812.60 through 6812.90 from any other subheading outside that group.

68.13                                      A change to heading 68.13 from any other heading.

68.14-68.15                      A change to headings 68.14 through 68.15 from any other chapter.

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<sup>66</sup> Can6701.00.10, U.S.6701.00.10, Mex6701.00.01, 6701.00.02      Articles of feathers or down.



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7202.80-7202.99	A change to subheadings 7202.80 through 7202.99 from any other chapter.
72.03-72.05	A change to headings 72.03 through 72.05 from any other chapter.
72.06-72.07	A change to headings 72.06 through 72.07 from any other heading outside that group.
72.08-72.16	A change to headings 72.08 through 72.16 from any other heading outside that group.
72.17	A change to heading 72.17 from any other heading, except from headings 72.13 through 72.15.
72.18-72.22	A change to headings 72.18 through 72.22 from any other heading outside that group.
72.23	A change to heading 72.23 from any other heading, except from headings 72.21 through 72.22.
72.24-72.28	A change to headings 72.24 through 72.28 from any other heading outside that group.
72.29	A change to heading 72.29 from any other heading, except from headings 72.27 through 72.28.
Chapter 73	<u>Articles of Iron or Steel</u>
73.01-73.03	A change to headings 73.01 through 73.03 from any other chapter.
7304.10-7304.39	A change to subheadings 7304.10 through 7304.39 from any other chapter.
7304.41	
7304.41.10 <sup>67</sup>	A change to Canadian tariff item 7304.41.10, U.S. tariff item 7304.41.10, Mexican tariff item 7304.41.02 or 7304.41.03 from subheading 7304.49 or from any other chapter.
7304.41	A change to subheading 7304.41 from any other chapter.
7304.49-7304.90	A change to subheadings 7304.49 through 7304.90 from any other chapter.

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<sup>67</sup> Can7304.41.10, U.S.7304.41.10, Mex7304.41.02, 7304.41.03 Of an external diameter of less than 19 mm.

73.05-73.07

A change to headings 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 headings 73.09 through 73.11 from any other heading outside that group.

73.12-73.14

A change to headings 73.12 through 73.14 from any other heading, including another heading within that group.

7315.11-7315.12

A change to subheadings 7315.11 through 7315.12 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% 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 subheadings 7315.20 through 7315.89 from any other heading; or

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A change to subheadings 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% where the transaction value method is used, or
- b) 50% 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 headings 73.17 through 73.18 from any other heading outside that group.
- 73.19-73.20 A change to headings 73.19 through 73.20 from any other heading outside that group.
- 7321.11
- 7321.11.19<sup>68</sup> A change to Canadian tariff item 7321.11.19, U.S. tariff item 7321.11.30, Mexican tariff item 7321.11.02 or 7321.11.03 from any other subheading, except from Canadian tariff item 7321.90.51<sup>69</sup>, 7321.90.52 or 7321.90.53, U.S. tariff item 7321.90.32, 7321.90.34 or U.S. tariff item 7321.90.36, 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

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<sup>68</sup> Can7321.11.19, U.S.7321.11.30, Mex7321.11.02, 7321.11.03 Stoves or ranges (other than portable).

<sup>69</sup> 7321.90 Parts:  
Of stoves or ranges (other than portable):

Can7321.90.51, U.S.7321.90.32, Mex7321.90.05 Cooking chambers, whether or not assembled

Can7321.90.52, U.S.7321.90.34, Mex7321.90.06 Top surface panels with or without burners or controls

Can7321.90.53, U.S.7321.90.36, Mex7321.90.07 Door assemblies, incorporating at least two of the following: inner panel, outer panel, window, insulation.

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or not there is also a change from any other heading, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

7321.12-7321.83

A change to subheadings 7321.12 through 7321.83 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

7321.90

7321.90.51

A change to Canadian tariff item 7321.90.51, U.S. tariff item 7321.90.32, Mexican tariff item 7321.90.05 from any other tariff item.

7321.90.52

A change to Canadian tariff item 7321.90.52, U.S. tariff item 7321.90.34, Mexican tariff item 7321.90.06 from any other tariff item.

7321.90.53

A change to Canadian tariff item 7321.90.53, U.S. tariff item 7321.90.36, 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 headings 73.22 through 73.23 from any other heading outside that group.

7324.10-7324.29

A change to subheadings 7324.10 through 7324.29 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% 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 headings 73.25 through 73.26 from any other heading outside that group.
- Chapter 74 Copper and Articles Thereof
- 74.01-74.02 A change to headings 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 any of Canadian tariff item 7404.00.11, 7404.00.21 or 7404.11.91<sup>60</sup>, U.S. tariff item 7404.00.10, Mexican tariff item 7404.00.01 or 7404.11.02, heading 74.01 or 74.02, 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% where the transaction value method is used, or  
b) 50% where the net cost method is used.
- 74.04 A change to heading 74.04 from any other chapter.
- 74.05-74.07 A change to headings 74.05 through 74.07 from any other chapter; or  
A change to headings 74.05 through 74.07 from any of Canadian tariff item 7404.00.11, 7404.00.21 or 7404.00.91, U.S. tariff item 7404.00.10, Mexican tariff item 7404.00.01 or 7404.00.02, heading 74.01 or 74.02, 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% where the transaction value method is used, or  
b) 50% where the net cost method is used.
- 7408.11  
7408.11.11<sup>61</sup> A change to Canadian tariff item 7408.11.11 or 7408.11.21, U.S. tariff item 7408.11.60, Mexican tariff item 7408.11.01 from any other chapter; or  
A change to Canadian tariff item 7408.11.11 or 7408.11.21, U.S. tariff item 7408.11.60, Mexican tariff item 7408.11.01 from any of

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<sup>60</sup> Can7404.00.11, 7404.00.21, 7404.00.91, U.S.7404.00.10, Mex7404.00.01, 7404.00.02  
Spent anodes; waste and scrap with a copper content of less than 94% by weight.

<sup>61</sup> Can7408.11.11, 7408.11.21, U.S.7408.11.60, Mex7408.11.01 With a maximum cross-sectional dimension not exceeding 9.5 mm.

Canadian tariff item 7404.00.11, 7404.00.21 or 7404.00.91, U.S. tariff item 7404.00.10, Mexican tariff item 7404.00.01 or 7404.00.02, or heading 74.01 or 74.02, 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

- 7408.11 A change to subheading 7408.11 from any other heading, except from heading 74.07.
- 7408.19-7408.29 A change to subheadings 7408.19 through 7408.29 from any other heading, except from heading 74.07.
- 74.09 A change to heading 74.09 from any other heading.
- 74.10 A change to heading 74.10 from any other heading, except from heading 74.09.
- 74.11 A change to heading 74.11 from any other heading, except from heading 74.09 or Canadian tariff item 7407.10.13, 7407.10.22<sup>62</sup>, 7407.21.13, 7407.21.22<sup>63</sup>, 7407.22.13, 7407.22.22<sup>64</sup>, 7407.29.13, or 7407.29.22<sup>65</sup>, U.S. tariff item 7407.10.20, 7407.21.20, 7407.22.20 or 7407.29.20, Mexican tariff item 7407.10.02, 7407.21.02, 7407.22.02 or 7407.29.02.
- 74.12 A change to heading 74.12 from any other heading, except from heading 74.11.
- 74.13 A change to heading 74.13 from any other heading, except from headings 74.07 through 74.08; or
- A change to heading 74.13 from any of headings 74.07 through 74.08, whether or not there is also a change from any other heading,

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<sup>62</sup> Can 7407.10.13, 7407.10.22, U.S. 7407.10.20, Mex 7407.10.02  
Hollow profiles.

<sup>63</sup> Can 7407.21.13, 7407.21.22, U.S. 7407.21.20, Mex 7407.21.02  
Hollow profiles.

<sup>64</sup> Can 7407.22.13, 7407.22.22, U.S. 7407.22.20, Mex 7407.22.02  
Hollow profiles.

<sup>65</sup> Can 7407.29.13, 7407.29.22, U.S. 7407.29.20, Mex 7407.29.02  
Hollow profiles.

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provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

74.14-74.18	A change to headings 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.
7419.91-7419.99	A change to subheadings 7419.91 through 7419.99 from any other heading.
Chapter 75	<u>Nickel and Articles Thereof</u>
75.01-75.04	A change to headings 75.01 through 75.04 from any other chapter.
75.05	A change to heading 75.05 from any other heading.
75.06	
7506.10.22 <sup>66</sup>	A change to Canadian tariff item 7506.10.22, U.S. tariff item 7506.10.50, Mexican tariff item 7506.10.01 from any other tariff item.
7506.20.92 <sup>67</sup>	A change to Canadian tariff item 7506.20.92, U.S. tariff item 7506.20.50, Mexican tariff item 7506.20.01 from any other tariff item.
75.06	A change to heading 75.06 from any other heading.
75.07-75.08	A change to headings 75.07 through 75.08 from any other heading outside that group.
Chapter 76	<u>Aluminum and Articles Thereof</u>
76.01-76.03	A change to headings 76.01 through 76.03 from any other chapter.

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<sup>66</sup> Can 7506.10.22, U.S. 7506.10.50, Mex 7506.10.01 Foil, not exceeding 0.15 mm in thickness.

<sup>67</sup> Can 7506.20.92, U.S. 7506.20.50, Mex 7506.20.01 Foil, not exceeding 0.15 mm in thickness.

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- 76.04-76.06 A change to headings 76.04 through 76.06 from any other heading outside that group.
- 76.07 A change to heading 76.07 from any other heading.
- 76.08-76.09 A change to headings 76.08 through 76.09 from any other heading outside that group.
- 76.10-76.13 A change to headings 76.10 through 76.13 from any other heading, including another heading within that group.
- 76.14 A change to heading 76.14 from any other heading, except from headings 76.04 through 76.05.
- 76.15-76.16 A change to headings 76.15 through 76.16 from any other heading, including another heading within that group.

**Chapter 78**

Lead and Articles Thereof

- 78.01-78.02 A change to headings 78.01 through 78.02 from any other chapter.
- 78.03-78.06 A change to headings 78.03 through 78.06 from any other chapter; or  
A change to headings 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% where the transaction value method is used, or
  - b) 50% where the net cost method is used.

**Chapter 79**

Zinc and Articles Thereof

- 79.01-79.03 A change to headings 79.01 through 79.03 from any other chapter.
- 79.04-79.07 A change to headings 79.04 through 79.07 from any other chapter; or  
A change to headings 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% where the transaction value method is used, or
  - b) 50% where the net cost method is used.

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<b>Chapter 80</b>	<b><u>Tin and Articles Thereof</u></b>
80.01-80.02	A change to headings 80.01 through 80.02 from any other chapter.
80.03-80.04	A change to headings 80.03 through 80.04 from any other heading outside that group.
80.05-80.07	A change to headings 80.05 through 80.07 from any other heading outside that group.
<b>Chapter 81</b>	<b><u>Other Base Metals; Cermets; Articles Thereof</u></b>
8101.10-8101.91	A change to subheadings 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 subheadings 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 from Canadian tariff item 8102.92.10 <sup>68</sup> , U.S. tariff item 8102.92.10, 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 subheadings 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.

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<sup>68</sup> Can8102.92.10, U.S.8102.92.10, Mex8102.92.01 Bars and rods.

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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	
8111.00.21 <sup>69</sup>	A change to Canadian tariff item 8111.00.21. 8111.00.22, 8111.00.40, U.S. tariff item 8111.00.60, 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 headings 81.12 through 81.13 from any other chapter.
Chapter 82	<u>Tools, Implements, Cutlery, Spoons and Forks, of Base Metal; Parts Thereof of Base Metal</u>
82.01-82.15	A change to headings 82.01 through 82.15 from any other chapter.
Chapter 83	<u>Miscellaneous Articles of Base Metal</u>
8301.10-8301.50	A change to subheadings 8301.10 through 8301.50 from any chapter; or  A change to subheadings 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% where the transaction value method is used, or b) 50% where the net cost method is used.

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<sup>69</sup> Can 8111.00.21, 8111.00.22, 8111.00.40, U.S. 8111.00.60, Mex 8111.00.01  
Manganese powders and articles of manganese.

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- 8301.60-8301.70 A change to subheadings 8301.60 through 8301.70 from any other chapter.
- 83.02-83.04 A change to headings 83.02 through 83.04 from any other chapter.
- 8305.10-8305.20 A change to subheadings 8305.10 through 8305.20 from any other chapter; or
- A change to subheadings 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% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 8305.90 A change to subheading 8305.90 from any other chapter.
- 83.06-83.07 A change to headings 83.06 through 83.07 from any other chapter.; or
- A change to headings 83.06 through 83.07 from within headings 83.06 through 83.07, 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% the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 8308.10-8308.20 A change to subheadings 8308.10 through 8308.20 from any other chapter; or
- A change to subheadings 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% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 8308.90 A change to subheading 8308.90 from any other chapter.
- 83.09-83.10 A change to headings 83.09 through 83.10 from any other chapter.
- 8311.10-8311.30 A change to subheadings 8311.10 through 8311.30 from any other chapter; or
- A change to subheadings 8311.10 through 8311.30 from subheading 8311.90, whether or not there is also a change from any other

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chapter, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

8311.90

A change to subheading 8311.90 from any other chapter.

**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 (Ch. 84-85)**

**Note:** For purposes of this Section, the term, "printed circuit assembly", means goods 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.

**Chapter 84**                      **Nuclear Reactors, Boilers, Machinery and Mechanical Appliances; Parts Thereof**

**Note X:**                      Tariff item 8473.30.a3 covers the following parts of printers:

- (1) Control or command assemblies for printers of subheading 8471.92, incorporating at least two of the following: printed circuit assembly; hard or flexible (floppy) disc drive; keyboard; user interface;
- (2) Light source assemblies for printers of subheading 8471.92, incorporating at least two of the following: light emitting diode assembly; gas laser; mirror polygon assembly; base casting;
- (3) Laser imaging assemblies for the printers of subheading 8471.92, incorporating at least two of the following: photoreceptor belt or cylinder; toner receptacle unit; toner developing unit; charge/discharge unit; cleaning unit;
- (4) Image fixing assemblies for the printers of subheading 8471.92, incorporating at least two of the following: fuser; pressure roller; heating element; release oil dispenser; cleaning unit; electrical control;
- (5) Ink jet marking assemblies for the printers of subheading 8471.92, incorporating at least two of the following: thermal print head; ink dispensing unit; nozzle and reservoir unit; ink heater;
- (6) Maintenance/sealing assemblies for the printers of subheading 8471.92, incorporating at least two of the following: vacuum unit; ink jet covering unit; sealing unit; purging unit;

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- (7) Paper handling assemblies for the printers of subheading 8471.92, incorporating at least two of the following: paper transport belt; roller; print bar; carriage; gripper roller; paper storage unit; exit tray;
- (8) Thermal transfer imaging assemblies for the printers of subheading 8471.92, incorporating at least two of the following: thermal print head; cleaning unit; supply or take-up roller;
- (9) Ionographic imaging assemblies for the printers of subheading 8471.92, incorporating at least two 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; and
- (10) Combinations of the above specified assemblies.

8401.10-8401.30

A change to subheadings 8401.10 through 8401.30 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% 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 subheadings 8402.11 through 8402.20 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8402.90

A change to subheading 8402.90 from any other heading; or

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A change to subheading 8402.90 from within 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% where the transaction value method is used; or
- b) 50% 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% where the transaction value method is used; or
- b) 50% 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 subheadings 8404.10 through 8404.20 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% 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 subheadings 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% where the transaction value method is used; or
- b) 50% 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 subheadings 8406.11 through 8406.19 from any other subheading outside that group, except from Canadian tariff item 8406.90.32<sup>70</sup> or 8406.90.34<sup>71</sup>, U.S. tariff item 8406.90.20,

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<sup>70</sup> 8406.90.a1 Rotors, finished for final assembly.

Can 8406.90.32, U.S. 8406.90.20, 8406.90.50

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8406.90.40, 8406.90.50 or 8406.90.70, Mexican tariff item 8406.90.x1 or 8406.90.x2.

8406.90

8406.90.a1 A change to Canadian tariff item 8406.90.32, U.S. tariff item 8406.90.20, Mexican tariff item 8406.90.x1 from Canadian tariff item 8406.90.31<sup>72</sup>, U.S. tariff item 8406.90.30 or 8406.90.60, Mexican tariff item 8406.90.x3 or any other heading.

US8406.90.50 A change to U.S. tariff item 8406.90.50 from Canadian tariff item 8406.90.31, U.S. tariff item 8406.90.30 or 8406.90.60, Mexican tariff item 8406.90.x3 or any other heading.

8406.90.a2 A change to Canadian tariff item 8406.90.34, U.S. tariff item 8406.90.40, Mexican tariff item 8406.90.x2 from any other tariff item.

8406.90.a3 A change to Canadian tariff item 8406.90.31, U.S. tariff item 8406.90.30, Mexican tariff item 8406.90.x3 from any other tariff item.

US8406.90.60 A change to U.S. tariff item 8406.90.60 from any other tariff item.

US8406.90.70 A change to U.S. tariff item 8406.90.70 from any other tariff item.

8406.90 A change to subheading 8406.90 from any other heading.

84.07-84.08

A change to headings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8409.10 A change to subheading 8409.10 from any other heading.

8409.91 A change to subheading 8409.91 from any other heading; or

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<sup>71</sup> 8406.90.a2 Blades, rotating or stationary.  
Can 8406.90.34, U.S.8406.90.40, 8406.90.70

<sup>72</sup> 8406.90.a3 Rotors, not further advanced than cleaned or machined for removal of fins, gates, sprues, and risers, or to permit location in finishing machinery.  
Can 8406.90.31, U.S.8406.90.30, 8306.90.60

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A change to subheading 8409.91 from within subheading 8409.91, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8409.99

A change to subheading 8409.99 from any other heading; or

A change to subheading 8409.99 from within subheading 8409.99, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8410.11-8410.13

A change to subheadings 8410.11 through 8410.13 from any other heading; or

A change to subheadings 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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8410.90

A change to subheading 8410.90 from any other heading.

8411.11-8411.82

A change to subheadings 8411.11 through 8411.82 from any other heading; or

A change to subheadings 8411.11 through 8411.82 from any of subheadings 8411.91 through 8411.99, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8411.91-8411.99

A change to subheadings 8411.91 through 8411.99 from any other heading.

8412.10-8412.80

A change to subheadings 8412.10 through 8412.80 from any other heading; or

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A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8412.90

A change to subheading 8412.90 from any other heading.

8413.11-8413.82

A change to subheadings 8413.11 through 8413.82 from any other heading; or

A change to subheadings 8413.11 through 8413.82 from any of subheadings 8413.91 through 8413.92, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8413.91

A change to subheading 8413.91 from any other heading.

8413.92

A change to subheading 8413.92 from any other heading; or

A change to subheading 8413.92 from within subheading 8409.92, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8414.10-8414.20

A change to subheadings 8414.10 through 8414.20 from any other heading; or

A change to subheadings 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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8414.30

A change to subheading 8414.30 from any other subheading, except from Canadian tariff item 8414.90.21 or 8414.90.51<sup>73</sup>, U.S. tariff item 8414.90.20, Mexican tariff item 8414.90.x1.

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<sup>73</sup> 8414.90.a1 Stators and rotors of goods of subheading 8414.30.

Can 8414.90.21, 8414.90.51, U.S.8414.90.20

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8414.40-8414.80

A change to subheadings 8414.40 through 8414.80 from any other heading; or

A change to subheadings 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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8414.90

A change to subheading 8414.90 from any other heading; or

A change to subheading 8414.90 from within 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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8415.10

A change to subheading 8415.10 from any other subheading, except from Canadian tariff item 8415.90.a1<sup>74</sup>, U.S. tariff item 8415.90.h1, Mexican tariff item 8415.90.x1 or from assemblies incorporating at least two of the following: compressor, condenser, evaporator, connecting tubing.

8415.81-8415.83

A change to subheadings 8415.81 through 8415.83 from any other subheading outside that group, except from Canadian tariff item 8415.90.a1, U.S. tariff item 8415.90.h1, Mexican tariff item 8415.90.x1 or from assemblies for goods of subheadings 8415.10 through 8415.83, incorporating at least two of the following: compressor, condenser, evaporator, connecting tubing; or

A change to subheadings 8415.81 through 8415.83 from any of Canadian tariff item 8415.90.a1, U.S. tariff item 8415.90.h1, Mexican tariff item 8415.90.x1 or assemblies for goods of subheadings 8415.10 through 8415.83, incorporating at least two 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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

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<sup>74</sup> 8415.90.a1 Chassis, chassis bases and outer cabinets.

8415.90

8415.90.a1 A change to Canadian tariff item 8415.90.a1, U.S. tariff item 8415.90.h1, Mexican tariff item 8415.90.x1 from any other tariff item.

8415.90 A change to subheading 8415.90 from any other heading.

8416.10-8416.30 A change to subheadings 8416.10 through 8416.30 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8416.90 A change to subheading 8416.90 from any other heading.

8417.10-8417.80 A change to subheadings 8417.10 through 8417.80 from any other heading; or

A change to subheadings 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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8417.90 A change to subheading 8417.90 from any other heading.

8418.10-8418.21 A change to subheadings 8418.10 through 8418.21 from any other subheading, except from subheading 8418.91 or Canadian tariff item 8418.99.a1<sup>76</sup>, U.S. tariff item 8418.99.h1, Mexican tariff item 8418.99.x1, or from assemblies incorporating at least two of the following: compressor, condenser, evaporator, connecting tubing.

8418.22 A change to subheading 8418.22 from any other heading; or

A change to subheadings 8418.22 from any of subheadings 8418.91

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<sup>76</sup> 8418.99.a1 Door assemblies incorporating at least two of the following: inner panel; outer panel; insulation, hinges; handles.

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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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8418.29-8418.40

A change to subheadings 8418.29 through 8418.40 from any other subheading outside that group, except from subheading 8418.91 or Canadian tariff item 8418.99.a1, U.S. tariff item 8418.99.h1, Mexican tariff item 8418.99.x1, or from assemblies incorporating at least two of the following: compressor, condenser, evaporator, connecting tubing.

8418.50-8418.69

A change to subheadings 8418.50 through 8418.69 from any other heading; or

A change to subheadings 8418.50 through 8418.69 from any of subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8418.91

A change to subheading 8418.91 from any other subheading.

8418.99

8418.99.a1

A change to Canadian tariff item 8418.99.a1, U.S. tariff item 8418.99.h1, Mexican tariff item 8418.99.x1 from any other tariff item.

8418.99

A change to subheading 8418.99 from any other heading.

8419.11-8419.89

A change to subheadings 8419.11 through 8419.89 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8419.90

A change to subheading 8419.90 from any other heading; or

A change to subheading 8419.90 from within 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8420.10

A change to subheading 8420.10 from any other heading; or

A change to subheadings 8420.10 from any of subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8420.91-8420.99

A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8421.12

A change to subheading 8421.12 from any other subheading, except from Canadian tariff item 8421.91.a1<sup>76</sup>, 8421.91.a2<sup>77</sup> or 8537.10.a1<sup>78</sup>, U.S. tariff item 8421.91.h1, 8421.91.h2 or 8537.10.h1, Mexican tariff item 8421.91.x1, 8421.91.x2 or 8537.10.x1.

8421.19-8421.39

A change to subheadings 8421.19 through 8421.39 from any other heading; or

A change to subheadings 8421.19 through 8421.39 from any of

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<sup>76</sup> 8421.91.a1 Drying chambers for the goods of subheading 8421.12 and other parts of clothes-dryers incorporating drying chambers.

<sup>77</sup> 8421.91.a2 Furniture designed to receive the goods of subheading 8421.12.

<sup>78</sup> 8537.10.a1 Assembled with outer housing or supports, for the goods of headings 84.21, 84.22, 84.50 and 85.16.

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subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8421.91

8421.91.a1 A change to Canadian tariff item 8421.91.a1, U.S. tariff item 8421.91.h1, Mexican tariff item 8421.91.x1 from any other tariff item.

8421.91.a2 A change to Canadian tariff item 8421.91.a2, U.S. tariff item 8421.91.h2, Mexican tariff item 8421.91.x2 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

A change to subheading 8421.99 from within subheading 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% where the transaction value method is used; or
- b) 50% 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.a1<sup>79</sup>, 8422.90.a2<sup>80</sup> or 8537.10.a1, U.S. tariff item 8422.90.h1, 8422.90.h2 or 8537.10.h1, Mexican tariff item 8422.90.x1, 8422.90.x2 or 8537.10.x1, 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 subheadings 8422.19 through 8422.40 from any other heading; or

A change to subheadings 8422.19 through 8422.40 from subheading 8422.90, whether or not there is also a change from any other

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<sup>79</sup> 8422.90.a1 Water containment chambers for the goods of subheading 8422.11 and other parts of dishwashing machines of the household type incorporating water containment chambers.

<sup>80</sup> 8422.90.a2 Door assemblies for the goods of subheading 8422.11.

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heading, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8422.90

8422.90.a1 A change to Canadian tariff item 8422.90.a1, U.S. tariff item 8422.90.h1, Mexican tariff item 8422.90.x1 from any other tariff item.

8422.90.a2 A change to Canadian tariff item 8422.90.a2, U.S. tariff item 8422.90.h2, Mexican tariff item 8422.90.h2 from any other tariff item.

8422.90 A change to subheading 8422.90 from any other heading.

8423.10-8423.89 A change to subheadings 8423.10 through 8423.89 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% 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 subheadings 8424.10 through 8424.89 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% 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 headings 84.25 through 84.26 from any other heading, except from heading 84.31; or

A change to headings 84.25 through 84.26 from heading 84.31,

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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8427.10

8427.10.a1<sup>81</sup>

A change to Canadian tariff item 8427.10.a1, U.S. tariff item 8427.10.h1, Mexican tariff item 8427.10.x1 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 8427.10.a1, U.S. tariff item 8427.10.h1, Mexican tariff item 8427.10.x1 from any of headings 84.07 or 84.08 or subheadings 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% where the transaction value method is used; or
- b) 50% 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8427.20

8427.20.a1<sup>82</sup>

A change to Canadian tariff item 8427.20.a1, U.S. tariff item 8427.20.h1, Mexican tariff item 8427.20.x1 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.a1, U.S. tariff item

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<sup>81</sup> 8427.10.a1 Rider-type, counterbalanced fork-lift trucks.

<sup>82</sup> 8427.20.a1 Rider-type, counterbalanced fork-lift trucks.

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8427.20.h1, Mexican tariff item 8427.20.x1 from any of headings 84.07 or 84.08 or subheadings 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% where the transaction value method is used; or
- b) 50% 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

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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8427.90

A change to subheading 8427.90 from any other heading, except from subheading 8431.20; or

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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

84.28-84.30

A change to headings 84.28 through 84.30 from any other heading outside that group, except from heading 84.31; or

A change to headings 84.28 through 84.30 from heading 84.31, whether or not there is also a change from any other heading outside that group, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8431.10

A change to subheading 8431.10 from any other heading; or

A change to subheading 8431.10 from within subheading 8431.10, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

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- 8431.20 A change to subheading 8431.20 from any other heading outside that group.
- 8431.31 A change to subheading 8431.31 from any other heading; or  
A change to subheading 8431.31 from within subheading 8431.31, 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% where the transaction value method is used; or  
b) 50% where the net cost method is used.
- 8431.39 A change to subheading 8431.39 from any other heading; or  
A change to subheading 8431.39 from within subheading 8431.39, 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% where the transaction value method is used; or  
b) 50% where the net cost method is used.
- 8431.41-8431.42 A change to subheadings 8431.41 through 8431.42 from any other heading.
- 8431.43 A change to subheading 8431.43 from any other heading; or  
A change to subheading 8431.43 from within subheading 8431.43, 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% where the transaction value method is used; or  
b) 50% where the net cost method is used.
- 8431.49 A change to subheading 8431.49 from any other heading; or  
A change to subheading 8431.49 from within subheading 8431.49, 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% where the transaction value method is used; or  
b) 50% where the net cost method is used.
- 8432.10-8432.80 A change to subheading 8432.10 through 8432.80 from any other heading; or  
A change to subheadings 8432.10 through 8432.80 from subheading 8432.90, whether or not there is also a change from any other

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heading, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8432.90

A change to subheading 8432.90 from any other heading.

8433.11-8433.60

A change to subheadings 8433.11 through 8433.60 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8433.90

A change to subheading 8433.90 from any other heading.

8434.10-8434.20

A change to subheadings 8434.10 through 8434.20 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8434.90

A change to subheading 8434.90 from any other heading.

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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8435.90

A change to subheading 8435.90 from any other heading.

8436.10-8436.80

A change to subheadings 8436.10 through 8436.80 from any other heading; or

A change to subheadings 8436.10 through 8436.80 from any of

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subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

- 8436.91-8436.99 A change to subheadings 8436.91 through 8436.99 from any other heading.
- 8437.10-8437.80 A change to subheadings 8437.10 through 8437.80 from any other heading; or  
A change to subheadings 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% where the transaction value method is used; or
  - b) 50% 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 subheadings 8438.10 through 8438.80 from any other heading; or  
A change to subheadings 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:
- a) 60% where the transaction value method is used; or
  - b) 50% where the net cost method is used.
- 8438.90 A change to subheading 8438.90 from any other heading.
- 8439.10-8439.30 A change to subheadings 8439.10 through 8439.30 from any other heading; or  
A change to subheadings 8439.10 through 8439.30 from any of subheadings 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:
- a) 60% where the transaction value method is used; or
  - b) 50% where the net cost method is used.
- 8439.91-8439.99 A change to subheadings 8439.91 through 8439.99 from any other heading.

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- 8440.10                    A change to subheading 8440.10 from any other heading; or
- 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:
- a)        60% where the transaction value method is used; or
  - b)        50% where the net cost method is used.
- 8440.90                    A change to subheading 8440.90 from any other heading.
- 8441.10-8441.80           A change to subheadings 8441.10 through 8441.80 from any other heading; or
- A change to subheadings 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:
- a)        60% where the transaction value method is used; or
  - b)        50% where the net cost method is used.
- 8441.90                    A change to subheading 8441.90 from any other heading; or
- A change to subheading 8441.90 from within 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:
- a)        60% where the transaction value method is used; or
  - b)        50% where the net cost method is used.
- 8442.10-8442.30           A change to subheadings 8442.10 through 8442.30 from any other heading; or
- A change to subheadings 8442.10 through 8442.30 from any of subheadings 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% where the transaction value method is used; or
  - b)        50% where the net cost method is used.
- 8442.40-8442.50           A change to subheadings 8442.40 through 8442.50 from any other heading.
- 8443.11-8443.50           A change to subheadings 8443.11 through 8443.50 from any other heading; or

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A change to subheadings 8443.11 through 8443.50 from any of subheadings 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% where the transaction value method is used; or
- b) 50% 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% where the transaction value method is used; or
- b) 50% 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 headings 84.44 through 84.47 from any other heading outside that group, except from heading 84.48; or

A change to headings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8448.11-8448.19

A change to subheadings 8448.11 through 8448.19 from any other heading; or

A change to subheadings 8448.11 through 8448.19 from any of subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8448.20-8448.59

A change to subheadings 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 subheadings 8450.11 through 8450.20 from any other subheading outside that group, except from Canadian tariff item

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8450.90.a1<sup>83</sup>, 8450.90.a2<sup>84</sup> or 8537.10.a1, U.S. tariff item 8450.90.h1, 8450.90.h2 or 8537.10.h1, Mexican tariff item 8450.90.x1, 8450.90.x2 or 8537.10.x1, or from washer assemblies incorporating at least two of the following: agitator, motor, transmission, clutch.

8450.90

8450.90.a1 A change to Canadian tariff item 8450.90.a1, U.S. tariff item 8450.90.h1, Mexican tariff item 8450.90.x1 from any other tariff item.

8450.90.a2 A change to Canadian tariff item 8450.90.a2, U.S. tariff item 8450.90.h2, Mexican tariff item 8450.90.x2 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

A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8451.21-8451.29

A change to subheadings 8451.21 through 8451.29 from any other subheading outside that group, except from Canadian tariff item 8451.90.a1<sup>85</sup> or 8451.90.a2<sup>86</sup>, U.S. tariff item 8451.90.h1 or 8451.90.h2, Mexican tariff item 8451.90.x1 or 8451.90.x2, or subheading 8537.10.

8451.30-8451.80

A change to subheadings 8451.30 through 8451.80 from any other heading; or

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<sup>83</sup> 8450.90.a1 Tubs or tub assemblies.

<sup>84</sup> 8450.90.a2 Furniture designed to receive the goods of subheadings 8450.11 through 8450.20.

<sup>85</sup> 8451.90.a1 Drying chambers for the goods of subheadings 8451.21 or 8451.29, and other parts of drying machines incorporating drying chambers.

<sup>86</sup> 8451.90.a2 Furniture designed to receive the goods of subheading 8451.21 or 8451.29.

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A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8451.90

8451.90.a1 A change to Canadian tariff item 8451.90.a1, U.S. tariff item 8451.90.h1, Mexican tariff item 8451.90.x1 from any other tariff item.

8451.90.a2 A change to Canadian tariff item 8451.90.a2, U.S. tariff item 8451.90.h2, Mexican tariff item 8451.90.x2 from any other tariff item.

8451.90 A change to subheading 8451.90 from any other heading.

8452.10-8452.30 A change to subheadings 8452.10 through 8452.30 from any other heading; or

A change to subheadings 8452.10 through 8452.30 from any of subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8452.40-8452.90 A change to subheadings 8452.40 through 8452.90 from any other heading.

8453.10-8453.80 A change to subheadings 8453.10 through 8453.80 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% 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 subheadings 8454.10 through 8454.30 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% 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 subheadings 8455.10 through 8455.22 from any other subheading outside that group, except from Canadian tariff item 8455.90.a1<sup>87</sup>, U.S. tariff item 8455.90.h1, Mexican tariff item 8455.90.x1.

8455.30

A change to subheading 8455.30 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% 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:

- o Canadian tariff item 8466.93.a1<sup>88</sup>, U.S. tariff 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8537.10,
- o subheading 9013.20.

8456.20-8456.90

A change to subheadings 8456.20 through 8456.90 from any other heading, except from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,

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<sup>87</sup> 8455.90.a1 Castings or weldments, individually weighing less than 90 tons, for the machines of heading 84.55.

<sup>88</sup> 8466.93.a1 Bed, base, table, head, tail, saddle, cradle, cross slide, column, arm, saw arm, wheelhead, tailstock, headstock, ram, frame, work-arbour support, and C-frame castings, weldments or fabrications.

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- o subheading 8501.32 or 8501.52,
- o subheading 8537.10.

84.57

A change to heading 84.57 from any other heading, except from heading 84.59 or from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10.

8458.11

A change to subheading 8458.11 from any other heading, except from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10.

8458.19

A change to subheading 8458.19 from any other heading, except from Canadian tariff 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1 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:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10.

8458.99

A change to subheading 8458.99 from any other heading, except from Canadian tariff 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1 or subheading 8501.32 or 8501.52.

8459.10

A change to subheading 8459.10 from any other heading, except from Canadian tariff 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1 or subheading 8501.32 or 8501.52.

8459.21

A change to subheading 8459.21 from any other heading, except from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,

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- o subheading 8501.32 or 8501.52,
- o subheading 8537.10; or

A change to subheading 8459.21 from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8459.29

A change to subheading 8459.29 from any other heading, except from Canadian tariff 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1 or subheading 8501.32 or 8501.52.

8459.31

A change to subheading 8459.31 from any other heading, except from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10; or

A change to subheading 8459.31 from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

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8459.39 A change to subheading 8459.39 from any other heading, except from Canadian tariff 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1 or subheading 8501.32 or 8501.52.

8459.40-8459.51 A change to subheadings 8459.40 through 8459.51 from any other heading, except from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10; or

A change to subheadings 8459.40 through 8459.51 from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8459.59 A change to subheading 8459.59 from any other heading, except from Canadian tariff 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1 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:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10; or

A change to subheading 8459.61 from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,

- o subheading 8501.32 or 8501.52,
- o 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8459.69

A change to subheading 8459.69 from any other heading, except from Canadian tariff 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1 or subheading 8501.32 or 8501.52.

8459.70

8459.70.a1<sup>89</sup>

A change to Canadian tariff item 8459.70.a1, U.S. tariff item 8459.70.h1, Mexican tariff item 8459.70.x1 from any other heading, except from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10; or

A change to Canadian tariff item 8459.70.a1, U.S. tariff item 8459.70.h1, Mexican tariff item 8459.70.x1 from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8459.70

A change to subheading 8459.70 from any other heading, except from Canadian tariff 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1 or subheading 8501.32 or 8501.52.

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<sup>89</sup> 8459.70.a1 Numerically controlled.

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- 8460.11                   A change to subheading 8460.11 from any other heading, except from more than one of the following:
- o       subheadings 8413.50 through 8413.60,
  - o       Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
  - o       subheading 8501.32 or 8501.52,
  - o       subheading 8537.10.
- 8460.19                   A change to subheading 8460.19 from any other heading, except from Canadian tariff 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1 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:
- o       subheadings 8413.50 through 8413.60,
  - o       Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
  - o       subheading 8501.32 or 8501.52,
  - o       subheading 8537.10.
- 8460.29                   A change to subheading 8460.29 from any other heading, except from Canadian tariff 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1 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:
- o       subheadings 8413.50 through 8413.60,
  - o       Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
  - o       subheading 8501.32 or 8501.52,
  - o       subheading 8537.10.
- 8460.39                   A change to subheading 8460.39 from any other heading, except from Canadian tariff 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1 or subheading 8501.32 or 8501.52.
- 8460.40
- 8460.40.a1<sup>90</sup>        A change to Canadian tariff item 8460.40.a1, U.S. tariff item 8460.40.h1, Mexican tariff item 8460.40.x1 from any other heading, except from more than one of the following:

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<sup>90</sup> 8460.40.a1   Numerically controlled.

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- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10.

8460.40

A change to subheading 8460.40 from any other heading, except from Canadian tariff 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1 or subheading 8501.32 or 8501.52.

8460.90

8460.90.a1<sup>91</sup>

A change to Canadian tariff item 8460.90.a1, U.S. tariff item 8460.90.h1, Mexican tariff item 8460.90.x1 from any other heading, except from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10.

8460.90

A change to subheading 8460.90 from any other heading, except from Canadian tariff 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1 or subheading 8501.32 or 8501.52.

8461.10

8461.10.a1<sup>92</sup>

A change to Canadian tariff item 8461.10.a1, U.S. tariff item 8461.10.h1, Mexican tariff item 8461.10.x1 from any other heading, except from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10.

8461.10

A change to subheading 8461.10 from any other heading, except from Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.83.x1.

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<sup>91</sup> 8460.90.a1 Numerically controlled.

<sup>92</sup> 8461.10.a1 Numerically controlled.

8461.20

8461.20.a1<sup>93</sup>

A change to Canadian tariff item 8461.20.a1, U.S. tariff item 8461.20.h1, Mexican tariff item 8461.20.x1 from any other heading, except from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10.

8461.20

A change to subheading 8461.20 from any other heading, except from Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.83.x1.

8461.30

8461.30.a1<sup>94</sup>

A change to Canadian tariff item 8461.30.a1, U.S. tariff item 8461.30.h1, Mexican tariff item 8461.30.x1 from any other heading, except from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10.

8461.30

A change to subheading 8461.30 from any other heading, except from Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1.

8461.40

A change to subheading 8461.40 from any other heading, except from Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1.

8461.50

8461.50.a1<sup>95</sup>

A change to Canadian tariff item 8461.50.a1, U.S. tariff item 8461.50.h1, Mexican tariff item 8461.50.x1 from any other heading, except from more than one of the following:

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<sup>93</sup> 8461.20.a1 Numerically controlled.

<sup>94</sup> 8461.30.a1 Numerically controlled.

<sup>95</sup> 8461.50.a1 Numerically controlled.

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- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10.

8461.50 A change to subheading 8461.50 from any other heading, except from Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1.

8461.90

8461.90.a1<sup>96</sup> A change to Canadian tariff item 8461.90.a1, U.S. tariff item 8461.90.h1, Mexican tariff item 8461.90.x1 from any other heading, except from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10.

8461.90 A change to subheading 8461.90 from any other heading, except from Canadian tariff item 8466.93.a1, U.S. tariff item 8466.93.h1, Mexican tariff item 8466.93.x1.

8462.10

A change to subheading 8462.10 from any other heading, except from Canadian tariff item 8466.94.a1<sup>97</sup>, U.S. tariff item 8466.94.h1, Mexican tariff item 8466.94.x1.

8462.21

A change to subheading 8462.21 from any other heading, except from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.94.a1, U.S. tariff item 8466.94.h1, Mexican tariff item 8466.94.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10.

8462.29

A change to subheading 8462.29 from any other heading, except from Canadian tariff item 8466.94.a1, U.S. tariff item 8466.94.h1; Mexican tariff item 8466.94.x1.

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<sup>96</sup> 8461.90.a1 Numerically controlled.

<sup>97</sup> 8466.94.a1 Bed, base, table, column, cradle, frame, bolster, crown, slide, fly wheel, rod, tailstock and headstock castings, weldments or fabrications.

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- 8462.31 A change to subheading 8462.31 from any other heading, except from more than one of the following:
- o subheadings 8413.50 through 8413.60,
  - o Canadian tariff item 8466.94.a1, U.S. tariff item 8466.94.h1, Mexican tariff item 8466.94.x1,
  - o subheading 8501.32 or 8501.52,
  - o subheading 8537.10.
- 8462.39 A change to subheading 8462.29 from any other heading, except from Canadian tariff item 8466.94.a1, U.S. tariff item 8466.94.h1, Mexican tariff item 8466.94.x1.
- 8462.41 A change to subheading 8462.41 from any other heading, except from more than one of the following:
- o subheadings 8413.50 through 8413.60,
  - o Canadian tariff item 8466.94.a1, U.S. tariff item 8466.94.h1, Mexican tariff item 8466.94.x1,
  - o subheading 8501.32 or 8501.52,
  - o subheading 8537.10.
- 8462.49 A change to subheading 8462.49 from any other heading, except from Canadian tariff item 8466.94.a1, U.S. tariff item 8466.94.h1, Mexican tariff item 8466.94.x1.
- 8462.91
- 8462.91.a1<sup>98</sup> A change to Canadian tariff item 8462.91.a1, U.S. tariff item 8462.91.h1, 8462.91.x1 from any other heading, except from more than one of the following:
- o subheadings 8413.50 through 8413.60,
  - o Canadian tariff item 8466.94.a1, U.S. tariff item 8466.94.h1, Mexican tariff item 8466.94.x1,
  - o subheading 8501.32 or 8501.52,
  - o subheading 8537.10.
- 8462.91 A change to subheading 8462.91 from any other heading, except from Canadian tariff item 8466.94.a1, U.S. tariff item 8466.94.h1, Mexican tariff item 8466.94.x1.

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<sup>98</sup> 8462.91.a1 Numerically controlled.

8462.99

8462.99.a1<sup>99</sup>

A change to Canadian tariff item 8462.99.a1, U.S. tariff item 8462.99.h1, Mexican tariff item 8462.99.x1 from any other heading, except from more than one of the following:

- o subheadings 8413.50 through 8413.60,
- o Canadian tariff item 8466.94.a1, U.S. tariff item 8466.94.h1, Mexican tariff item 8466.94.x1,
- o subheading 8501.32 or 8501.52,
- o subheading 8537.10.

8462.99

A change to subheading 8462.99 from any other heading, except from Canadian tariff item 8466.94.a1, U.S. tariff item 8466.94.h1, Mexican tariff item 8466.94.x1.

84.63

A change to heading 84.63 from any other heading, except from Canadian tariff 8466.94.a1, U.S. tariff item 8466.94.h1, Mexican tariff item 8466.94.x1 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% where the transaction value method is used; or
- b) 50% 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% where the transaction value method is used; or
- b) 50% 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 subheadings 8467.11 through 8467.89 from any other heading; or

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<sup>99</sup> 8462.99.a1 Numerically controlled.

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A change to subheadings 8467.11 through 8467.89 from any of subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8467.91-8467.99

A change to subheadings 8467.91 through 8467.99 from any other heading.

8468.10-8468.80

A change to subheadings 8468.10 through 8468.80 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8468.90

A change to subheading 8468.90 from any other heading.

84.69

8469.10.a1<sup>100</sup>

A change to Canadian tariff item 8469.10.20, U.S. tariff item 8469.10.h1, Mexican tariff item 8469.10.x1 from any other heading, except from heading 84.73; or

A change to Canadian tariff item 8469.10.a1, U.S. tariff item 8469.10.h1, Mexican tariff item 8469.10.x1 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% under the net cost method.

84.69

A change to headings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

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<sup>100</sup> 8469.10.a1

Word processing machines.  
Can8469.10.20.

84.70 A change to headings 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% where the transaction value method is used; or
- b) 50% 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8471.20-8471.91 A change to subheadings 8471.20 through 8471.91 from any other subheading outside that group.

8471.92

8471.92.a1<sup>101</sup> A change to Canadian tariff item 8471.92.a1, U.S. tariff item 8471.92.h1, Mexican tariff item 8471.92.x1 from any other subheading, except from subheading 8540.30.

8471.92.a2<sup>102</sup> A change to Canadian tariff item 8471.92.a2, U.S. tariff item 8471.92.h2, Mexican tariff item 8471.92.x2 from any other tariff item, except from Canadian tariff item 8473.30.a3<sup>103</sup>,

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<sup>101</sup> 8471.92.a1 Colour cathode-ray tube monitors.

<sup>102</sup> 8471.92 Input or output units...

Printer units:

Laser:

8471.92.a2 Capable of producing more than 20 pages per minute

8471.92.a3 Other

8471.92.a4 Light bar type electronic

8471.92.a5 Ink jet

8471.92.a6 Thermal transfer

8471.92.a7 Ionographic

[Other printers]

<sup>103</sup> 8473.30.a3 Other parts, for printers specified in Legal Note X to Chapter 84.

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8473.30.a1<sup>104</sup> or 8548.00.a1<sup>105</sup>, U.S. tariff item 8473.30.h3, 8473.30.h1 or 8548.00.h1, Mexican tariff item 8473.30.x3, 8473.30.x1 or 8548.00.x1.

8471.92.a3 A change to Canadian tariff item 8471.92.a3, U.S. tariff item 8471.92.h3, Mexican tariff item 8471.92.x3 from any other tariff item, except from Canadian tariff item 8473.30.a1 or 8548.00.a1, U.S. tariff item 8473.30.h1 or 8548.00.h1, Mexican tariff item 8473.30.x1 or 8548.00.x1.

8471.92.a4 A change to Canadian tariff item 8471.92.a4, U.S. tariff item 8471.92.h4, Mexican tariff item 8471.92.x4 from any other tariff item, except from Canadian tariff item 8473.30.a3, 8473.30.a1 or 8548.00.a1, U.S. tariff item 8473.30.h3, 8473.30.h1 or 8548.00.h1, Mexican tariff item 8473.30.x3, 8473.30.x1 or 8548.00.x1.

8471.92.a5 A change to Canadian tariff item 8471.92.a5, U.S. tariff item 8471.92.h5, Mexican tariff item 8471.92.x5 from any other tariff item, except from Canadian tariff item 8473.30.a3, U.S. tariff item 8473.30.h3, Mexican tariff item 8473.30.x3.

8471.92.a6 A change to Canadian tariff item 8471.92.a6, U.S. tariff item 8471.92.h6, Mexican tariff item 8471.92.x6 from any other tariff item, except from Canadian tariff item 8473.30.a3, U.S. tariff item 8473.30.h3, Mexican tariff item 8473.30.x3.

8471.92.a7 A change to Canadian tariff item 8471.92.a7, U.S. tariff item 8471.92.h7, Mexican tariff item 8471.92.x7 from any other tariff item, except from Canadian tariff item 8473.30.a3, U.S. tariff item 8473.30.h3, Mexican tariff item 8473.30.x3.

8471.92 A change to subheading 8471.92 from any other subheading.

8471.93 A change to subheading 8471.93 from any other subheading.

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<sup>104</sup> 8473.30.a1 Printed circuit assemblies, other than parts of printers specified in Legal Note X to Chapter 84.

<sup>105</sup> 8548.00.a1 Printed circuit assemblies for machines of heading 84.71.

8471.99

8471.99.a1<sup>106</sup> A change to Canadian tariff item 8471.99.a1, U.S. tariff item 8471.99.15, Mexican tariff item 8471.99.x1 from any other tariff item.

8471.99.a2<sup>107</sup> A change to Canadian tariff item 8471.99.a2, U.S. tariff item 8471.99.32 or 8471.99.34, Mexican tariff item 8471.99.x2 from any other tariff item.

8471.99.a3<sup>108</sup> A change to Canadian tariff item 8471.99.a3, U.S. tariff item 8471.99.60, Mexican tariff item 8471.99.x3 from any other tariff item.

8471.99 A change to any tariff item within subheading 8471.99 from any other tariff item, including another tariff item within that 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8473.10

8473.10.a1<sup>109</sup> A change to Canadian tariff item 8473.10.a1, U.S. tariff item 8473.10.h1, Mexican tariff item 8473.10.x1 from any other heading.

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<sup>106</sup> 8471.99.a1 Control or adapter units.  
U.S.8471.99.15

<sup>107</sup> 8471.99.a2 Power supplies.  
U.S.8471.99.32, 8471.99.34

<sup>108</sup> 8471.99.a3 Other units suitable for physical incorporation into automatic data processing machines or units thereof.  
U.S,8471.99.60

<sup>109</sup> 8473.10.a1 Parts for word processing machines of heading 84.69.  
Can 8473.10.91

8473.10.a2<sup>110</sup>

A change to Canadian tariff item 8473.10.a2, U.S. tariff item 8473.10.h2, Mexican tariff item 8473.10.x2 from any other heading; or

A change to Canadian tariff item 8473.10.a2, U.S. tariff item 8473.10.h2, Mexican tariff item 8473.10.x2 from within Canadian tariff item 8473.10.a2, U.S. tariff item 8473.10.h2, Mexican tariff item 8473.10.x2, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8473.21

A change to subheading 8473.21 from any other heading; or

A change to subheading 8473.21 from within subheading 8473.21, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8473.29

A change to subheading 8473.29 from any other heading; or

A change to subheading 8473.29 from within subheading 8473.29, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8473.30

8473.30.a1<sup>111</sup>

A change to Canadian tariff item 8473.30.a1, U.S. tariff item 8473.30.h1, Mexican tariff item 8473.30.x1 from any other tariff item.

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<sup>110</sup> 8473.10.a2

Parts of other machines of heading 84.69.  
Can 8473.10.92, 8473.10.93

<sup>111</sup> 8473.30.a1

Printed circuit assemblies, other than parts of printers specified in Legal Note X to Chapter 84.

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- 8473.30.a2<sup>112</sup> A change to Canadian tariff item 8473.30.a2, U.S. tariff item 8473.30.h2, Mexican tariff item 8473.30.x2 from any other tariff item.
- 8473.30.a3 A change to Canadian tariff item 8473.30.a3, U.S. tariff item 8473.30.h3, Mexican tariff item 8473.30.x3 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
- A change to subheading 8473.40 from within heading 8473.40, 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% where the transaction value method is used; or
  - b) 50% where the net cost method is used.
- 8474.10-8474.80 A change to subheadings 8474.10 through 8474.80 from any other heading; or
- A change to subheadings 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% where the transaction value method is used; or
  - b) 50% where the net cost method is used.
- 8474.90 A change to subheading 8474.90 from any other heading; or
- A change to subheading 8474.90 from within 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% where the transaction value method is used; or
  - b) 50% where the net cost method is used.
- 8475.10-8475.20 A change to subheadings 8475.10 through 8475.20 from any other heading; or

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<sup>112</sup> 8473.30.a2

Parts and accessories, including face plates and lock latches, of printed circuit assemblies of tariff item 8473.30.a1, not elsewhere classified.

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A change to subheadings 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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8475.90

A change to subheading 8475.90 from any other heading.

8476.11-8476.19

A change to subheadings 8476.11 through 8476.19 from any other heading; or

A change to subheadings 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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8476.90

A change to subheading 8476.90 from any other heading.

8477.10

A change to subheading 8477.10 from any other subheading, except from Canadian tariff item 8477.90.a1<sup>113</sup>, U.S. tariff item 8477.90.h1, Mexican tariff item 8477.90.x1 or from more than one of the following:

- o Canadian tariff item 8477.90.a2<sup>114</sup>, U.S. tariff item 8477.90.h2, Mexican tariff item 8477.x2,
- o Canadian tariff item 8537.10.a1, U.S. tariff item 8537.10.h1, Mexican tariff item 8537.10.x1.

8477.20

A change to subheading 8477.20 from any other subheading, except from Canadian tariff item 8477.90.a1, U.S. tariff item 8477.90.h1, Mexican tariff item 8477.90.x1 or from more than one of the following:

- o Canadian tariff item 8477.90.a2, U.S. tariff item 8477.90.h2, Mexican tariff item 8477.x2,
- o Canadian tariff item 8537.10.a1, U.S. tariff item 8537.10.h1, Mexican tariff item 8537.10.x1.

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<sup>113</sup> 8477.90.a1 Base, bed, platen, clamp cylinder, ram, and injection castings, weldments, and fabrications.

<sup>114</sup> 8477.90.a2 Barrel screws.

8477.30 A change to subheading 8477.30 from any other subheading, except from Canadian tariff item 8477.90.a1, U.S. tariff item 8477.90.h1, Mexican tariff item 8477.90.x1 or from more than one of the following:

- o Canadian tariff item 8477.90.a3<sup>115</sup>, U.S. tariff item 8477.90.h3, Mexican tariff item 8477.90.x3,
- o Canadian tariff item 8537.10.a1, U.S. tariff item 8537.10.h1, Mexican tariff item 8537.10.x1.

8477.40-8477.80 A change to subheadings 8477.40 through 8477.80 from any other heading; or

A change to subheadings 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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8477.90 A change to subheading 8477.90 from any other heading.

8478.10 A change to subheading 8478.10 from any other heading; or

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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8478.90 A change to subheading 8478.90 from any other heading.

8479.10-8479.81 A change to subheadings 8479.10 through 8479.81 from any other heading; or

A change to subheadings 8479.10 through 8479.81 from subheading 8479.90, whether or not there is also a change from

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<sup>115</sup>

8477.90.a3 Hydraulic assemblies incorporating at least two or more of the following: manifold; valves; pump; oil cooler.

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any other heading, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8479.82

8479.82.x1<sup>116</sup>

A change to Mexican tariff item 8479.82.x1 from any other tariff item, except from Canadian tariff item 8479.90.a1<sup>117</sup>, 8479.90.a2, 8479.90.a3 or 8479.90.a4, U.S. tariff item 8479.90.h1, 8479.90.h2, 8479.90.h3 or 8479.90.h4, Mexican tariff item 8479.90.x1, 8479.90.x2, 8479.90.x3 or 8479.90.x4, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8479.89

8479.89.a1<sup>118</sup>

A change to Canadian tariff item 8479.89.a1, U.S. tariff item 8479.89.h1 from any other tariff item, except from Canadian tariff item 8479.90.a1, 8479.90.a2, 8479.90.a3 or 8479.90.a4, U.S. tariff item 8479.90.h1, 8479.90.h2, 8479.90.h3 or

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<sup>116</sup> 8479.82.x1 Trash compactors.  
Mexico has a tariff item in subheading 8479.82 for trash compactors. U.S. and Canada classify trash compactors under subheading 8479.89.

<sup>117</sup> Parts of trash compactors:  
8479.90.a1 Frame assemblies incorporating at least two of the following: baseplate; side frames; power screws; front plates  
8479.90.a2 Ram assemblies incorporating a ram wrapper and/or ram cover  
8479.90.a3 Container assemblies incorporating at least two of the following: container bottom; container wrapper; slide rack; container front  
8479.90.a4 Cabinets or cases.

<sup>118</sup> 8479.89.a1 Trash compactors.  
Canada and the U.S. classify trash compactors under subheading 8479.89.

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8479.90.h4, Mexican tariff item 8479.90.x1, 8479.90.x2, 8479.90.x3 or 8479.90.x4, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8479.90

8479.90.a1

A change to Canadian tariff item 8479.90.a1, U.S. tariff item 8479.90.h1, Mexican tariff item 8479.90.x1 from any other tariff item.

8479.90.a2

A change to Canadian tariff item 8479.90.a2, U.S. tariff item 8479.90.h2, Mexican tariff item 8479.90.x2 from any other tariff item.

8479.90.a3

A change to Canadian tariff item 8479.90.a3, U.S. tariff item 8479.90.h3, Mexican tariff item 8479.90.x3 from any other tariff item.

8479.90.a4

A change to Canadian tariff item 8479.90.a4, U.S. tariff item 8479.90.h4, Mexican tariff item 8479.90.x4 from any other tariff item.

8479.90

A change to subheading 8479.90 from any other heading.

84.80

A change to heading 84.80 from any other heading.

8481.10-8481.80

A change to subheadings 8481.10 through 8481.80 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8481.90

A change to subheading 8481.90 from any other heading.

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8482.10-8482.80

A change to subheadings 8482.10 through 8482.80 from any other subheading outside that group, except from Canadian tariff item 8482.99.a1<sup>119</sup>, U.S. tariff item 8482.99.h1, Mexican tariff item 8482.99.x1; or

A change to subheadings 8482.10 through 8482.80 from Canadian tariff item 8482.99.a1, U.S. tariff item 8482.99.h1, Mexican tariff item 8482.99.x1, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8482.91-8482.99

A change to subheadings 8482.91 through 8482.99 from any other heading.

8483.10

A change to subheading 8483.10 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8483.20

A change to subheading 8483.20 from any other subheading, except from subheadings 8482.10 through 8482.80, Canadian tariff item 8482.99.a1, U.S. tariff item 8482.90.h1, Mexican tariff item 8482.90.x1 or subheading 8483.90; or

A change to subheadings 8483.20 from any of subheadings 8482.10 through 8482.80, Canadian tariff item 8482.99.a1, U.S. tariff item 8482.90.h1, Mexican tariff item 8482.90.x1 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8483.30

A change to subheading 8483.30 from any other heading; or

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<sup>119</sup> 8482.99.a1

Inner or outer rings or races.

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A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8483.40-8483.60

A change to subheadings 8483.40 through 8483.60 from any other subheading, except from subheadings 8482.10 through 8482.80, Canadian tariff item 8482.99.a1, U.S. tariff item 8482.99.h1, Mexican tariff item 8482.99.x1 or subheading 8483.90; or

A change to subheadings 8483.40 through 8483.60 from any of subheadings 8482.10 through 8482.80, Canadian tariff item 8482.99.a1, U.S. tariff item 8482.99.h1, Mexican tariff item 8482.99.x1 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8483.90

A change to subheading 8483.90 from any other heading.

84.84-84.85

A change to headings 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 X:

Canadian tariff item 8517.90.a3, U.S. tariff item 8517.90.h3, Mexican tariff item 8517.90.x3 covers the following parts of facsimile machines:

- (1) Control or command assemblies, incorporating at least two of the following: printed circuit assembly; modem; hard or flexible (floppy) disc drive; keyboard; user interface;
- (2) Optics module assemblies, incorporating at least two of the following: optics lamp; charge couples device and appropriate optics; lenses; mirror;
- (3) Laser imaging assemblies, incorporating at least two of the following: photoreceptor belt or cylinder; toner receptacle unit; toner developing unit; charge/discharge unit; cleaning unit;

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- (4) Ink jet marking assemblies, incorporating at least two of the following: thermal print head; ink dispensing unit; nozzle and reservoir unit; ink heater;
- (5) Thermal transfer imaging assemblies, incorporating at least two of the following: thermal print head; cleaning unit; supply or take-up roller;
- (6) Ionographic imaging assemblies, incorporating at least two 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;
- (7) Image fixing assemblies, incorporating at least two of the following: fuser; pressure roller; heating element; release oil dispenser; cleaning unit; electrical control;
- (8) Paper handling assemblies, incorporating at least two of the following: paper transport belt; roller; print bar; carriage; gripper roller; paper storage unit; exit tray;
- (9) Combinations of the above specified assemblies.

**Note Y:** For the purposes of this Chapter, references to "high definition" as it applies to television receivers and cathode-ray tubes refers to goods having:

- (1) an aspect ratio of the screen equal to or greater than 16:9; and
- (2) a viewing screen capable of displaying more than 700 scanning lines.

For the purposes of this Chapter, 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 Z:** Canadian tariff item 8529.90.a3, U.S. tariff item 8529.90.h3, Mexican tariff item 8529.90.x3 covers the following parts of television receivers:

- (1) Video intermediate (IF) amplifying and detecting systems;
- (2) Video processing and amplification systems;
- (3) Synchronizing and deflection circuitry;
- (4) Tuners and tuner control systems;
- (5) Audio detection and amplification systems.

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**Note XX:** For the purposes of Canadian tariff item 8540.91.a1, U.S. tariff item 8540.91.h1, Mexican tariff item 8540.91.x1, the term "front panel assembly" refers to 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 colour cathode ray television picture tube (including video monitor 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.

- 85.01** A change to heading 85.01 from any other heading, except from Canadian tariff item 8503.00.a1<sup>120</sup>, U.S. tariff item 8503.00.h1, Mexican tariff item 8503.00.x1; or
- A change to heading 85.01 from Canadian tariff item 8503.00.a1, U.S. tariff item 8503.00.h1, Mexican tariff item 8503.00.x1, 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% where the transaction value method is used; or
  - b) 50% where the net cost method is used.
- 85.02** A change to heading 85.02 from any other heading, except from heading 84.06, 84.11, 85.01 or 85.03; or
- A change to heading 85.02 from any of headings 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% where the transaction value method is used; or
  - b) 50% 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 subheadings 8504.10 through 8504.34 from any other heading; or
- A change to subheadings 8504.10 through 8504.34 from subheading 8504.90, whether or not there is also a change from

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<sup>120</sup> 8503.00.a1 Stators and rotors for the goods of heading 85.01.

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any other heading, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8504.40.a1<sup>121</sup>

A change to Canadian tariff item 8504.40.a1, U.S. tariff item 8504.40.h1, Mexican tariff item 8504.40.x1 from any other subheading.

8504.40.a2

A change to Canadian tariff item 8504.40.a2, U.S. tariff item 8504.40.h2, Mexican tariff item 8504.40.x2 from any other subheading, except from Canadian tariff item 8504.90.a1, U.S. tariff item 8504.40.h1, Mexican tariff item 8504.40.x1.

8504.40

A change to subheading 8504.40 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

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<sup>121</sup> Proposed HS 8504.40 Nomenclature:

- 8504.40.a1 Power supplies for the automatic data processing machines of heading 84.71.  
(The U.S. classifies all power supplies principally or solely used with ADP machines in heading 84.71.)
- 8504.40.a2 Speed drive controllers for electric motors.
- 8504.90.a1 Printed circuit assemblies.
- 8504.90.a2 Other parts of power supplies for automatic data processing machines of heading 84.71.  
(The U.S. classifies all parts of power supplies principally or solely used with ADP machines of heading 84.71 in heading 84.73.)

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8504.90

8504.90.a2 A change to Canadian tariff item 8504.90.a2, U.S. tariff item 8504.90.h2, Mexican tariff item 8504.90.x2 from any other tariff item.

8504.90 A change to subheading 8504.90 from any other heading.

8505.11-8505.30 A change to subheadings 8505.11 through 8505.30 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% 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 subheadings 8506.11 through 8506.20 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8506.90 A change to subheading 8506.90 from any other heading.

8507.10-8507.80 A change to subheadings 8507.10 through 8507.80 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8507.90 A change to subheading 8507.90 from any other heading.

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- 8508.10-8508.80      A change to subheadings 8508.10 through 8508.80 from any other subheading outside that group, except from heading 85.01 or Canadian tariff item 8508.90.a1<sup>122</sup>, U.S. tariff item 8508.90.h1, Mexican tariff item 8508.90.x1; or
- A change to subheadings 8508.10 through 8508.80 from any of heading 85.01 or Canadian tariff item 8508.90.a1, U.S. tariff item 8508.90.h1, Mexican tariff item 8508.90.x1, 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% where the transaction value method is used; or
  - b)      50% 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 subheadings 8509.10 through 8509.40 from any other subheading outside that group, except from heading 85.01 or Canadian tariff item 8509.90.a1<sup>123</sup>, U.S. tariff item 8509.90.h1, Mexican tariff item 8509.90.x1; or
- A change to subheadings 8509.10 through 8509.40 from any of heading 85.01 or Canadian tariff item 8509.90.a1, U.S. tariff item 8509.90.h1, Mexican tariff item 8509.90.x1, 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% where the transaction value method is used; or
  - b)      50% where the net cost method is used.
- 8509.80                      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% where the transaction value method is used; or
  - b)      50% where the net cost method is used.
- 8509.90                      A change to subheading 8509.90 from any other heading.
- 8510.10-8510.20      A change to subheadings 8510.10 through 8510.20 from any other heading; or

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<sup>122</sup> 8508.90.a1    Housings.

<sup>123</sup> 8509.90.a1    Housings.

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A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8510.90

A change to subheading 8510.90 from any other heading.

8511.10-8511.80

A change to subheadings 8511.10 through 8511.80 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8511.90

A change to subheading 8511.90 from any other heading.

8512.10-8512.40

A change to subheadings 8512.10 through 8512.40 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% 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

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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8513.90

A change to subheading 8513.90 from any other heading.

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- 8514.10-8514.40 A change to subheadings 8514.10 through 8514.40 from any other heading; or
- A change to subheadings 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:
- a) 60% where the transaction value method is used; or
  - b) 50% where the net cost method is used.
- 8514.90 A change to subheading 8514.90 from any other heading.
- 8515.11-8515.80 A change to subheadings 8515.11 through 8515.80 from any other heading; or
- A change to subheadings 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:
- a) 60% where the transaction value method is used; or
  - b) 50% 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 subheadings 8516.10 through 8516.29 from subheading 8516.80 or any other heading; or
- A change to subheadings 8516.10 through 8516.29 from subheading 8516.90, whether or not there is also a change from any of subheading 8516.80 or any other heading, provided there is a regional value content of not less than:
- a) 60% where the transaction value method is used; or
  - b) 50% 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 from any other heading; or
- A change to subheading 8516.32 from subheading 8516.90, whether or not there is also a change from any of subheading

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8516.80 or any other heading, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8516.33 A change to subheading 8516.33 from any other subheading, except from subheading 8516.80, heading 85.01 or Canadian tariff item 8516.90.a1<sup>124</sup>, U.S. tariff item 8516.90.h1, Mexican tariff item 8516.90.x1.

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.a2<sup>126</sup>, U.S. tariff item 8516.90.h2, Mexican tariff item 8516.90.x2.

8516.50 A change to subheading 8516.50 from any other subheading, except from Canadian tariff item 8516.90.a3<sup>126</sup> or 8516.90.a4<sup>127</sup>, U.S. tariff item 8516.90.h3 or 8516.90.h4, Mexican tariff item 8516.90.x3 or 8516.90.x4.

8516.60

8516.60.a1<sup>128</sup> A change to Canadian tariff item 8516.60.a1, U.S. tariff item 8516.60.h1, Mexican tariff item 8516.60.x1 from any other tariff item, except from Canadian tariff item 8516.90.a5<sup>129</sup>,

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<sup>124</sup> 8516.90.a1 Housings for the goods of subheading 8516.33.

<sup>126</sup> 8516.90.a2 Housings and steel bases for the goods of subheading 8516.40.

<sup>126</sup> 8516.90.a3 Assemblies of the goods of subheading 8516.50, incorporating at least two of the following: cooking chamber; structural supporting chassis; door; outer case.

<sup>127</sup> 8516.90.a4 Printed circuit assemblies for the goods of subheading 8516.50.

<sup>128</sup> 8516.60.a1 Ovens, cooking stoves, and ranges.

<sup>129</sup> For the goods of tariff item 8516.90.a1:

8516.90.a5 Cooking chambers, whether or not assembled.

8516.90.a6 Top surface panels with or without heating elements or controls.

8516.90.a7 Door assemblies incorporating at least two of the following: inner panel; outer panel; window; insulation.

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8516.90.a6, 8516.90.a7 or 8537.10.a1<sup>130</sup>, U.S. tariff item  
8516.90.h5, 8516.90.h6, 8516.90.h7 or 8537.10.h1, Mexican  
tariff item 8516.90.x5, 8516.90.x6, 8516.90.x7 or 8537.10.x1.

8516.60

A change to subheading 8516.60 from any other subheading.

8516.71

A change to subheading 8516.71 from subheading 8516.80 or from  
any other heading; or

A change to subheading 8516.71 from subheading 8516.90,  
whether or not there is also a change from any of subheading  
8516.80 or any other heading, provided there is a regional value  
content of not less than:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8516.72

A change to subheading 8516.72 from any other subheading,  
except from Canadian tariff item 8516.90.a8<sup>131</sup>, U.S. tariff item  
8516.90.h8, Mexican tariff item 8516.90.x8 or subheading  
9032.10; or

A change to subheading 8516.72 from any of Canadian tariff item  
8516.90.a8, U.S. tariff item 8516.90.h8, Mexican tariff item  
8516.90.x8 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8516.79

A change to subheading 8516.79 from subheading 8516.80 or from  
any other heading; or

A change to subheading 8516.79 from subheading 8516.90,  
whether or not there is also a change from any of subheading  
8516.80 or any other heading, provided there is a regional value  
content of not less than:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

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<sup>130</sup> 8537.10.a1 Assembled with outer housing or supports, for the goods of heading 84.21,  
84.22, 84.50 or 85.16.

<sup>131</sup> 8516.90.a8 Housings for toasters.

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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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8516.90

8516.90.a3

A change to Canadian tariff item 8516.90.a3, U.S. tariff item 8516.90.h3, Mexican tariff item 8516.90.x3 from any other tariff item.

8516.90.a4

A change to Canadian tariff item 8516.90.a4, U.S. tariff item 8516.90.h4, Mexican tariff item 8516.90.x4 from any other tariff item.

8516.90.a5

A change to Canadian tariff item 8516.90.a5, U.S. tariff item 8516.90.h5, Mexican tariff item 8516.90.x5 from any other tariff item.

8516.90.a6

A change to Canadian tariff item 8516.90.a6, U.S. tariff item 8516.90.h6, Mexican tariff item 8516.90.x6 from any other tariff item.

8516.90.a7

A change to Canadian tariff item 8516.90.a7, U.S. tariff item 8516.90.h7, Mexican tariff item 8516.90.x7 from any other tariff item.

8516.90

A change to subheading 8516.90 from any other heading.

8517.10<sup>132</sup>

A change to subheading 8517.10 from any other subheading, except from Canadian tariff item 8517.90.a1, U.S. tariff item 8517.90.04, Mexican tariff item 8517.90.x1.

8517.20

A change to subheading 8517.20 from any other subheading, provided that, with respect to printed circuit assemblies (PCAs) of Canadian tariff item 8517.90.a1 or 8473.30.a1, U.S. tariff item 8517.90.04 or 8473.30.h1, Mexican tariff item 8517.90.x1 or 8473.30.x1:

- 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.

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<sup>132</sup> Heading 85.17 Nomenclature, including new tariff items

8517.10	Telephone sets.
8517.20	Teleprinters.
8517.30	Telephonic or telegraphic switching apparatus
8517.40.a1	Modems, of a kind used with data processing machines of heading 84.71.
8517.40.a2	Other apparatus for carrier-current line systems, telephonic.
8517.40.a3	Other apparatus for carrier-current line systems, telegraphic.
8517.81	Other apparatus, telephonic.
8517.81.x1	Facsimile machines. (Mexico has a current provision under subheading 8517.81 (8517.81.05) for facsimile machines.)
8517.82.a1	Other apparatus, telegraphic.
8517.82.a2	Facsimile machines.
8517.90	Parts
	Parts of facsimile machines:
8517.90.a3	Parts specified in Legal Note X to Chapter 85.
8517.90.a8	Other parts.
	Other parts, incorporating printed circuit assemblies:
8517.90.a1	Parts for telephone sets.
8517.90.a2	Parts for goods of subheadings 8517.20, 8517.30, 8517.81 and tariff item 8517.40.a2.
8517.90.a4	Other.
	Other parts:
8517.90.a5	Printed circuit assemblies.
8517.90.a6	Locks and latches for printed circuit assemblies.
8517.90.a7	Other.

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8517.30

A change to subheading 8517.30 from any other subheading, provided that, with respect to printed circuit assemblies (PCAs) of Canadian tariff item 8517.90.a1 or 8473.30.a1, U.S. tariff item 8517.90.04 or 8473.30.h1, Mexican tariff item 8517.90.x1 or 8473.30.x1:

- 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.a2

A change to Canadian tariff item 8517.40.a2, U.S. tariff item 8517.40.h2, Mexican tariff item 8517.40.x2 from any other subheading, provided that, with respect to printed circuit assemblies (PCAs) of Canadian tariff item 8517.90.a1 or 8473.30.a1, U.S. tariff item 8517.90.04 or 8473.30.h1, Mexican tariff item 8517.90.x1 or 8473.30.x1:

- 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

A change to subheading 8517.40 from any other subheading.

8517.81

8517.81.x1

A change to Mexican tariff item 8517.81.x1 from any other tariff item, except from Canadian tariff item 8517.90.a3, U.S. tariff item 8517.90.h3, Mexican tariff item 8517.90.x3.

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 8517.90.a1 or 8473.30.a1, U.S. tariff item 8517.90.04 or 8473.30.h1, Mexican tariff item 8517.90.x1 or 8473.30.x1:

- a) except as provided in subparagraph (b), for each multiple of nine PCAs, or any portion thereof, that is

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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.

8517.82

8517.82.a2 A change to Canadian tariff item 8517.82.a2, U.S. tariff item 8517.82.h2 from any other tariff item, except from Canadian tariff item 8517.90.a3, U.S. tariff item 8517.90.h3, Mexican tariff item 8517.90.x3.

8517.82 A change to subheading 8517.82 from any other subheading.

8517.90

8517.90.a1 A change to Canadian tariff item 8517.90.a1, U.S. tariff item 8517.90.h1, Mexican tariff item 8517.90.x1 from any other tariff item, except from Canadian tariff item 8517.90.a5, U.S. tariff item 8517.90.h5, Mexican tariff item 8517.90.x5.

8517.90.a2 A change to Canadian tariff item 8517.90.a2, U.S. tariff item 8517.90.h2, Mexican tariff item 8517.90.x2 from any other tariff item, provided that, with respect to printed circuit assemblies (PCAs) of Canadian tariff item 8517.90.a1 or 8473.30.a1, U.S. tariff item 8517.90.04 or 8473.30.h1, Mexican tariff item 8517.90.x1 or 8473.30.x1:

- 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.a3 A change to Canadian tariff item 8517.90.a3, U.S. tariff item 8517.90.h3, Mexican tariff item 8517.90.x3 from any other tariff item.

8517.90.a4 A change to Canadian tariff item 8517.90.a4, U.S. tariff item 8517.90.h4, Mexican tariff item 8517.90.x4 from any other tariff item.

8517.90.a5 A change to Canadian tariff item 8517.90.a5, U.S. tariff item 8517.90.h5, Mexican tariff item 8517.90.x5 from any other tariff item.

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- 8517.90.a6 A change to Canadian tariff item 8517.90.a6, U.S. tariff item 8517.90.h6, Mexican tariff item 8517.90.x6 from any other heading.
- 8517.90.a7 A change to Canadian tariff item 8517.90.a7, U.S. tariff item 8517.90.h7, Mexican tariff item 8517.90.x7 from Canadian tariff item 8517.90.a6, U.S. tariff item 8517.90.h6, Mexican tariff item 8517.90.x6 or from any other heading.
- 8517.90 A change to subheading 8517.90 from any other heading.
- 8518.10-8518.21 A change to subheadings 8518.10 through 8518.21 from any other heading; or
- A change to subheadings 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% where the transaction value method is used; or
  - b) 50% 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 any of 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% where the transaction value method is used; or
  - b) 50% 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% where the transaction value method is used; or
  - b) 50% where the net cost method is used.
- 8518.30
- 8518.30.a1<sup>133</sup> A change to Canadian tariff item 8518.30.a1, U.S. tariff item 8518.30.10, Mexican tariff item 8518.30.x1 from any other tariff item.

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<sup>133</sup> 8518.30.a1 Telephone handsets.

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- 8518.30 A change to subheading 8518.30 from any other heading; 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% where the transaction value method is used; or
  - b) 50% where the net cost method is used.
- 8518.40-8518.50 A change to subheadings 8518.40 through 8518.50 from any other heading; or
- A change to subheadings 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% where the transaction value method is used; or
  - b) 50% where the net cost method is used.
- 8518.90 A change to subheading 8518.90 from any other heading.
- 8519.10-8519.99 A change to subheadings 8519.10 through 8519.99 from any other subheading, including another subheading within that group, except from Canadian tariff item 8522.90.a1<sup>134</sup>, U.S. tariff item 8522.90.h1, 8522.90.x1.
- 8520.10-8520.90 A change to subheadings 8520.10 through 8520.90 from any other subheading, including another subheading within that group, except from Canadian tariff item 8522.90.a1, U.S. tariff item 8522.90.h1, 8522.90.x1.
- 8521.10-8521.90 A change to subheadings 8521.10 through 8521.90 from any other subheading, including another subheading within that group, except from Canadian tariff item 8522.90.a1, U.S. tariff item 8522.90.h1, 8522.90.x1.
- 85.22 A change to heading 85.22 from any other heading.
- 85.23-85.24 A change to headings 85.23 through 85.24 from any other heading, including another heading within that group.
- 8525.10-8525.20 A change to subheadings 8525.10 through 8525.20 from any other subheading, provided that, with respect to printed circuit assemblies

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<sup>134</sup> 8522.90.a1 Printed circuit assemblies for the apparatus provided for in headings 85.19, 85.20 and 85.21.

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(PCAs) of Canadian tariff item 8529.90.a1<sup>135</sup>, U.S. tariff item 8529.90.h1, Mexican tariff item 8529.90.x1:

- 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.

8525.30

8525.30.a1<sup>136</sup> A change to Canadian tariff item 8525.30.a1, U.S. tariff item 8525.30.h1, Mexican tariff item 8525.30.x1 from any other tariff item, except from Canadian tariff item 8525.30.a2<sup>137</sup>, U.S. tariff item 8525.30.h2, Mexican tariff item 8525.30.x2.

8525.30

A change to subheading 8525.30 from any other subheading, except from Canadian tariff item 8529.90.a1, U.S. tariff item 8529.90.h1, Mexican tariff item 8529.90.x1.

8526.10

A change to subheading 8526.10 from any other subheading, except from subheading 8525.20, Canadian tariff item 8529.90.a2<sup>138</sup>, U.S. tariff item 8529.90.h2, Mexican tariff item 8529.90.x2 or from more than two of the following:

- o subheading 8529.10,
- o radar display unit<sup>139</sup>,
- o Canadian tariff item 8529.90.a1, U.S. tariff item 8529.90.h1, Mexican tariff item 8529.90.x1.

8526.91-8526.92

A change to subheadings 8526.91 through 8526.92 from any other heading, except from heading 85.29; or

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<sup>135</sup> 8529.90.a1 Printed circuit assemblies for goods classified in under headings 85.25 through 85.28.

<sup>136</sup> 8525.30.a1 Gyrostabilized television cameras.

<sup>137</sup> 8525.30.a2 Studio television cameras, excluding shoulder-carried and other portable cameras.

<sup>138</sup> 8529.90.a2 Transceiver assemblies for the apparatus of subheading 8526.10, not elsewhere specified.

<sup>139</sup> Tariff items to be developed.

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A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8527.11-8527.39

A change to subheadings 8527.11 through 8527.39 from any other subheading, including another subheading within that group, except from Canadian tariff item 8529.90.a1, U.S. tariff item 8529.90.h1, Mexican tariff item 8529.90.x1.

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.a1, U.S. tariff item 8529.90.h1, Mexican tariff item 8529.90.x1:

- 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.a1<sup>140</sup>

A change to Canadian tariff item 8528.10.a1, U.S. tariff item 8528.10.h1, Mexican tariff item 8528.10.x1 from any other heading, except from Canadian tariff item 8529.90.a1, U.S. tariff item 8529.90.h1, Mexican tariff item 8529.90.x1.

8528.10.a2<sup>141</sup>

A change to Canadian tariff item 8528.10.a2, U.S. tariff item 8528.10.h2, Mexican tariff item 8528.10.x2 from any other heading, except from Canadian tariff 8540.11.a1<sup>142</sup>, U.S. tariff item 8540.11.h1, Mexican tariff item 8540.11.x1.

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<sup>140</sup> 8528.10.a1 Non-high definition television receivers, having a single picture tube intended for direct viewing (non-projection type), with a video display diagonal not exceeding 14 inches (35.56 cm).

<sup>141</sup> 8528.10.a2 Non-high definition television receivers having a single picture tube intended for direct viewing (non-projection type), with a video display diagonal exceeding 14 inches (35.56 cm).

<sup>142</sup> 8540.11.a1 Non-high definition, for non-projection televisions.

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**Note:** Commencing on January 1, 1999, the above rule of origin for tariff item 8528.10.a2 shall be replaced by the following:

**8528.10.a2** A change to Canadian tariff item 8528.10.a2, U.S. tariff item 8528.10.h2, Mexican tariff item 8528.10.x2 from any other heading, except from Canadian tariff 8540.11.a1, U.S. tariff item 8540.11.h1, Mexican tariff item 8540.11.x1 or a combination of all the specified parts of television receivers, as listed in Note Z to Chapter 85, plus a power supply.

**8528.10.a3<sup>143</sup>** A change to Canadian tariff item 8528.10.a3, U.S. tariff item 8528.10.h3, Mexican tariff item 8528.10.x3 from any other heading, except from Canadian tariff item 8540.12.a1<sup>144</sup>, U.S. tariff item 8540.12.h1, 8540.12.x1.

**8528.10.a4<sup>145</sup>** A change to Canadian tariff item 8528.10.a4, U.S. tariff item 8528.10.h4, Mexican tariff item 8528.10.x4 from any other heading, except from Canadian tariff 8540.11.a2<sup>146</sup>, Mexican tariff 8540.11.h2, U.S. 8540.11.x2. In addition, no more than half by unit of the semiconductors of Canadian tariff item 8542.11.a1<sup>147</sup>, U.S. tariff item 8542.11.h1, Mexican tariff item 8542.11.x1 may be non-originating; or

A change to Canadian tariff item 8528.10.a4, U.S. tariff item 8528.10.h4, Mexican tariff item 8528.10.x4 from any other heading, except from Canadian tariff 8540.11.a2, Mexican tariff 8540.11.h2, U.S. 8540.11.x2. In addition, the regional value content must be not less than:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

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<sup>143</sup> 8528.10.a3 Non-high definition television receivers, projection type, with cathode ray tube.

<sup>144</sup> 8540.12.a1 Non-high definition.

<sup>145</sup> 8528.10.a4 High definition television receivers, non-projection type, with cathode ray tube.

<sup>146</sup> 8540.11.a2 High definition.

<sup>147</sup> 8542.11.a1 Monolithic integrated circuits for high definition television, having greater than 100,000 gates.

**8528.10.a5<sup>148</sup>** A change to Canadian tariff item 8528.10.a5, U.S. tariff item 8528.10.h5, Mexican tariff item 8528.10.x5 from any other heading, except from Canadian tariff item 8540.12.a2<sup>149</sup>, Mexican tariff item 8540.12.h2, U.S. tariff item 8540.12.x2. In addition, no more than half by unit of the semiconductors of Canadian tariff item 8542.11.a1, U.S. tariff item 8542.11.h1, Mexican tariff item 8542.11.x1 may be non-originating; or

A change to Canadian tariff item 8528.10.a5, U.S. tariff item 8528.10.h5, Mexican tariff item 8528.10.x5 from any other heading, except from Canadian tariff item 8540.12.a2, Mexican tariff item 8540.12.h2, U.S. tariff item 8540.12.x2. In addition, the regional value content must be not less than:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

**8528.10.a6<sup>150</sup>** A change to Canadian tariff item 8528.10.a6, U.S. tariff item 8528.10.h6, Mexican tariff item 8528.10.x6 from any other heading, except from Canadian tariff item 8529.90.a5<sup>161</sup>, U.S. tariff item 8529.90.h5, Mexican tariff item 8529.90.x5.

**8528.10** A change to subheading 8528.10 from any other heading, provided there is a regional value-content percentage is not less than:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

**8528.20** A change to subheading 8528.20 from any other heading, provided that, with respect to printed circuit assemblies (PCAs) of Canadian tariff item 8529.90.a1, U.S. tariff item 8529.90.10, Mexican tariff item 8529.90.x1:

- a) except as provided in subparagraph (b), for each multiple of nine PCAs, or any portion thereof, that is

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<sup>148</sup> 8528.10.a5 High definition television receivers, projection type, with cathode ray tube.

<sup>149</sup> 8540.12.a2 High definition.

<sup>150</sup> 8528.10.a6 Television receivers, with a flat panel screen.

<sup>161</sup> 8529.90.a5 Flat panel screen assemblies for the goods of tariff item 8528.10.a6.

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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.

8529.10 A change to subheading 8529.10 from any other heading.

8529.90

8529.90.a1 A change to Canadian tariff item 8529.90.a1, U.S. tariff item 8529.90.h1, Mexican tariff item 8529.90.x1 from any other tariff item.

8529.90.a2 A change to Canadian tariff item 8529.90.a2, U.S. tariff item 8529.90.h2, Mexican tariff item 8529.90.x2 from any other tariff item.

8529.90.a3<sup>152</sup> A change to Canadian tariff item 8529.90.a3, U.S. tariff item 8529.90.h3, Mexican tariff item 8529.90.x3 from any other tariff item.

8529.90.a4<sup>153</sup> A change to Canadian tariff item 8529.90.a4, U.S. tariff item 8529.90.h4, Mexican tariff item 8529.90.x4 from any other tariff item.

8529.90.a5 A change to Canadian tariff item 8529.90.a5, U.S. tariff item 8529.90.h5, Mexican tariff item 8529.90.x5 from any other tariff item.

8529.90.a6<sup>154</sup> A change to Canadian tariff item 8529.90.a6, U.S. tariff item 8529.90.h6, Mexican tariff item 8529.90.x6 from any other tariff item.

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<sup>152</sup> 8529.90.a3 Parts of television receivers specified in Legal Note Z to Chapter 85.

<sup>153</sup> 8529.90.a4 Combinations of parts of television receivers specified in Legal Note Z to Chapter 85.

<sup>154</sup> 8529.90.a6 Parts and accessories, including face plates and lock latches, of printed circuit assemblies of tariff item 8529.90.a1, not elsewhere specified.

8529.90.a7<sup>165</sup> A change to Canadian tariff item 8529.90.a7, U.S. tariff item 8529.90.h7, Mexican tariff item 8529.90.x7 from any other heading; or

A change to Canadian tariff item 8529.90.a7, U.S. tariff item 8529.90.h7, Mexican tariff item 8529.90.x7 from within Canadian tariff item 8529.90.a7, U.S. tariff item 8529.90.h7, Mexican tariff item 8529.90.x7, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8529.90 A change to subheading 8529.90 from any other heading.

8530.10-8530.80 A change to subheadings 8530.10 through 8530.80 from any other heading; or

A change to subheadings 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 not less than:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8530.90 A change to subheading 8530.90 from any other heading.

8531.10 A change to subheading 8531.10 from any other subheading, except from Canadian tariff item 8531.90.a1<sup>166</sup>, U.S. tariff item 8531.90.h1, Mexican tariff item 8531.90.x3.

8531.20 A change to subheading 8531.20 from any other heading; or

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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

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<sup>165</sup> 8529.90.a7 Other parts for goods of headings 85.25 and 85.27 (except parts of cellular telephones).

<sup>166</sup> 8531.90.a1 Printed circuit assemblies.

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8531.80

8531.80.h1<sup>167</sup>

A change to U.S. tariff item 8531.80.h1 from any other subheading, provided that, with respect to printed circuit assemblies (PCAs) of Canadian tariff item 8531.90.a1, U.S. tariff item 8531.90.h1, Mexican tariff item 8531.90.x1:

- 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% where the transaction value method is used; or
- b) 50% 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8532.21-8532.30

A change to subheadings 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.

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<sup>167</sup> 8531.80.h1 Paging alert devices.

Canada and Mexico classify the articles in 8527.90 (Canadian tariff item 8527.90.90). U.S. classifies some in 8527.90.8010 (which display information received by radio communications) and others in 8531.80.0035 (which merely sound an alarm). The desire is to have the same rule apply to the goods wherever classified. Thus, the U.S. will have to make a breakout for these devices in subheading 8531.80.

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8533.10-8533.39 A change to subheadings 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 from Canadian tariff item 8533.90.a1<sup>158</sup>, U.S. tariff item 8533.90.h1, Mexican tariff item 8533.90.x1.

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.a1<sup>159</sup> A change to Canadian tariff item 8535.90.a1, U.S. tariff item 8535.90.h1, Mexican tariff item 8535.90.x1 from any other tariff item, except from Canadian tariff item 8538.90.a1<sup>160</sup>, U.S. tariff item 8538.90.h1, Mexican tariff item 8538.90.x1; or

A change to Canadian tariff item 8535.90.a1, U.S. tariff item 8535.90.h1, Mexican tariff item 8535.90.x1 from Canadian tariff item 8538.90.a1, U.S. tariff item 8535.90.h1, Mexican tariff item 8538.90.x1, 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% where the transaction value method is used; or
- b) 50% 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.a2<sup>161</sup> or 8538.90.a3<sup>162</sup>, U.S. tariff

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<sup>158</sup> 8533.90.a1 For the goods of subheading 8533.40, of ceramic or metallic materials, electrically or mechanically reactive to changes in temperature.

<sup>159</sup> 8535.90.a1 Motor starters and motor overload protectors.

<sup>160</sup> 8538.90.a1 For the goods of tariff item 8535.90.a1, 8536.30.a1 or 8536.50.a1 (Mexican tariff item 8536.90.x1), of ceramic or metallic materials, electrically or mechanically reactive to changes in temperature.

Mexico believes that the motor starters are properly classified in subheading 8538.90. Mexican tariff has two provisions in subheading 8536.90 for motor starters.

<sup>161</sup> 8538.90.a2 Printed circuit assemblies.

<sup>162</sup> 8538.90.a3 Moulded parts.

item 8538.90.h2 or 8538.90.h3, Mexican tariff item 8538.90.x2 or 8538.90.x3; or

A change to heading 85.35 from any of Canadian tariff items 8538.90.a2 or 8538.90.a3, U.S. tariff items 8538.90.h2 or 8538.90.h3, Mexican tariff items 8538.90.x2 or 8538.90.x3, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

85.36

8536.30.a1<sup>163</sup>

A change to Canadian tariff item 8536.30.a1, U.S. tariff item 8536.30.h1, Mexican tariff item 8536.30.x1 from any other tariff item, except from Canadian tariff item 8538.90.a1, U.S. tariff item 8538.90.h1, Mexican tariff item 8538.90.x1; or

A change to Canadian tariff item 8536.30.a1, U.S. tariff item 8536.30.h1, Mexican tariff item 8536.30.x1 from Canadian tariff item 8538.90.a1, U.S. tariff item 8538.90.h1, Mexican tariff item 8538.90.x1, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8536.50.a1<sup>164</sup>

A change to Canadian tariff item 8536.50.a1, U.S. tariff item 8536.50.h1, Mexican tariff item 8536.50.x1 from any other tariff item, except from Canadian tariff item 8538.90.a1, U.S. tariff item 8538.90.h1, Mexican tariff item 8538.90.x1; or

A change to Canadian tariff item 8536.50.a1, U.S. tariff item 8536.50.h1, Mexican tariff item 8536.50.x1 from Canadian tariff item 8538.90.a1, U.S. tariff item 8538.90.h1, Mexican tariff item 8538.90.x1, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

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<sup>163</sup> 8536.30.a1 Motor overload protectors.

<sup>164</sup> 8536.50.a1 Motor starters.

8536.90.x1<sup>166</sup>

A change to Mexican tariff item 8536.90.x1 from any other tariff item, except from Canadian tariff item 8538.90.a1, U.S. tariff item 8538.90.h1, Mexican tariff item 8538.90.x1; or

A change to Mexican tariff item 8536.90.x1 from Canadian tariff item 8538.90.a1, U.S. tariff item 8538.90.h1, Mexican tariff item 8538.90.x1, 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% where the transaction value method is used; or
- b) 50% 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.a2 or 8538.90.a3, U.S. tariff item 8538.90.h2 or 8538.90.h3, Mexican tariff item 8538.90.x2 or 8538.90.x3; or

A change to heading 85.36 from any of Canadian tariff items 8538.90.a2 or 8538.90.a3, U.S. tariff items 8538.90.h2 or 8538.90.h3, Mexican tariff items 8538.90.x2 or 8538.90.x3, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

85.37

A change to heading 85.37 from any other heading, except from Canadian tariff item 8538.90.a2 or 8538.90.a3, U.S. tariff item 8538.90.h2 or 8538.90.h3, Mexican tariff item 8538.90.x2 or 8538.90.x3; or

A change to heading 85.37 from any of Canadian tariff items 8538.90.a2 or 8538.90.a3, U.S. tariff items 8538.90.h2 or 8538.90.h3, Mexican tariff items 8538.90.x2 or 8538.90.x3, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

85.38

A change to heading 85.38 from any other heading.

8539.10-8539.40

A change to subheadings 8539.10 through 8539.40 from any other heading; or

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<sup>166</sup> 8536.90.x1 Motor starters.

A change to subheadings 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:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8539.90

A change to subheading 8539.90 from any other heading.

8540.11

8540.11.a1<sup>166</sup>

A change to Canadian tariff item 8540.11.a1, U.S. tariff item 8540.11.h1, Mexican tariff item 8540.11.x1 from any other subheading, except from more than one of the following:

- o Canadian tariff item 8540.91.a1<sup>167</sup>, U.S. tariff item 8540.91.11, Mexican tariff item 8540.91.x1
- o Canadian tariff item 7011.20.a1<sup>168</sup>, U.S. tariff item 7011.20.11, Mexican tariff item 7011.20.x1.

8540.11.a2<sup>169</sup>

A change to Canadian tariff item 8540.11.a2, U.S. tariff item 8540.11.h2, Mexican tariff item 8540.11.x2 from any other subheading, except from Canadian tariff item 8540.91.a1, U.S. tariff item 8540.91.h1, Mexican tariff item 8540.91.x1.

8540.11

A change to subheading 8540.11 from any other heading; or

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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

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<sup>166</sup> 8540.11.a1 Non-high definition, for non-projection televisions.  
(Previously mentioned with respect to tariff item 8528.10.a2)

<sup>167</sup> 8540.91.a1 Front panel assemblies.

<sup>168</sup> 7011.20.a1 Cones.

<sup>169</sup> 8540.11.a2 High definition.  
(Previously mentioned with respect to tariff item 8528.10.a4)

8540.12

8540.12.a1<sup>170</sup>

A change to Canadian tariff item 8540.12.a1, U.S. tariff item 8540.12.h1, Mexican tariff item 8540.12.x1 from any other subheading, except from more than one of the following:

- o Canadian tariff item 8540.91.a1, U.S. tariff item 8540.91.11, Mexican tariff item 8540.91.x1,
- o Canadian tariff item 7011.21.a1, U.S. tariff item 7011.21.11, Mexican tariff item 7011.21.x1.

8540.12.a2<sup>171</sup>

A change to Canadian tariff item 8540.12.a2, U.S. tariff item 8540.12.h2, Mexican tariff item 8540.12.x2 from any other subheading, except from Canadian tariff item 8540.91.a1, U.S. tariff item 8540.91.h1, Mexican tariff item 8540.91.x1.

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% where the transaction value method is used; or
- b) 50% 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 any of subheadings 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% where the transaction value method is used; or
- b) 50% 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.a1, U.S. tariff item 8540.91.h1, Mexican tariff item 8540.91.x1.

8540.41-8540.49

A change to subheadings 8540.41 through 8540.49 from any other subheading outside of that group, except from Canadian tariff item

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<sup>170</sup> 8540.12.a1 Non-high definition.

(Previously mentioned with respect to tariff item 8528.10.a3)

<sup>171</sup> 8540.12.a2 High definition.

(Previously mentioned with respect to tariff item 8528.10.a5)

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8540.99.a1<sup>172</sup>, U.S. tariff item 8540.99.h1, Mexican tariff item 8540.99.x1.

8540.81-8540.89 A change to subheadings 8540.81 through 8540.89 from any other subheading, including another subheading within that group.

8540.91

8540.91.a1 A change to Canadian tariff item 8540.91.a1, U.S. tariff item 8540.91.11, Mexican tariff item 8540.91.x1 from any other tariff item.

8540.91 A change to subheading 8540.91 from any other heading.

8540.99

8540.99.a1 A change to Canadian tariff item 8540.99.a1, U.S. tariff item 8540.99.h1, Mexican tariff item 8540.99.x1 from any other tariff item.

8540.99 A change to subheading 8540.99 from any other heading.

85.41-85.42 **Note:** Notwithstanding Article 410 (Transshipment), goods qualifying under the rule below as originating goods 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 headings 85.41 and 85.42.

A change to subheadings 8541.10 through 8542.90 from any other subheading, including another subheading within that group.

8543.10-8543.30 A change to subheadings 8543.10 through 8543.30 from any other heading; or

A change to subheadings 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

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<sup>172</sup> 8540.99.a1 Electron guns; radio frequency (RF) interaction structures for microwave tubes of subheadings 8540.41 through 8540.49.

8543.80

8543.80.a1<sup>173</sup>

A change to Canadian tariff item 8543.80.a1, U.S. tariff item 8543.80.h1, Mexican tariff item 8543.80.x1 from any other subheading, except from subheading 8504.40 or Canadian tariff item 8543.90.a1<sup>174</sup>, U.S. tariff item 8543.90.h1, Mexican tariff item 8543.90.x1; or

A change to Canadian tariff item 8543.80.a1, U.S. tariff item 8543.80.h1, Mexican tariff item 8543.80.x1 from any of subheading 8504.40 or Canadian tariff item 8543.90.a1, U.S. tariff item 8543.90.h1, Mexican tariff item 8543.90.x1, 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% where the transaction value method is used; or
- b) 50% 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8543.90

A change to subheading 8543.90 from any other heading.

8544.11-8544.60

A change to subheadings 8544.11 through 8544.60 from any other subheading, except from heading 74.08, 74.13, 76.05 or 76.14; or

A change to subheadings 8544.11 through 8544.60 from any of headings 74.08, 74.13, 76.05 or 76.14, whether or not there is also a change from any other subheading, provided there is also a regional value content of not less than:

- a) 60% where the transaction value method is used; or
- b) 50% where the net cost method is used.

8544.70

A change to subheading 8544.70 from any other subheading, except from heading 90.01 or 70.02; or

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<sup>173</sup> 8543.80.a1 Microwave amplifiers.

<sup>174</sup> 8543.90.a1 Printed circuit assemblies.

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A change to subheading 8544.70 from any of headings 90.01 or 70.02, 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% where the transaction value method is used; or
- b) 50% where the net cost method is used.

85.45-85.48

A change to headings 85.45 through 85.48 from any other heading, including another heading within that group.

## SECTION XVII

### Vehicles, Aircraft, Vessels and Associated Transport Equipment (Ch. 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

86.01-86.06

A change to headings 86.01 through 86.06 from any other heading, including another heading within that group, except from heading 86.07; or

A change to headings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

8607.11-8607.12

A change to subheadings 8607.11 through 8607.12 from any other heading.

8607.19

8607.19.11<sup>175</sup>

A change to Canadian tariff item 8607.19.11, U.S. tariff item 8607.19.12, 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 8607.19.12, Mexican tariff item 8607.19.02 or 8607.19.06 from

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<sup>175</sup> Can 8607.19.11, U.S. 8607.19.12, Mex 8607.19.02, 8607.19.06 Axles.

Canadian tariff item 8607.19.14<sup>176</sup>, U.S. tariff item 8607.19.16, Mexican tariff item 8607.19.99, 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

8607.19.12<sup>177</sup>

A change to Canadian tariff item 8607.19.12, U.S. tariff item 8607.19.22, Mexican tariff item 8607.19.03 from any other heading; or

A change to Canadian tariff item 8607.19.12, U.S. tariff item 8607.19.22, Mexican tariff item 8607.19.03 from Canadian tariff item 8607.19.14<sup>178</sup>, U.S. tariff item 8607.19.26, Mexican tariff item 8607.19.99, 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

8607.19

A change to subheading 8607.19 from any other heading.

8607.21-8607.30

A change to subheadings 8607.21 through 8607.30 from any other heading.

8607.91-8607.99

A change to subheadings 8607.91 through 8607.99 from any other heading.

86.08-86.09

A change to headings 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

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<sup>176</sup> Can 8607.19.14, U.S. 8607.19.16, Mex 8607.19.99 Parts of axles.

<sup>177</sup> Can 8607.19.12, U.S. 8607.19.22, Mex 8607.19.03 Wheels, whether or not fitted with axles.

<sup>178</sup> Can 8607.19.14, U.S. 8607.19.26, Mex 8607.19.99 Parts of wheels.

- 87.01 A change to heading 87.01 from any other heading, provided there is a regional value content of not less than 50% under the net cost method.
- 87.02
- 8702.10.a1<sup>179</sup> A change to tariff item 8702.10.a1 from any other heading, provided there is a regional value content of not less than 50% under the net cost method.
- 8702.10.a2<sup>180</sup> A change to tariff item 8702.10.a2 from any other heading, provided there is a regional value content of not less than 50% under the net cost method.
- 8702.90.a1<sup>181</sup> A change to tariff item 8702.90.a1 from any other heading, provided there is a regional value content of not less than 50% under the net cost method.
- 8702.90.a2<sup>182</sup> A change to tariff item 8702.90.a2 from any other heading, provided there is a regional value content of not less than 50% under the net cost method.
- 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% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 8703.21-8703.90 A change to subheadings 8703.21 through 8703.90 from any other heading, provided there is a regional value content of not less than 50% under the net cost method.
- 8704.10 A change to subheading 8704.10 from any other heading, provided there is a regional value content of not less than 50% under the net cost method.
- 8704.21 A change to subheading 8704.21 from any other heading, provided there is a regional value content of not less than 50% under the net cost method.

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<sup>179</sup> 8702.10.a1 Designed for the transport of 16 or more persons, including the driver.

<sup>180</sup> 8702.10.a2 Other.

<sup>181</sup> 8702.90.a1 Designed for the transport of 16 or more persons, including the driver.

<sup>182</sup> 8702.90.a2 Other.

- 8704.22-8407.23 A change to subheadings 8704.22 through 8704.23 from any other heading, provided there is a regional value content of not less than 50% under the net cost method.
- 8704.31 A change to subheading 8704.31 from any other heading, provided there is a regional value content of not less than 50% under the net cost method.
- 8704.32-8407.90 A change to subheadings 8704.32 through 8704.90 from any other heading, provided there is a regional value content of not less than 50% under the net cost method.
- 87.05 A change to heading 87.05 from any other heading, provided there is a regional value content of not less than 50% under the net cost method.
- 87.06
- 8706.00.a1<sup>183</sup> A change to subheading 8706.00.a1 from any other chapter, provided there is a regional value content of not less than 50% under the net cost method.
- 8706.00.a2<sup>184</sup> A change to subheading 8706.00.a2 from any other chapter, provided there is a regional value content of not less than 50% under the net cost method.
- 87.07 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% under the net cost method.
- 8708.10 A change to subheading 8708.10 from any other heading; or
- A change to subheading 8707.10 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% under the net cost method.
- 8708.21 A change to subheading 8708.21 from any other heading; or

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<sup>183</sup> 8706.00.a1 Chassis of vehicles of heading 87.03 and subheadings 8704.21 and 8407.31.

<sup>184</sup> 8706.00.a2 Chassis for other vehicles.

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% under the net cost method.

8708.29

A change to subheading 8708.29 from any other heading; or

A change to subheading 8708.29 from within subheading 8708.29 or 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% under the net cost method.

8708.31

A change to subheading 8708.31 from any other heading; or

A change to subheading 8708.31 from any of subheadings 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% under the net cost method.

8708.39

A change to subheading 8708.39 from any other heading; or

A change to subheading 8708.39 from any of subheadings 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% under the net cost method.

8708.40

A change to subheading 8708.40 from any other heading; or

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% under the net cost method.

8708.50

8708.50.a1<sup>185</sup>

A change to Canadian tariff item 8708.50.a1, U.S. tariff item 8708.50.50, Mexican tariff item 8708.50.x1 from any other heading, except from subheadings 8482.10 through 8482.80; or

A change to Canadian tariff item 8708.50.a1, U.S. tariff item 8708.50.50, Mexican tariff item 8708.50.x1 from any of subheadings 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% under the net cost method.

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<sup>185</sup> 8708.50.a1

For vehicles of heading 87.03.

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% under the net cost method.

8708.60

8708.60.a1<sup>186</sup> A change to Canadian tariff item 8708.60.a1, U.S. tariff item 8708.60.h1, Mexican tariff item 8708.60.x1 from any other heading, except from subheadings 8482.10 through 8482.80; or

A change to Canadian tariff item 8708.60.a1, U.S. tariff item 8708.60.h1, Mexican tariff item 8708.60.x1 from any of subheadings 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% 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% under the net cost method.

8708.70

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% under the net cost method.

8708.80

8708.80.a1<sup>187</sup> A change to Canadian tariff item 8708.80.a1, U.S. tariff item 8708.80.h1, Mexican tariff item 8708.80.x1 from any other subheading, provided there is a regional value content of not less than 50% under the net cost method.

8708.80 A change to subheading 8708.80 from any other heading; or

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<sup>186</sup> 8708.60.a1 For vehicles of heading 87.03.

<sup>187</sup> 8708.80.a1 McPherson Struts.

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% of the net cost method.

8708.91

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% of the net cost method.

8708.92

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% under the net cost method.

8708.93

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% under the net cost method.

8708.94

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% under the net cost method.

8708.99

8708.99.a1<sup>188</sup>

A change to Canadian tariff item 8708.99.a1, U.S. tariff item 8708.99.40, Mexican tariff item 8708.99.x1 from any other subheading, provided there is a regional value content of not less than 50% under the net cost method.

8708.99.a2<sup>189</sup>

A change to Canadian tariff item 8708.99.a2, U.S. tariff item 8708.99.h2, Mexican tariff item 8708.99.x2 from any other heading, except from subheadings 8482.10 through 8482.80 or

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<sup>188</sup> 8708.99.a1 Vibration control goods containing rubber.

<sup>189</sup> 8708.99.a2 Double flanged wheel hub units incorporating ball bearings.

Canadian tariff item 8482.99.a1<sup>190</sup>, U.S. tariff item 8482.99.h1, Mexican tariff item 8482.99.x1; or

A change to Canadian tariff item 8708.99.a2, U.S. tariff item 8708.99.h2, Mexican tariff item 8708.99.x2 from any other tariff item, whether or not there is also a change from any other heading, provided there is a regional value content of not less than 50% under the net cost method.

8708.99

A change to subheading 8708.99 from any other heading; or

A change to subheading 8708.99 from within 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% under the net cost method.

8709.11-8709.19

A change to subheadings 8709.11 through 8709.29 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

8709.90

A change to subheading 8709.90 from any other heading.

87.10

A change to heading 87.10 from any other heading.

87.11

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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

87.12

A change to heading 87.12 from any other heading, except from heading 87.14; or

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<sup>190</sup> 8482.90.a1 Inner or outer rings or races.

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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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

87.13

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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

87.14

A change to heading 87.14 from any other heading.

87.15

A change to heading 87.15 from any other heading.

8716.10-8716.80

A change to subheadings 8716.10 through 8716.80 from any other heading; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

8716.90

A change to subheading 8716.90 from any other heading.

Chapter 88

Aircraft, Spacecraft, and Parts Thereof

8801.10-8803.90

A change to subheadings 8801.10 through 8803.90 from any other subheading, including another subheading within that group.

88.04-88.05

A change to headings 88.04 through 88.05 from any other heading, including another heading within that group.

Chapter 89

Ships, Boats and Floating Structures

89.01-89.02

A change to headings 89.01 through 89.02 from any other chapter; or

A change to headings 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% where the transaction value method is used, or
- b) 50% 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

89.04-89.05

A change to headings 89.04 through 89.05 from any other chapter; or

A change to headings 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

89.06-89.08

A change to headings 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 (Ch. 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 printed circuit 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 other 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 X:** Canadian tariff item 9009.90.a1, U.S. tariff item 9009.90.h1, Mexican tariff item 9009.90.x1 covers the following parts of photocopying apparatus:

- (1) Imaging assemblies for the machines of subheading 9009.12, incorporating at least two of the following: photoreceptor belt or cylinder; toner receptacle unit; toner distribution unit; developer receptacle unit; developer distribution unit; charge/discharge unit; cleaning unit;
- (2) Optics assemblies for machines of subheading 9009.12, incorporating at least two of the following: lens; mirror; illumination source; document exposure glass;
- (3) User control assemblies for machines of subheading 9009.12, incorporating at least two of the following: printed circuit assembly; power supply; user input keyboard; wiring harness; display unit (cathode ray type or flat panel);
- (4) Image fixing assemblies for machines of subheading 9009.12, incorporating at least two of the following: fuser; pressure roller; heating element; release oil dispenser; cleaning unit; electrical control; and
- (5) Combinations of the above specified assemblies.

9001.10 A change to subheading 9001.10 from any other chapter, except from heading 70.02; or

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 percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9001.20-9002.90 A change to subheadings 9001.20 through 9002.90 from any other heading, including another heading within that group.

9003.11-9003.19 A change to subheadings 9003.11 through 9003.19 from any other heading; or

A change to subheadings 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 percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9003.90

A change to subheading 9003.90 from any other heading.

90.04

A change to heading 90.04 from any other chapter; or

A change to heading 90.04 from within Chapter 90, whether or not there is also a change from any other chapter, provided there is a regional value content percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9005.10-9005.80

A change to subheadings 9005.10 through 9005.80 from any other subheading, except from headings 90.01 through 90.02.

9005.90

A change to subheading 9005.90 from any other heading.

9006.10-9006.69

A change to subheadings 9006.10 through 9006.69 from any other heading; or

A change to subheadings 9006.10 through 9006.69 from any of subheadings 9006.91 or 9006.99, whether or not there is also a change from any other heading, provided there is a regional value content percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9006.91-9006.99

A change to subheadings 9006.91 through 9006.99 from any other heading.

9007.11

A change to subheading 9007.11 from any other heading; or

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 percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9007.19

9007.19.a1<sup>191</sup>

A change to Canadian tariff item 9007.19.a1, U.S. tariff item 9007.19.h1, Mexican tariff item 9007.19.x1 from any other tariff item.

9007.19

A change to subheading 9007.19 from any other heading; or

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 percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9007.21-9007.29

A change to subheadings 9007.21 through 9007.29 from any other heading; or

A change to subheadings 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 percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% 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

A change to subheading 9007.92 from within subheading 9007.92, whether or not there is also a change from any other heading, provided there is a regional value content percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9008.10-9008.40

A change to subheadings 9008.10 through 9008.40 from any other heading; or

A change to subheadings 9008.10 through 9008.40 from subheading 9008.90, whether or not there is also a change from

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<sup>191</sup> 9007.19.a1 Gyrostabilized.

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any other heading, provided there is a regional value content percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% 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 from Canadian tariff item 9009.90.a1<sup>192</sup>.
- 9009.21-9009.30 A change to subheadings 9009.21 through 9009.30 from any other subheading, including another subheading within that group.
- 9009.90
- 9009.90.a1 A change to Canadian tariff item 9009.90.a1, U.S. tariff item 9009.90.h1, Mexican tariff item 9009.90.x1 from Canadian tariff item 9009.90.a2<sup>193</sup>, U.S. tariff item 9009.90.h2, Mexican tariff item 9009.90.x2 or from any other heading, provided that at least one of the components of such assembly named in the Legal Note is originating.
- 9009.90 A change to subheading 9009.90 from any other heading.
- 9010.10-9010.30 A change to subheadings 9010.10 through 9010.30 from any other heading; or
- A change to subheadings 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 percentage of not less than:
- a) 60% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 9010.90 A change to subheading 9010.90 from any other heading.
- 9011.10-9011.80 A change to subheadings 9011.10 through 9011.80 from any other heading; or

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<sup>192</sup> 9009.90.a1 Parts of photo-copying apparatus of subheading 9009.12 specified in Legal Note X.

<sup>193</sup> 9009.90.a2 Other.

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A change to subheadings 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 percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9011.90

A change to subheading 9011.90 from any other heading.

9012.10

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 percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9012.90

A change to subheading 9012.90 from any other heading.

9013.10-9013.80

A change to subheadings 9013.10 through 9013.80 from any other heading; or

A change to subheadings 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 percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9013.90

A change to subheading 9013.90 from any other heading.

9014.10-9014.80

A change to subheadings 9014.10 through 9014.80 from any other heading; or

A change to subheadings 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 percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9014.90

A change to subheading 9014.90 from any other heading.

9015.10-9015.80 A change to subheadings 9015.10 through 9015.80 from any other heading; or

A change to subheadings 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 percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9015.90 A change to subheading 9015.90 from any other heading; or

A change to subheading 9015.90 from within subheading 9015.90, whether or not there is also a change from any other heading, provided there is a regional value content percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% 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 subheadings 9017.10 through 9017.80 from any other heading; or

A change to subheadings 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 percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9017.90 A change to subheading 9017.90 from any other heading.

9018.11

9018.11.a1<sup>194</sup> A change to Canadian tariff item 9018.11.a1, U.S. tariff item 9018.11.h1, Mexican tariff item 9018.11.x1 from any other tariff item, except from Canadian tariff item 9018.11.a2<sup>195</sup>, U.S tariff item 9018.11 h2, Mexican tariff item 9018.11.x2.

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<sup>194</sup> 9018.11.a1 Electrocardiographs.

<sup>195</sup> 9018.11.a2 Printed circuit assemblies.

- 9018.11 A change to subheading 9018.11 from any other heading.
- 9018.19
- 9018.19.a1<sup>196</sup> A change to Canadian tariff item 9018.19.a1, U.S. tariff item 9018.19.h1, Mexican tariff item 9018.19.x1 from any other tariff item, except from Canadian tariff item 9018.19.a2<sup>197</sup>, U.S tariff item 9018.19.h2, Mexican tariff item 9018.19.x2.
- 9018.19 A change to subheading 9018.19 from any other heading.
- 9018.20-9018.50 A change to subheadings 9018.20 through 9018.50 from any other heading.
- 9018.90
- 9018.90.a1<sup>198</sup> A change to Canadian tariff item 9018.90.a1, U.S. tariff item 9018.90.h1, Mexican tariff item 9018.90.x1 from any other tariff item, except from Canadian tariff item 9018.90.a2<sup>199</sup>, U.S tariff item 9018.90.h2, Mexican tariff item 9018.90.x2.
- 9018.90 A change to subheading 9018.90 from any other heading.
- 90.19-90.21 A change to headings 90.19 through 90.21 from any other heading.
- 9022.11 A change to subheading 9022.11 from any other subheading, except from Canadian tariff item 9022.90.a1<sup>200</sup>, U.S. tariff item 9022.90.h1, Mexican tariff item 9022.90.x1.
- 9022.19 A change to subheading 9022.19 from any other subheading, except from subheading 9022.30 or 9022.90.a1, U.S. tariff item 9022.90.h1, Mexican tariff item 9022.90.x1.
- 9022.21 A change to subheading 9022.21 from any other subheading, except from Canadian tariff item 9022.90.a2<sup>201</sup>, U.S. tariff item 9022.90.h2, Mexican tariff item 9022.90.x2.

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<sup>196</sup> 9018.19.a1 Patient monitoring systems.

<sup>197</sup> 9018.19.a2 Printed circuit assemblies for parameter acquisition modules.

<sup>198</sup> 9018.90.a1 Defibrillators.

<sup>199</sup> 9018.90.a2 Printed circuit assemblies for the goods of tariff item 9018.90.a1.

<sup>200</sup> 9022.90.a1 Radiation generator units.

<sup>201</sup> 9022.90.a2 Radiation beam delivery units.

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- 9022.29-9022.30      A change to subheadings 9022.29 through 9022.30 from any other heading; or
- A change to subheadings 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 percentage of not less than:
- a) 60% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 9022.90
- 9022.90.a1      A change to Canadian tariff item 9022.90.a1, U.S. tariff item 9022.90.h1, Mexican tariff item 9022.90.x1 from any other tariff item.
- 9022.90      A change to subheading 9022.90 from any other heading; or
- A change to subheading 9022.90 from within subheading 9022.90, whether or not there is also a change from any other heading, provided there is a regional value content percentage of not less than:
- a) 60% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 90.23      A change to heading 90.23 from any other heading.
- 9024.10-9024.80      A change to subheadings 9024.10 through 9024.80 from any other heading; or
- A change to subheadings 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 percentage of not less than:
- a) 60% where the transaction value method is used, or
  - b) 50% 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 subheadings 9025.11 through 9025.80 from any other heading; or
- A change to subheadings 9025.11 through 9025.80 from subheading 9025.90, whether or not there is also a change from

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any other heading, provided there is a regional value content percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% 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 subheadings 9026.10 through 9026.80 from any other heading; or

A change to subheadings 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 percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% 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 subheadings 9027.10 through 9027.50 from any other heading; or

A change to subheadings 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 percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9027.80

9027.80.a1<sup>202</sup>

A change to Canadian tariff item 9027.80.a1, U.S. tariff item 9027.80.h1, Mexican tariff item 9027.80.x1 from any other subheading, except from subheading 8505.19 or Canadian tariff item 9027.90.a1<sup>203</sup>, U.S. tariff item 9027.90.h1, Mexican tariff item 9027.90.x1.

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<sup>202</sup> 9027.80.a1 Nuclear magnetic resonance instruments.

<sup>203</sup> 9027.90.a1 Printed circuit assemblies for the goods of subheading 9027.80.

- 9027.80                   A change to subheading 9027.80 from any other heading; or
- 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 percentage of not less than:
- a) 60% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 9027.90                   A change to subheading 9027.90 from any other heading.
- 9028.10-9028.30           A change to subheadings 9028.10 through 9028.30 from any other heading; or
- A change to subheadings 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 percentage of not less than:
- a) 60% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 9028.90                   A change to subheading 9028.90 from any other heading.
- 9029.10-9029.20           A change to subheadings 9029.10 through 9029.20 from any other heading; or
- A change to subheadings 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 percentage of not less than:
- a) 60% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 9029.90                   A change to subheading 9029.90 from any other heading.
- 9030.10                   A change to subheading 9030.10 from any other heading; or
- 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 percentage of not less than:
- a) 60% where the transaction value method is used, or
  - b) 50% where the net cost method is used.

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- 9030.20-9030.39 A change to subheadings 9030.20 through 9030.39 from any other subheading, including another subheading within that group, except from Canadian tariff item 9030.90.a1<sup>204</sup>, U.S. tariff item 9030.90.h1, Mexican tariff item 9030.90.x1.
- 9030.40-9030.89 A change to subheadings 9030.40 through 9030.89 from any other heading; or
- A change to subheadings 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 percentage of not less than:
- a) 60% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 9030.90 A change to subheading 9030.90 from any other heading.
- 9031.10-9031.40 A change to subheadings 9031.10 through 9031.40 from any other heading; or
- A change to subheadings 9031.10 through 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 percentage of not less than:
- a) 60% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 9031.80
- 9031.80.a1<sup>205</sup> A change to Canadian tariff item 9031.80.a1, U.S. tariff item 9031.80.h1, Mexican tariff item 9031.80.x1 from any other tariff item, except from subheading 8537.10 or Canadian tariff item 9031.90.a1<sup>206</sup>, U.S. tariff item 9031.90.h1, Mexican tariff item 9031.90.x1.
- 9031.80 A change to subheading 9031.80 from any other heading; or
- A change to subheading 9031.80 from subheading 9031.90, whether or not there is also a change from any other heading,

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<sup>204</sup> 9030.90.a1 Printed circuit assemblies.

<sup>205</sup> 9031.80.a1 Coordinate-measuring machines.

<sup>206</sup> 9031.90.a1 Bases and frames for the goods of tariff item 9031.80.a1.

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provided there is a regional value content percentage of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

- 9031.90 A change to subheading 9031.90 from any other heading.
- 9032.10-9032.89 A change to subheadings 9032.10 through 9032.89 from any other heading; or
- A change to subheadings 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 percentage of not less than:
- a) 60% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 9032.90 A change to subheading 9032.90 from any other heading.
- 90.33 A change to heading 90.33 from any other heading.
- Chapter 91 Clocks and Watches and Parts Thereof
- 91.01-91.07 A change to headings 91.01 through 91.07 from any other chapter; or
- A change to headings 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% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 91.08-91.13 A change to headings 91.08 through 91.13 from any other heading, including another heading within that group, provided there is a regional value content of not less than:
- a) 60% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 91.14 A change to heading 91.14 from any other heading.

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**Chapter 92**

**Musical Instruments; Parts and Accessories of Such Articles**

92.01-92.08

A change to headings 92.01 through 92.08 from any other chapter;  
or

A change to headings 92.01 through 92.08 from heading 92.09,  
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% where the transaction value method is used, or
- b) 50% 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 (Ch. 93)**

**Chapter 93**

**Arms and Ammunition; Parts and Accessories Thereof**

93.01-93.04

A change to headings 93.01 through 93.04 from any other chapter;  
or

A change to headings 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% where the transaction value method is used, or
- b) 50% 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 headings 93.06 through 93.07 from any other chapter.

**SECTION XX**

**Miscellaneous Manufactured Articles (Ch. 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

A change to heading 94.01 from any other chapter; or

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A change to heading 94.01 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% where the transaction value method is used, or
- b) 50% where the net cost method is used.

94.02

A change to heading 94.02 from any other chapter.

9403.10-9403.80

A change to subheadings 9403.10 through 9403.80 from any other chapter; or

A change to subheadings 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:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9403.90

A change to subheading 9403.90 from any other heading.

9404.10-9404.30

A change to subheadings 9404.10 through 9404.30 from any other chapter.

9404.90

A change to subheading 9404.90 from any other chapter, except from headings 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

A change to subheadings 9405.10 through 9405.60 from any other chapter; or

A change to subheadings 9405.10 through 9405.60 from any of subheadings 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:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9405.91-9405.99

A change to subheadings 9405.91 through 9405.99 from any other heading.

94.06

A change to heading 94.06 from any other chapter.

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Chapter 95	<u>Toys, Games and Sports Requisites; Parts and Accessories Thereof</u>
95.01	A change to heading 95.01 from any other chapter.
9502.10	A change to subheading 9502.10 from any other chapter; or A change to subheading 9502.10 from any of subheadings 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: a) 60% where the transaction value method is used, or b) 50% where the net cost method is used.
9502.91-9502.99	A change to subheadings 9502.91 through 9502.99 from any other heading.
95.03-95.05	A change to headings 95.03 through 95.05 from any other chapter.
9506.11-9506.29	A change to subheadings 9506.11 through 9506.29 from any other chapter.
9506.31 <sup>207</sup>	A change to subheading 9506.31 from any other chapter; or 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: a) 60% where the transaction value method is used, or b) 50% where the net cost method is used.
9506.32	A change to subheading 9506.32 from any other chapter.

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<sup>207</sup> 9506.31 U.S. and Canada classify golf clubs, whether or not in sets, in 9506.31. Parts of golf clubs are classified in 9506.39.

Mexico classifies in 9506.31 only complete sets of golf clubs; individual golf clubs and parts of golf clubs are classified in 9506.39. Mexico will create a new tariff item under subheading 9506.39 to provide for individual golf clubs.

9506.39

9506.39.x1<sup>208</sup>

A change to Mexican tariff item 9506.39.x1 from any other chapter;  
or

A change to Mexican tariff item 9506.39.x1 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:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9506.39

A change to subheading 9506.39 from any other chapter.

9506.40-9506.99

A change to subheadings 9506.40 through 9506.99 from any other  
chapter.

95.07-95.08

A change to headings 95.07 through 95.08 from any other chapter.

Chapter 96

Miscellaneous Manufactured Articles

96.01-96.05

A change to headings 96.01 through 96.05 from any other chapter.

9606.10

A change to subheading 9606.10 from any other chapter.

9606.21-9606.29

A change to subheadings 9606.21 through 9606.29 from any other  
chapter; or

A change to subheadings 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% where the transaction value method is used, or
- b) 50% 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 subheadings 9607.11 through 9607.19 from any other  
chapter; or

A change to subheadings 9607.11 through 9607.19 from  
subheading 9607.20, whether or not there is also a change from

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<sup>208</sup> 9506.39.x1

Individual golf clubs.  
(Tariff classification applicable only to goods entering Mexico.)

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any other chapter, provided there is a regional value content of not less than:

- a) 60% where the transaction value method is used, or
- b) 50% 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 subheadings 9608.10 through 9608.50 from any other chapter; or
- A change to subheadings 9608.10 through 9608.50 from any of subheadings 9608.91 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% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 9608.60-9608.99 A change to subheadings 9608.50 through 9608.99 from any other heading.
- 96.09-96.12 A change to headings 96.09 through 96.12 from any other chapter.
- 9613.10-9613.80 A change to subheadings 9613.10 through 9613.80 from any other chapter; or
- A change to subheadings 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% where the transaction value method is used, or
  - b) 50% where the net cost method is used.
- 9613.90 A change to subheading 9613.90 from any other heading.
- 9614.10 A change to subheading 9614.10 from any other chapter.
- 9614.20 A change to subheading 9614.20 from any other subheading, except from subheading 9614.90.
- 9614.90 A change to subheading 9614.90 from any other heading.
- 9615.11-9615.19 A change to subheadings 9615.11 through 9615.19 from any other chapter; or

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A change to subheadings 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:

- a) 60% where the transaction value method is used, or
- b) 50% where the net cost method is used.

9615.90

A change to subheading 9615.90 from any other heading.

96.16-96.18

A change to headings 96.16 through 96.18 from any other chapter.

## SECTION XXI

### Works of Art, Collectors' Pieces and Antiques (Ch. 97)

Chapter 97

Works of Art, Collectors' Pieces and Antiques

97.01-97.06

A change to headings 97.01 through 97.06 from any other chapter.

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## Chapter Five

### Customs Procedures

#### Subchapter A - Certification of Origin

##### Article 501: Certificate of Origin

1. Upon the date of entry into force of this Agreement, the Parties shall establish 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 provide that a Certificate of Origin for a good imported into its territory be completed in a language required under its laws or regulations.
3. Each Party shall provide that:
  - (a) an exporter in its territory shall complete and sign a Certificate of Origin for any exportation of a good for which an importer may claim preferential tariff treatment upon importation of the good into the territory of another Party; and
  - (b) where an exporter in its territory is not the producer of the good, such exporter may complete and sign a Certificate on the basis of
    - (i) its knowledge of whether the good qualifies as an originating good,
    - (ii) reasonable reliance upon 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.

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5. Each Party shall:

- (a) 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
  - (i) a single importation of a good into its territory, or
  - (ii) multiple importations of identical goods imported into its territory within any specified period, not exceeding 12 months, set out therein by the exporter or producer,

shall be accepted by its customs administration for a period of four years after the date on which the Certificate was signed; and

- (b) require an exporter or a producer in its territory that completes and signs a Certificate pursuant to subparagraph (a) to notify in writing all persons to whom such Certificate was given of any change that could affect its accuracy or validity.

#### **Article 502: Obligations Regarding Importations**

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

- (a) the importer shall make a written declaration, based on a valid Certificate of Origin, that the good qualifies as an originating good;
- (b) the importer shall have the Certificate in its possession at the time such declaration is made;
- (c) the importer shall provide, upon the request of that Party's customs administration, a copy of the Certificate;
- (d) if the importer fails to comply with any requirement set out in this Chapter, that Party may deny preferential tariff treatment to the good;

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- (e) the importer, where the importer has reason to believe that a Certificate on which a declaration was based contains information that is not correct, shall promptly make a corrected declaration and pay any duties owing; and
- (f) the importer, who voluntarily makes a corrected declaration pursuant to subparagraph (e), shall not be subject to penalties for the making of an incorrect declaration.

2. 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, within one year of 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, upon presentation of:

- (a) a written declaration that the good qualifies as an originating good at the time of importation;
- (b) a copy of the Certificate of Origin to the same effect; 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 the amount of (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 such importation include a statement certifying that such goods qualify as originating goods;
- (b) a non-commercial importation of a good whose value does not exceed the amount of (US)\$1000 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,

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provided that such 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 set out in Articles 501 and 502.

**Article 504: Obligations Regarding Exportations**

Each Party shall provide that:

- (a) upon the request of its customs administration, an exporter in its territory, or a producer in its territory that has provided a copy of a Certificate of Origin to such exporter pursuant to Article 501(3)(b)(iii), shall provide a copy of the Certificate to its customs administration;
- (b) 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 with respect to a contravention of its customs laws and regulations regarding the making of a false statement or representation;
- (c) where an exporter or a producer in its territory fails to comply with any of the requirements set out in this Chapter, it may apply such measures as the circumstances may warrant;
- (d) 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 of any change that could affect the accuracy or validity of the Certificate; and
- (e) an exporter or a producer who voluntarily provides written notification pursuant to subparagraph (d) shall not be subject to penalties with respect to the making of an incorrect certification.

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## **Subchapter B - Administration and Enforcement**

### **Article 505: Records**

1. 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 a period of five years from the date the Certificate was signed or for such longer period as such 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, and
    - (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 a period of five years from the date of importation of the good or for such longer period as the Party may specify, a copy of the Certificate and all other required documentation 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;

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- (b) visits to the premises of an exporter or a producer in the territory of another Party to review the records 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 such visit;
    - (i) to the exporter or producer whose premises are to be visited,
    - (ii) to the customs administration of the Party in whose territory the visit is to occur, and
    - (iii) to, if requested by the Party in whose territory the visit is to occur, the embassy of such 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 subject to 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

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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, it may, within 15 days from the date of receipt of such 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 otherwise 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 such visit, provided that:

- (a) the observers do not participate in a manner other than as observers; and
- (b) the failure of such 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.

9. The Party conducting a verification shall provide the exporter or producer whose good is subject to 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, such Party may withhold preferential tariff treatment to identical goods exported or produced by such person until that person establishes compliance with the provisions of 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 customs value applied by the Party to one or more materials used in the production of the good, which differs from the tariff classification or customs value applied to such materials by the Party from whose territory the good was exported, the Party's determination shall not

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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, provided that:

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

13. Where 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, provided that 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 customs 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 laws and regulations, the confidentiality of confidential business information collected pursuant to this Chapter and shall protect that business information from disclosure that could prejudice the competitive position of the persons providing the information.

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.

#### **Article 508: Penalties**

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

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2. Nothing in Articles 502(1)(d) and (f), 504(e) and 506(6) shall be construed to prevent a Party from applying such measures as the circumstances may warrant.

### Subchapter C - Advance Rulings

#### Articles 509: Advance Rulings

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:

- (a) whether materials imported from the territory of a non-Party undergo, as a result of production in the territory of one or more of the Parties, the applicable change in tariff classification under Chapter Four (Rules of Origin) to qualify as an originating good;
- (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;
- (c) the appropriate basis or method for customs 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, in calculating the transaction value of a good, or the value of materials used in the production of a good, for which an advance ruling is requested, for the purpose of determining whether the good satisfies a regional value-content requirement under Chapter Four;
- (d) 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 a good, or the value of an intermediate material, for which an advance ruling is requested, for the purposes of determining whether the good satisfies a regional value-content requirement under Chapter Four;
- (e) 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);

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- (f) whether the proposed or actual marking of a good satisfies country of origin marking requirements under Article 312 (Country of Origin Marking); or
- (g) whether a good to be imported qualifies as a good of a Party under Annexes 300-B or 302.2.

2. Each Party shall provide that an advance ruling issued pursuant to paragraph 1 shall be based on:

- (a) for the purpose of determining the origin of a good, Chapter Four (Rules of Origin), the principles of the Customs Valuation Code and the Uniform Regulations;
- (b) for the purpose of determining country of origin marking, Article 312 (Country of Origin Marking); and
- (c) for the purpose of determining whether a good qualifies as a good of a Party, Annex 302.2.

3. 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.

4. 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) after it has obtained all necessary information from the person requesting an advance ruling, shall issue the ruling in accordance with the time periods specified in the Uniform Regulations; and
- (c) where the advance ruling is unfavorable to the person requesting it, shall provide that person with a full explanation of the reasons for the ruling.

5. Subject to paragraph 7, each Party shall apply an advance ruling to importations into its territory of the good for which the ruling was requested, commencing on the date of its issuance or such later date as may be specified therein.

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6. Each Party shall provide to any person requesting an advance ruling the same treatment, including the same interpretation and application of the provisions of Chapter Four (Rules of Origin) regarding a determination of origin of a good, 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.

7. 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 the materials subject to the ruling,
  - (iii) in the application of a regional value-content requirement under Chapter Four (Rules of Origin), or
  - (iv) in the application of the rules for determining whether a good qualifies as a good of a Party under Annexes 300-B or 302.2;
- (b) if the ruling is not in accordance with an interpretation agreed by the Parties regarding Chapter Three (National Treatment and Market Access for Goods) and Chapter Four (Rules of Origin);
- (c) if there is a change in the material facts or circumstances on which the ruling is based;
- (d) to conform with an amendment of Chapter Three, Chapter Four, Marking Rules or Uniform Regulations; or
- (e) to conform with a judicial decision or a change in its domestic law.

8. 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.

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9. Notwithstanding paragraph 8, 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 has in good faith relied to its detriment on that ruling.

10. 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 with respect to an approved basis or method of customs value under Article 509(1)(c), or with respect to an approved basis or method for reasonably allocating costs under Article 509(1)(d), or with respect to whether a good qualifies for duty-free treatment under Article 509(1)(e), it may 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 upon which the advance ruling is based; and
- (c) the supporting data and computations used in applying the basis or method of customs valuation were correct in all material respects.

11. Each Party shall provide that where its customs administration determines that any requirement in paragraph 10 has not been satisfied, it may modify or revoke the advance ruling as the circumstances may warrant.

12. Each Party shall provide that, where a person can demonstrate that it used reasonable care and acted in good faith in presenting the facts and circumstances on which an advance ruling was based, and where the customs administration of a Party determines that the ruling was based on incorrect information, the person to whom such advance ruling was issued shall not be subject to penalties.

13. Where a Party issues an advance ruling to a person that has misrepresented or omitted material facts or circumstances upon which the ruling is based or has failed to act in accordance with the terms and conditions of such ruling, it may apply such measures as the circumstances may warrant.

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## **Subchapter 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 determinations of origins 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 subject to a determination of origin;
- (b) whose good has been subject to a country of origin marking determination pursuant to Article 312 (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.

## **Subchapter E - Uniform Regulations**

### **Article 511: Uniform Regulations**

1. Upon the date of entry into force of this Agreement, the Parties shall establish, and implement through their respective domestic laws or regulations, Uniform Regulations regarding the interpretation, application and administration of the provisions of Chapter Four (Rules of Origin).

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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.

### **Subchapter 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 such Party is aware is contrary to:
  - (i) a ruling issued by the customs administration of another Party with respect to the tariff classification or customs 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 customs 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(1).

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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 agreements or other customs-related agreements 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 such 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 other procedures as the Parties may agree;

- (c) to the extent practicable, for purposes of facilitating the flow of trade between their territories, in customs-related matters, such 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:

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- (a) the effective implementation and administration of Articles 303, 308 and 312, Chapter Four (Rules of Origin), this Chapter, the Marking Rules and the Uniform Regulations; and
  - (b) the effective administration of the customs-related aspects of Chapter Three (National Treatment and Market Access).
2. The Working Group shall meet at least four times a year and at the request of any Party.
3. The Working Group shall:
  - (a) monitor the implementation and administration by the customs administrations of the Parties of Articles 303, 308 and 312, Chapter Four, this Chapter, the Marking Rules and the Uniform Regulations to ensure their uniform interpretation;
  - (b) endeavor to agree, upon the request of any Party, on any proposed modification of or addition to Articles 303, 308 and 312, Chapter Four, this Chapter, the Marking Rules and 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 Articles 303, 308 and 312, Chapter Three, Chapter Four, this Chapter, the Marking Rules, the Uniform Regulations or other provision of this Agreement as 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 after the Commission agrees on any such modification or addition.
5. If the Working Group fails to resolve a matter referred to it pursuant to paragraph 2(f) within 30 days of such referral, any Party may request a meeting of the Commission pursuant to Article 2007.

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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 a year and on the request of any Party and shall:

- (a) endeavor to agree on
  - (i) the uniform interpretation, application and administration of the provisions of Articles 303, 308 and 312, 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 Chapter Three, 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 could 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 agreement within 60 days after the matter was referred 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 related to a matter under consideration by the

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Customs Subgroup or the Working Group or from taking such other action as it considers necessary pending a resolution of the matter pursuant to this Agreement.

#### **Article 514: Definitions**

For purposes of this Chapter:

**advance ruling** means a written interpretation issued by the customs administration of a Party on the application of a measure to a given set of facts and circumstances regarding a prospective importation of a good into its territory;

**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 domestic law of a Party for the administration of customs laws and regulations;

**customs value** means "customs value" as defined in Article 415;

**determination of origin** means a determination as to whether a good qualifies as an originating good in accordance with Chapter Four (Rules of Origin);

**exporter in the territory of a Party** includes an exporter located in the territory of a Party or 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 the determination of origin of such goods under Chapter Four (Rules of Origin);

**importer in the territory of a Party** includes an importer located in the territory of a Party or an importer required under this Chapter to maintain records in the territory of that Party regarding importations of a good;

**preferential tariff treatment** means the duty rate applicable to an originating good; and

**producer** includes a person that grows, mines, harvests, manufactures, processes, or assembles a good, or any combination thereof.

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## 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 play in the North American region 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 services associated with such energy and basic petrochemical 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) Chapter 27 (excluding: subheadings 2707.10, 2707.20, 2707.30, 2707.40, 2707.60, 2707.91, 2707.99 (except solvent naphtha, rubber extender oils and carbon black feedstocks), and in subheading 2710.00 (only normal paraffin mixtures in the range of C<sub>9</sub> to C<sub>15</sub>), and in heading 2711 (only ethylene, propylene, butylene and butadiene, in purities over 50 percent));
  - (b) subheading 2612.10;
  - (c) subheadings 2844.10 through 2844.50 (only with respect to uranium compounds classified under those subheadings);

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- (d) subheading 2845.10;
- (e) subheading: 2901.10 (ethane, butanes, pentanes, hexanes, and heptanes only);

3. Except as otherwise 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 imposes 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 imposes a restriction on imports of an energy or basic petrochemical good from non-Party countries, the Parties, upon 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. Parties may administer a system of import and export licensing for energy and basic petrochemical goods provided that such system is operated in a manner consistent with the

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provisions of this Agreement, including paragraph 1 and Article 1502 (Monopolies and State Enterprises).

6. In addition, the Parties recognize the provisions of Annex 603.6.

#### **Article 604: Export Taxes**

No Party shall maintain or introduce any tax, duty, or charge on the export of any energy or basic petrochemical good to the territory of any other Party, unless such tax, duty, or charge is also maintained or introduced on such energy or basic petrochemical good when destined for domestic consumption.

#### **Article 605: Other Export Measures**

A Party may maintain or introduce a restriction otherwise justified under the provisions of Articles XI:2(a) and XX(g), (i) and (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 a specific energy or basic petrochemical good made available to such 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 involved may agree;
- (b) the Party does not impose a higher price for exports of an energy or basic petrochemical good to such other Party than the price charged for such energy 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 which 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 such other Party or normal proportions among specific energy or basic petrochemical goods supplied to the 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; or
  - (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**

1. No Party shall maintain or introduce 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; or
  - (d) respond to direct threats of disruption in the supply of nuclear materials for defense purposes.
2. The Parties recognize the provisions of Annex 607.2.

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#### **Article 608: Miscellaneous Provisions**

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*.
2. 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.
3. Canada and the United States intend no inconsistency between the provisions of this Chapter and the Agreement on an International Energy Program (IEP). In the event of any unavoidable inconsistency between the IEP and this Chapter, the provisions of the IEP shall prevail to the extent of that inconsistency as between Canada and the United States.

#### **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;

**restriction** means any limitation, whether made effective through quotas, licenses, permits, minimum or maximum price requirements or any other means;

**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;

**first hand sale** refers to the first commercial transaction affecting the good in question;

**Independent Power Producer (IPP)** means a facility that is used for the generation of electric energy exclusively for sale to an electric utility for further resale;

**investment** means investment as defined in Chapter Eleven (Investment);

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**total supply** means shipments to domestic users and foreign users from:

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

**total export shipments** means the total shipments from total supply to users located in the territory of the other Party.

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### ANNEX 602.3

1. The Mexican State reserves to itself the following strategic activities and investment 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; and
- (b) 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 this Chapter obtained from the refining or processing of crude oil and natural gas; and basic petrochemicals.

2. In the event of an inconsistency between Annex 602.3, paragraphs 1, 5(a) and 6, and another provision of this Agreement, the provisions of Annex 602.3, paragraphs 1, 5(a) and 6, shall prevail to the extent of that inconsistency.

3. Natural Gas and Petrochemical Feedstock Trade

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, the Parties agree that such end-users and suppliers, and state enterprises of the Parties as may be required under their domestic law, shall have the right to negotiate supply contracts.

The modalities of implementing such arrangements are left to the end-users, suppliers and state enterprises of the Parties as may be required under their domestic law and 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.

4. Performance Contracts

The Parties shall allow state enterprises to negotiate performance clauses in their service contracts.

5. Electricity

- (a) In Mexico the supply of electricity as a public service is a strategic area reserved to the State. Except as provided in subparagraph (b) below the

activities encompassed by the supply of electricity as a public service in Mexico include the generation, transmission, transformation, distribution and sale of electricity.

(b) The opportunities for private investment in Mexico in electricity generating facilities include:

(i) Production for Own Use

Enterprises of the other Parties may acquire, establish, and/or operate an electrical generating facility to meet its own supply needs. Electricity generated in excess of the enterprise's own supply requirements must be sold to CFE and CFE shall purchase such electricity under terms and conditions agreed to by CFE and the enterprise.

(ii) Co-generation

Enterprises of the other Parties may acquire, establish, and/or operate co-generation facilities which generate 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 enterprise's own supply requirements must be sold to CFE and CFE shall purchase such electricity under terms and conditions agreed to by CFE and the enterprise.

(iii) Independent Power Production

Enterprises of the other Parties may acquire, establish, and/or operate electricity generating facilities for independent power production (IPP) in Mexico. Electricity generated by IPP facilities 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 interest, the Parties agree that these entities and CFE shall have the right to negotiate the terms and conditions of power purchase and power sale contracts. The modalities of implementing such supply arrangements is left to the end-users, suppliers and CFE and may take the form of individual contracts

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between the state enterprise and each of the other entities. Such contracts shall be subject to regulatory approval.

6. Nuclear

The generation of nuclear energy; the exploration, exploitation and processing of radioactive minerals; the nuclear fuel cycle; the use and reprocessing of nuclear fuels and the regulation of their applications for other purposes; the transportation and storage of nuclear wastes; and the production of heavy water, are reserved to the Mexican state.

7. Pursuant to Article 1101(3), private investment is not permitted in reserved activities listed above in paragraphs 1, 5(a) and 6. Chapter Twelve (Cross Border Trade in Services) shall only apply to activities involving the provision of services covered in paragraphs 1, 5(a) and 6 when Mexico permits a contract to be granted in respect of such activities and only to the extent of that contract.

**ANNEX 603.6**

**United Mexican States:**

1. 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% 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.
- 2709 Petroleum oils and oils obtained from bituminous minerals, crude.
- 2710 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.
- 2711 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% 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 HS 2713.20.01).
- 2713.90 Other residues of petroleum oils obtained from bituminous materials.
- 2714 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).

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2901.10 Ethane, butanes, pentanes, hexanes, and heptanes only.

2. 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 607.2**

1. The provisions of Article 607(1) shall impose no obligations and confer no rights on Mexico.
2. Notwithstanding Article 607(1), the provisions of Article 2102 (National Security) shall apply as between the other Parties and Mexico.

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## Chapter Seven

### Agriculture

#### Article 701: Scope

1. This Chapter applies to trade in agricultural goods and to sanitary and phytosanitary measures.

#### Subchapter A - Market access

#### Article 702: Scope

1. Further to Article 102 (Objectives), the provisions of this Subchapter address import barriers, domestic support, export subsidies, and grading and marketing standards and measures that affect trade of agricultural goods between the Parties.
2. To the extent of any inconsistency in this Agreement with the provisions of this Subchapter, this Subchapter shall prevail.

#### Article 703: International obligations

1. Each Party shall comply with Annex 703.1 with respect to its agricultural trade under other international agreements, to the extent set out in that Annex.
2. When a Party desires to adopt a measure pursuant to any international commodity agreement with respect to an agricultural good, it shall consult with the other Parties in order to avoid nullification or impairment of a concession granted by such Party in its Schedule set out in Annex 302.2.
3. Each Party shall comply with Annex 703.3 with respect to actions taken pursuant to any international coffee agreement.

**Article 704: Market Access**

**General Provisions**

1. In order to facilitate trade in agricultural goods, the Parties shall work together to improve access to their respective markets through the reduction or elimination of import barriers.

**Tariffs and Quantitative Restrictions**

2. Each Party shall comply with Annex 704.2 with respect to tariffs and quantitative restrictions, including GATT market access requirements and trade in sugar.

**Agricultural Grading and Marketing Standards**

3. Each Party shall comply with Annex 704.3 with respect to agricultural grading and marketing standards.

**Special Safeguard Provisions**

4. Each Party may, during the applicable period of transition, adopt or maintain special safeguards in the form of tariff quotas on specific agricultural goods, as specified in its Schedule set out in Annex 302.2, and further described in Annex 704.4.
5. A Party may not apply, at the same time, measures under paragraph 4 and Chapter 8 (Emergency Action) with respect to the same agricultural good.

**Article 705: Domestic Support**

The Parties recognize that domestic support measures can be of crucial importance to their agricultural sectors but may also have trade distorting effects and effects on production. The Parties further recognize that domestic support commitments may result from the agriculture negotiations in the Uruguay Round of multilateral trade negotiations under the GATT. Accordingly, to the extent a Party decides to support its agricultural producers, such Party should endeavor to move toward domestic support policies that:

- (a) have minimal or no trade distortion effects or effects on production; or
- (b) are exempt from domestic support reduction commitments under the GATT.

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The Parties further recognize that the domestic support mechanisms of each Party, including those that are subject to reduction commitments, may be changed at the Party's discretion so long as such change is in compliance with its GATT rights and obligations.

#### Article 706: Export Subsidies

1. The Parties recognize that export subsidies may have serious prejudicial effects on importing and exporting Parties, and the Parties share the objective of achieving the multilateral elimination of export subsidies for agricultural goods. The Parties shall cooperate in an effort to achieve an agreement in the *General Agreement on Tariffs and Trade* which eliminates export subsidies on agricultural goods.
2. The Parties also recognize that export subsidies may cause disruption in the market of an importing Party. Accordingly, the Parties affirm that it is inappropriate for a Party to provide export subsidies for the export of an agricultural good to the territory of another Party when there are no other subsidized imports of that good into that other Party.
3. Except as provided in Annex 703.1, where an exporting Party considers that a non-Party is exporting an agricultural good into the territory of another Party with the benefit of export subsidies, the exporting Party may request consultations with the importing Party with a view toward agreeing on measures that the importing Party could adopt to counter the effect of 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 into the territory of the importing Party.
4. Except as provided in Annex 703.1, a Party proposing to introduce an export subsidy on exports of an agricultural good to the territory of another Party shall notify such Party at least three days in advance, and shall upon request consult with such Party, within 72 hours of receipt of the request, with a view to eliminating the subsidy or minimizing any adverse impact on the importing Party's market for that good. Another Party may request to join 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 exported to a Party or non-Party, recognizing that such subsidies may have prejudicial effects on the interests of the other Parties.
6. The Parties shall establish a Working Group on Agricultural Subsidies which shall meet at least semi-annually, or at such other times as the Parties may agree, to work toward

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elimination of all export subsidies in connection with trade in agricultural goods between the Parties. The functions of the Working Group on Agricultural Subsidies shall include:

- (a) monitoring the volume and price of imports of agricultural goods that have benefitted from export subsidies into the territory of any Party;
- (b) providing a forum for the Parties to develop mutually acceptable criteria and procedures for reaching agreement on the limitation or elimination of the provision of export subsidies in connection with importation of agricultural goods into the territories of the Parties; and
- (c) reporting annually to the Committee on Agricultural Trade, established under Article 708, with respect to implementation of this Article.

7. Notwithstanding any other provision of this Article:

- (a) if the Parties agree to a particular export subsidy measure on an agricultural good for export to the territory of a Party, the exporting Party may adopt or maintain such measure; and
- (b) each Party shall retain its rights to apply countervailing duties to subsidized imports from any source.

#### **Article 707: Resolution of Private Commercial Disputes Regarding Transactions in Agricultural Goods**

The advisory committee established pursuant to Article 2022(4) shall work toward a system for resolving private commercial disputes that arise in connection with transactions in agricultural goods. The system of each Party shall be designed to achieve prompt and effective resolution of such disputes with attention to special circumstances, including the perishability of the goods involved.

#### **Article 708: Committee on Agricultural Trade**

1. The Parties hereby establish a Committee on Agricultural Trade, comprising representatives of each Party.

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2. The Committee's functions shall include:
- (a) monitoring and promoting cooperation on the implementation and administration of this Subchapter;
  - (b) providing a forum for the Parties to consult at least semi-annually and at such other times as the Parties may agree on issues related to this Subchapter; and
  - (c) reporting annually to the Commission on the implementation of this Subchapter.

**Article 709: Definitions**

For purposes of this Subchapter:

**agricultural goods means:**

- (i) HS Chapters 1 to 24 less fish and fish products, plus
- (ii) 

HS Code	29.05.43	(manitol)
HS Code	29.05.44	(sorbitol)
HS Heading	33.01	(essential oils)
HS Headings	35.01 to 35.05	(albuminoidal substances, modified starches, glues)
HS Code	38.09.10	(finishing agents)
HS Code	38.23.60	(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, waste and cotton carded or combed)
HS Heading	53.01	(raw flax)
HS Heading	53.02	(raw hemp);

**fish and fish products** for purposes of the definition of agricultural goods means fish or crustaceans, molluscs or other aquatic invertebrates, marine mammals, and their products within the following headings of the Harmonized System:

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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	(all goods (coral and similar materials))
HS Heading	05.09	(all goods (natural sponges of animal origin))
HS Heading	05.11	(products of fish or crustaceans, molluscs or other aquatic invertebrates; dead animals of Chapter 3)
HS Heading	15.04	(all goods (fats and oils and their fractions, of fish or marine mammals))
HS Heading	16.03	("non-meat" extracts and juices)
HS Heading	16.04	(all goods (prepared or preserved fish))
HS Heading	16.05	(all goods (prepared preserved crustaceans, molluscs and other aquatic invertebrates));

**net production surplus** means the quantity by which a Party's domestic production of sugar exceeds its total consumption of sugar for a marketing year;

**net surplus producer** means that a Party has been determined to have a net production surplus in accordance with Schedule 704.2(I)(B)(3);

**plantation white sugar** means crystalline sugar which has not been refined and is intended for human consumption without further processing or refining;

**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

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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 and syrup goods** means "sugar and syrup goods" as defined in Annex 709.

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**ANNEX 703.1**

**Incorporation of Trade Provisions**

1. Articles 701.1, 701.2, 701.3, 701.5, 702, 704, 705, 706, 707, 708.1, 708.4 710 and 711 [subject to review] of the *Canada - U.S. Free Trade Agreement* shall apply to trade in "agricultural goods", as that term is defined in Article 711 of that Agreement, between Canada and the United States, which Articles are hereby incorporated into and made a part of this Agreement for such purpose.
2. For purposes of this incorporation, any reference to Chapter 18 of the *Canada - U.S. Free Trade Agreement* shall be deemed to be a reference to Chapter 20 of this Agreement.

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**ANNEX 703.3**

**International Coffee Agreement**

Neither Canada nor Mexico shall take actions pursuant to any international coffee agreement and measures authorized thereunder to restrict trade in coffee between them.

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**ANNEX 704.2**

**Market Access**

Each Party shall comply with Sections I and II.

**Section I**

**Mexico and the United States**

1. This Section shall apply only between the United States and Mexico.
2. Each Party shall comply with Appendices A and B.

**Appendix A**

**Tariffs, Quantitative Restrictions and GATT Market Access**

1. The Parties recognize that, upon the date of entry into force of the Agreement, each Party, in accordance with the rights and obligations set forth in Chapter 3, will not adopt or maintain measures regarding quantitative restrictions on the importation of agricultural goods originating in each other's territory, but may apply tariff quotas as set forth in its Schedule set out in Annex 302.2. The Parties further recognize that the over-quota tariff rate applied by a Party in connection with such tariff quotas will be progressively eliminated in the manner set forth in its Schedule set out in Annex 302.2.
2. Each Party agrees to waive its rights under Article XI.2(c) of the *General Agreement on Tariffs and Trade* with respect to any measure taken in connection with the importation of agricultural goods originating in the territory of the other.
3. Except as provided in paragraph 4, to the extent a tariff applied by a Party in accordance with a tariff quota as set forth in its Schedule set out in Annex 302.2 at any time exceeds the applicable bound rate of duty for that agricultural good as set forth in its GATT Schedule of Tariff Concessions as of June 12, 1991, the other Party hereby waives its rights with respect to the applicable bound rate of duty under GATT Article II, notwithstanding the provisions of Article 103 of this Agreement.

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4. If the GATT Uruguay Round Agreement on Agriculture enters into force with respect to a Party, pursuant to which that Party has agreed to convert its quantitative restrictions into tariff quotas, that Party shall ensure that the over-quota tariff rates it applies to agricultural goods of the other Party are not greater than the lower of (a) the applicable over-quota tariff rates set out in its Schedule set out in Annex 302.2 or (b) the applicable over-quota tariff rates set out in its GATT Schedule of Tariff Concessions.

5. Market access afforded by a Party in accordance with its Schedule set out in Annex 302.2 and applied to imports of agricultural goods of another Party shall count, as between the Parties, toward the satisfaction of market access commitments which have been agreed upon under its GATT Schedule of Tariff Concessions or which may be undertaken by the importing Party as a result of any GATT agreement entering into force as to that Party during the applicable transition period under this Agreement.

6. Neither Party shall seek a voluntary restraint agreement from the other Party with respect to the exportation of meat originating in the territory of that other Party.

7. Notwithstanding the provisions of Chapter 3 (Market Access), goods of subheading 2008.11 of the Harmonized System (HS) that originate in the territory of Mexico shall be subject upon importation into the territory of the United States to the rate of duty provided in the Schedule set out in Annex 302.2 for the United States only if all agricultural goods within heading 12.02 of the HS used in the production of such goods originate in the territory of one or more of the Parties.

8. A good provided for in item 1806.10.a1 or 2106.90.a1 that is:

(a) imported into the territory of the United States from the territory of Mexico;  
or

(b) imported into the territory of Mexico from the territory of the United States,

shall be eligible for the rate of duty provided in Annex 302.2 only if all agricultural materials provided for in subheading 1701.99 used in the production of such good are originating materials.

9. The United States shall not adopt or maintain, with respect to imports into its territory of agricultural goods originating in the territory of Mexico, any fee applied pursuant to Section 22 of the Agricultural Adjustment Act of 1933, or any successor statute.

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10. Agricultural goods entered into maquiladoras or foreign-trade zones and re-exported, including subsequent to processing, shall not count toward the fulfillment of market access commitments under a Party's Schedule set out in Annex 302.2.

## Appendix B

### Trade in Sugar

1. The United States and Mexico recognize the importance of liberalizing trade in sugar and syrup goods while avoiding conditions of entry that may result in displacement of the consumption of such goods originating in the territories of the United States and Mexico by imports from non-Parties. Accordingly, the United States and Mexico have agreed to the following provisions to govern trade between them in sugar and syrup goods.

2. The over quota customs duty for imports into the territory of the United States of sugar and syrup goods originating in the territory of Mexico shall be reduced to zero during a period of 15 years after the date of entry into force of this Agreement as follows:

- (a) from the first to the sixth year after the date of entry into force of this Agreement, the customs duty shall be reduced by a total of 15 percent in equal annual stages;
- (b) from the seventh to the fifteenth year after the date of entry into force of this Agreement, the customs duty shall be removed entirely in equal annual stages; and
- (c) after the end of the sugar transition period, the duty on all imports of sugar and syrup goods from Mexico shall be zero.

3. In addition to the customs duty reductions provided for under paragraph 2, imports into the territory of the United States of sugar and syrup goods originating in the territory of Mexico shall be duty free for a quantity, on a marketing year (October 1 - September 30) basis, to be determined as follows:

- (a) for each upcoming marketing year in which Mexico is not projected to be a net surplus producer, the quantity shall be the greater of 7,258 metric tons raw value or the quota allocated by the United States for a non-Party within the

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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;

- (b) for each upcoming marketing year in which Mexico is projected to be a net surplus producer of sugar, in accordance with sub-paragraph (d), the quantity shall be the greater of (i) the amount specified in sub-section (a), or (ii) Mexico's projected net production surplus, but not greater than a maximum quantity as follows
  - (i) for each of the first through sixth marketing years after the date of entry into force of this Agreement, 25,000 metric tons raw value,
  - (ii) for the seventh marketing year after the date of entry into force of this Agreement, 150,000 metric tons raw value, and
  - (iii) for each of the eighth through fifteenth marketing years after the date of entry into force of this Agreement, 110 percent of the previous marketing year's maximum quantity;
- (c) in any year after the sixth year after the date of entry into force of this Agreement, the quantity of imports of sugar and syrup goods originating in the territory of Mexico shall not be subject to the limitations set out in subparagraph (b) if
  - (i) Mexico has been a net surplus producer for any two consecutive marketing years, or
  - (ii) Mexico has been a net surplus producer during the previous marketing year, and Mexico is projected to be a net surplus producer of sugar, in accordance with subparagraph (d), in the upcoming marketing year, unless Mexico ultimately is not a net surplus producer in that marketing year; and
- (d) prior to the beginning of each marketing year, Mexico shall make projections of its domestic production and total consumption of sugar. Mexico and the United States shall consult by July 1 of each year to jointly determine whether Mexico is projected to be a net surplus producer in the upcoming marketing year, in accordance with the methodology and sources of information set out in Schedule 704.2(I)(B)(3).

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4. Mexico shall implement a tariff quota to be applied on a Most Favored Nation basis for sugar and syrup goods with customs duties equal to those of the United States no later than six years after the date of entry into force of this Agreement. Mexico shall thereafter progressively eliminate its over quota customs duty for imports of sugar and syrup goods originating in the territory of the United States, in identical fashion as the reductions provided for United States customs duties in paragraph 2. Mexico shall establish the quantities of imports of sugar and syrup goods originating in the territory of the United States that shall be duty-free pursuant to the same procedure by which the United States shall establish such quantities with respect to imports of such goods originating in the territory of Mexico in accordance with sub-paragraph 3(b). The United States shall make projections of its domestic production and consumption, and the United States and Mexico shall consult and make the determination whether the United States is projected to be a net surplus producer, on the same terms as provided for in subparagraph 3(d).

5. If the United States eliminates its tariff quota for sugar and syrup goods imported from non-Parties, at such time the United States shall grant to Mexico the better of the treatment, as determined by Mexico, of:

- (a) the treatment provided for in paragraph 3; or
- (b) the Most-Favored-Nation treatment granted by the United States to non-Parties.

6. The measurement of the quantity imported shall be based on the actual weight of the imported sugar and syrup goods, converted as appropriate to raw value, without regard to the packaging in which the goods are imported or their presentation.

7. With respect to imports into the territory of Mexico of sugar and syrup goods, and products containing sugar or syrup, from the territory of the United States,

- (a) Mexico shall accord preferential treatment in accordance with this Agreement when the following conditions apply
  - (i) with respect to sugar and syrup goods no benefits under any re-export program or any like program have been or will be granted in connection with the export of those goods, and
  - (ii) with respect to products containing sugar and syrup goods, no benefits under any re-export program or any like program have been or will be granted in connection with the export of those products;

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- (b) the United States shall provide notification to Mexico of any export to Mexico, within two days of such export, for which the benefits of any re-export program or any other like program have been or will be claimed by the exporter; and
- (c) except as provided for in paragraph 8, Mexico shall accord Most Favored Nation treatment to all imports from the territory of the United States of sugar and syrup goods with respect to which benefits under any re-export program or any like program shall have been claimed.

8. Notwithstanding any other provision of this Article:

- (a) the United States shall grant duty-free treatment to imports of
  - (i) raw sugar originating in the territory of Mexico that will be refined within the territory of the United States and re-exported to the territory of Mexico, and
  - (ii) refined sugar originating in the territory of Mexico that has been refined from raw sugar previously produced within, and exported from, the territory of the United States;
- (b) Mexico shall grant duty-free treatment to imports of
  - (i) raw sugar originating in the territory of the United States that will be refined within the territory of Mexico and re-exported to the territory of the United States, and
  - (ii) refined sugar originating in the territory of the United States that has been refined from raw sugar previously produced within, and exported from, the territory of Mexico; and
- (c) imports qualifying for duty-free treatment pursuant to subparagraphs (a) and (b) of this paragraph shall not be subject to, or counted under, any quota of the importing Party.

Schedule 704.2(I)(B)(3)

Net Production Surplus Determination

1. Methodology

(a) The size of a Party's net production surplus, shall be determined in accordance with the following formula:

(i) If a net production surplus has not been projected for any previous year, the formula shall be:

$$\text{NPS} = (\text{PPy} - \text{CPy})$$

(ii) If a Party is projected to be a net surplus producer and has been projected to be a net surplus producer in a previous year, the Party's projected net production surplus shall be adjusted, to account for an underestimate or overestimate, as follows:

$$\text{NPS} = (\text{PPy} - \text{CPy}) - ((\text{PPys} - \text{CPys}) - (\text{PAys} - \text{CAys}))$$

where:

NPS	=	Net production surplus
PP	=	Projected Domestic Production of sugar
CP	=	Projected Total Consumption of sugar
y	=	upcoming marketing year
ys	=	most recent previous marketing year in which a net production surplus was projected
PA	=	Actual Domestic Production of sugar
CA	=	Actual Total Consumption of sugar

(b) The net production surplus shall be determined in metric tons raw value.

(c) For purpose of determining whether a Party is a net surplus producer, imported sugar shall not be treated as part of domestic production.

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- (d) The domestic production of a Party shall not include sugar, that has been either processed or refined from sugar beets or sugar cane grown, or sugar processed or refined, outside of the territory of such Party.
- (e) When making projections of its net production surplus, each Party shall consider adjustments, in appropriate circumstances, to such projections to take into account a change in stocks for the current marketing year exceeding an upper bound calculated in accordance with the following formula:

$$B = \left( \frac{\left( \sum_{N=1}^5 F_N \right)}{5} + 10 \right) \%$$

where:

B = upper bound, expressed as a percentage

F = the absolute value of the change in stocks from the beginning of the marketing year to the end of the marketing year, expressed as a percentage of beginning stocks and calculated in accordance with the following formula:

$$F = \left| \frac{S_b - S_e}{S_b} \right| \times 100$$

$S_b$  = beginning stocks

$S_e$  = ending stocks

N = previous marketing year, ranging from 1 (first preceding year) to 5 (fifth preceding year)

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2. Sources of Information

- (a) For Mexico, statistics on production, consumption and stocks shall be provided by the Secretaria de Agricultura y Recursos Hidraulicos, the Secretaria de Comercio y Fomento Industrial, and the Secretaria de Hacienda y Credito Publico.
- (b) For the United States, statistics on production, consumption and stocks shall be provided by the United States Department of Agriculture (USDA).
- (c) Each Party shall permit representatives from the other Party to observe and comment on the methodology it uses to prepare its data.

**Section II**

**Mexico and Canada**

1. This Section shall apply only between Canada and Mexico.
2. Each Party shall comply with Appendices A and B.

**Appendix A**

**Tariffs, Quantitative Restrictions and GATT Market Access**

1. Subject to the provisions of this Section, the Parties recognize that, upon the date of entry into force of this Agreement, each Party, in accordance with the rights and obligations set forth in Chapter 3, will not adopt or maintain measures regarding quantitative restrictions on the importation of agricultural goods originating in each other's territory, but may apply tariff quotas as set forth in its Schedule set out in Annex 302.2. The Parties further recognize that the over-quota tariff rate applied by a Party in connection with such tariff quotas will be progressively eliminated in the manner set forth in its Schedule set out in Annex 302.2.
2. Except as provided in paragraph 3, to the extent a tariff applied by a Party in accordance with a tariff quota as set forth in its Schedule set out in Annex 302.2 at any time exceeds the applicable bound rate of duty for that agricultural good as set forth in its GATT Schedule of Tariff Concessions as of June 12, 1991, the other Party hereby waives its rights

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with respect to the applicable bound rate of duty under GATT Article II, notwithstanding the provisions of Article 103.

3. If the GATT Uruguay Round Agreement on Agriculture enters into force with respect to a Party, pursuant to which that Party has agreed to convert its quantitative restrictions into tariff quotas, that Party shall ensure that the over-quota tariff rates it applies to agricultural goods of the other Party are not greater than the lower of (a) the applicable over-quota tariff rates set out in its Schedule set out in Annex 302.2 or (b) the applicable over-quota tariff rates set out in its GATT Schedule of Tariff Concessions.

4. Market access afforded by a Party in accordance with its Schedule set out in Annex 302.2 and applied to imports of agricultural goods of another Party shall count, as between the Parties, toward the satisfaction of market access commitments which have been agreed upon under its GATT Schedule of Tariff Concessions or which may be undertaken by the importing Party as a result of any GATT agreement entering into force as to that Party during the applicable transition period under this Agreement.

5. In respect of the dairy, poultry and egg goods designated in Schedule 704.2(II)(A)(5), either Party may adopt or maintain quantitative restrictions or tariffs consistent with its rights and obligations under the GATT, with respect to such goods originating in the territory of the other Party.

6. Without prejudice to the provisions of Chapter 8 of this Agreement and paragraph 5, neither Party shall introduce, maintain or seek any quantitative restriction or any other measure having equivalent effect on any agricultural goods covered under this Subchapter originating in the territory of the other Party.

7. Subject to this Section, Canada and Mexico incorporate their respective rights and obligations with respect to agricultural goods under the *General Agreement on Tariffs and Trade* (GATT) and agreements negotiated under the GATT, including the rights and obligations under GATT Article XI.

8. Notwithstanding paragraph 7 and Annex 301.3(A)(1)(j), the rights and obligations contained in Article XI:2(c)(i) of the GATT shall apply only to dairy, poultry and egg goods of Canada and Mexico designated in Schedule 704.2(II)(A)(5).

9. A good provided for in item 1806.10.a1 or 2106.90.a1 that is:

- (a) imported into the territory of Canada from the territory of Mexico; or

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(b) imported into the territory of Mexico from the territory of Canada,

shall be eligible for the rate of duty provided in Annex 302.2 only if all materials provided in subheading 1701.99 used in the production of such good are originating materials.

Schedule 704.2(II)(A)(5)

Dairy, Poultry and Egg Goods

For Canada: a dairy, poultry or egg good under one of the following subheadings:

Note: "X" indicates that a new tariff subheading will be established for this item

0105.11.90X	Broiler chicks for domestic production, < 185G
0105.91.00	Poultry, > 185g
0105.99.00	Ducks, geese, turkeys, etc, > 185g
0207.10.00	Poultry not cut in pieces, fresh or chilled
0207.21.00	Poultry, not in pieces, frozen
0207.22.00	Turkey, not in pieces, frozen
0207.39.00	Poultry cuts & offal, fresh
0207.41.00	Poultry cuts & offal, frozen
0207.42.00	Turkey cuts & offal, frozen
0209.00.20	Poultry fat
0210.90.10	Poultry meat, salted, dried, etc.
0401.10.00	Milk & cream, fat < 1%
0401.20.00	Milk & cream, fat > 1% < 6%

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0401.30.00	Milk & cream, fat > 6%
0402.10.00	Skim milk powder
0402.21.10	Whole milk powder
0402.21.20	Whole cream powder
0402.29.10	Milk powder fat > 1.5%
0402.29.20	Cream powder fat < 1.5%
0402.91.00	Milk & cream, conc., n.s.
0402.99.00	Milk & cream, not solid, added sweetener
0403.10.00	Yogurt
0403.90.10	Powdered buttermilk
0403.90.90	Curdled milk & cream, etc.
0404.10.10	Whey powder
0404.10.90	Whey, not powdered
0404.90.00	Other
0405.00.10	Butter
0405.00.90	Fats & oils derived from milk
0406.10.00	Fresh cheese
0406.20.10	Cheddar cheese
0406.20.90	Cheeses, not cheddar
0406.30.00	Processed cheese

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0406.40.00	Blue-veined cheese
0406.90.10	Cheddar cheese, not processed
0406.90.90	Cheese, not cheddar, not processed
0407.00.00	Bird's eggs, in shell
0408.11.00	Dried egg yolks
0408.19.00	Egg yolks, not dried
0408.91.00	Bird's eggs, not in shell, dried
0408.99.00	Bird's eggs, not in shell, not dried
1601.00.10X	Sausages or similar products of poultry meat, poultry meat offal or blood, in air tight containers
1602.31.10	Prep. meals, of meat or meat offal of turkeys
1602.31.91	Prep. or preserved meat, meat offal or blood, of turkeys, other than sausages or prep. meals, in air-tight containers
1602.31.99	Prep. or preserved meat, meat offal or blood, of turkeys, other than sausages or prep. meals, other than in air-tight containers
1602.39.10	Prep. meals containing meat or meat offal of fowls of the species ( <i>Gallus domesticus</i> ) ducks, geese or guinea fowls, incl. mixtures
1602.39.91	Prep. or preserved meat, meat offal or blood, of fowls of the species ( <i>Gallus domesticus</i> ), ducks, geese or guinea fowls, other than sausages, liver or prep. meals, in air-tight containers

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1602.39.99	Prep. or preserved meat, meat offal or blood, of ducks, geese, etc., other than sausages, liver or prep. meals, in other than air-tight containers
2105.00.00	Ice cream & other edible ice, containing cocoa or not
2106.90.70	Food preps. not elsewhere specified or incl. Egg preps.
2106.90.90X	Ice cream or ice milk mixes
2309.90.91X	Complete feeds & feed supplements, incl. concentrates, containing more than 50% by weight of dairy products
3501.10.00	Casein
3501.90.00	Caseinates & other casein derivatives; casein glues
3502.10.10	Egg albumin, dried, evaporated, desiccated or powdered
3502.10.90	Egg albumin, nes

•For Mexico: a dairy, poultry or egg good under one of the following subheadings:

Note: "X" indicates that a new tariff subheading item will be established for this item

MEXICO HTS NUMBER

DESCRIPTION

0105.11.01	Day old chickens without being fed during its transportation
0105.91.01	Game cocks
0105.91.99	Other

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0105.99.99	Other poultry
0207.10.01	Poultry, not cut into pieces, fresh or chilled
0207.21.01	Chickens
0207.22.01	Turkey
0207.39.01	Chicken offals except liver
0207.39.99	Other, poultry cut and offals
0207.41.0X	Chicken cuts, frozen
0207.41.0Y	Chicken offals, frozen
0207.41.0Z	Chicken meat mechanically deboned, frozen
0207.41.ZZ	Chicken meat mechanically deboned, fresh or chilled
0207.42.0X	Turkey cuts, frozen
0207.42.0Y	Turkey offals
0207.42.0Z	Turkey meat, mechanically deboned, frozen
0207.42.ZY	Turkey meat, mechanically deboned, fresh or chilled
0207.50.01	Poultry livers, frozen
0209.00.0Z	Chicken or turkey bacon and lean parts
0210.90.99	Other
0401.10.01	In hermetic containers milk not concentrated
0401.10.99	Other

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0401.20.01	In hermetic containers;
0401.20.99	Other
0401.30.01	In hermetic containers;
0401.30.99	Other
0402.10.01	Milk powder
0402.10.99	Other
0402.21.01	Milk powder
0402.21.99	Other
0402.29.99	Other
0402.91.01	Evaporated milk
0402.91.99	Other
0402.99.01	Condensed milk
0402.99.99	Other
0403.10.01	Yogurt
0403.90.01	Powdered milk whey with a protein content less than or equal to 12 percent
0403.90.99	Other butter whey
0404.10.01	Whey, concentrated, sweetened
0404.90.99	Other
0405.00.01	Butter, including the immediate container, with a weight less than or equal to 1 kg

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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 "reggiano,") or with a non-fat matter content by weight over 47 percent without exceeding 72 percent (called "danloo, edam, fontan, fontina, fynbo, gouda, Avarti, maribo, samsoe, esron, italico, kernhem, saint-nactarie, 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

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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
1601.00.9X	Chicken and turkey sausages
1602.20.0X	Homogenized preparations of chickens or turkey livers
1602.31.01	Prepared or preserved turkey meat
2105.00.01	Ice cream and similar products
2106.90.9X	Egg preparations
2309.90.9X	Preparations containing over 50 percent of milk products
3501.10.01	Casein

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3501.90.01	Casein glues
3501.90.02	Caseinates
3501.90.99	Other
3502.10.01	Egg albumin

### **Appendix B**

#### **Trade in Sugar**

1. Mexico's customs duty for imports of sugar and syrup goods originating in the territory of Canada shall be equal to its Most-Favored-Nation over-quota customs duty.
2. Canada may apply a customs duty on sugar and syrup goods originating in the territory of Mexico equal to the customs duty applied by Mexico on such goods originating in the territory of Canada.

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## **ANNEX 704.3**

### **Agricultural Grading and Marketing Standards**

Each Party shall comply with Sections I and II.

#### **Section I**

##### **United States and Mexico**

1. When either the United States or Mexico adopts or maintains a measure regarding the classification, grading or marketing of a domestic agricultural good, it shall, with respect to the like agricultural good imported from the territory of the other destined for processing, accord treatment no less favorable than the treatment it accords under the measure to the domestic agricultural good destined for processing. The importing Party may also adopt or maintain measures to ensure that such imported good is processed.
2. Paragraph 1 shall be without prejudice to the rights of either the United States or Mexico under the GATT or under Article 301 of this Agreement with respect to measures concerning the classification, grading or marketing of an agricultural good (whether or not destined for processing).
3. Mexico and the United States agree to form a Working Group to review, in coordination with the Committee on Standards-Related Measures established under Chapter 9, the operation of grade and quality standards regarding agricultural goods as they affect the other Parties to this Agreement, and to resolve issues which may arise. This Working Group shall report to the Committee on Agriculture established under Article 708, and shall meet at least once a year or as otherwise agreed by the two Parties.

#### **Section II**

##### **Canada and Mexico**

Mexico and Canada agree to form a Working Group to review, in coordination with the Committee on Standards-Related Measures established under Chapter Nine (Standards-Related Measures), the operation of grade and quality standards regarding agricultural goods

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as they affect the other Parties to this Agreement, and to resolve issues which may arise. This Working Group shall report to the Committee on Agriculture established under Article 708, and shall meet at least once a year or as otherwise agreed by the two Parties.

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ANNEX 704.4

Special Safeguards

Section I

Mexican Special Safeguard Goods

<u>MEXICO HTS NUMBER</u>	<u>DESCRIPTION</u>
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	Bellies (streaky) and cuts thereof, salted, in brine, dried or smoked

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0210.19.99	Other swine meat, salted, in brine, dried or smoked
0710.10.01	Potatoes, uncooked or cooked by steaming or boiling in water, frozen
0712.10.01	Dried potatoes, whole cut, sliced, broken or in powder, but not further prepared
0808.10.01	Apples, fresh
2004.10.01	Potatoes prepared or preserved otherwise than by vinegar or acetic acid, frozen
2005.20.01	Potatoes prepared or preserved otherwise than by vinegar or acetic acid, not frozen
2101.10.01	Extracts, essences or concentrates, of coffee, and preparations with a basis of these extracts, essences or concentrates or with a basis of coffee

## Section II

### U.S. Special Safeguard Goods

#### U.S. HTS NUMBER

#### DESCRIPTION

Note: A new U.S. HTS number will be established for each item

0702.00.XX	Tomatoes (except cherry tomatoes), fresh or chilled; if entered during the period from November 15 to the last day of the following February, inclusive
0702.00.XX	Tomatoes (except cherry tomatoes), fresh or chilled; if entered during the period from March 1 to July 14, inclusive

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0703.10.XX	Onions and shallots, fresh or chilled ( <u>not</u> including onion sets and <u>not</u> including pearl onions not over 16 mm in diameter) if entered January 1 to April 30, inclusive
0709.30.XX	Eggplants (aubergines), fresh or chilled, if entered during the period from April 1 to June 30, inclusive
0709.60.XX	"Chili" peppers; if entered during the period from October 1 to July 31, inclusive (current 0709.60.00.20)
0709.90.XX	Squash, fresh or chilled; if entered during the period from October 1 to the following June 30, inclusive
0807.10.XX	Watermelons, fresh; if entered during the period from May 1 to September 30, inclusive

### Section III

#### Canadian Special Safeguard Goods

<u>Canadian HTS NUMBER</u>	<u>DESCRIPTION</u>
0603.10.90	Fresh cut flowers
0702.00.91	Tomatoes n.e.s., fresh or chilled (dutiabale period)
0703.10.31	Onions or shallots, green (dutiabale period), fresh
0707.00.91	Cucumber, fresh or chilled, n.e.s. (dutiabale period)
0710.80.20	Broccoli and cauliflowers, blanched or not, frozen
0811.10.10	Strawberries, for processing, frozen
0811.10.90	Strawberries, frozen, other than for processing
2002.90.00	Tomatoes, other than whole (tomato paste)

**ANNEX 709**

**Country-Specific Definitions**

For purposes of this Subchapter, **sugar and syrup goods** means:

- (a) for imports into Mexico, goods classifiable under current subheadings 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 per cent) and 2106.90.05 (except those that contain flavoring matter) of the Mexican Tariff Schedules;
- (b) for imports into the United States, goods classifiable under current subheadings 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; and
- (c) for imports into Canada, goods classifiable under current subheadings 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, 1702.90.40, 1806.10.00 (except those with a sugar content less than 90 per cent) and 2106.90.20 (except those that contain flavoring matter) of the Canadian Tariff Schedule.

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## **Subchapter B - Sanitary and Phytosanitary Measures**

### **Article 751: Scope**

In order to establish a framework of rules and disciplines to guide the development, adoption and enforcement of sanitary and phytosanitary measures, this Subchapter applies to any such measure of a Party that may, directly or indirectly, affect trade between the Parties.

### **Article 752: Relation to Other Chapters**

Articles 301 (National Treatment), 309 (Import and Export Restrictions) and 310 (Non-Discriminatory Administration of Restrictions), and the provisions of Article XX(b) of the GATT as incorporated into Article 2101(1), do not apply to any sanitary or phytosanitary measure.

### **Article 753: 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 Subchapter.

### **Article 754: Basic Rights and Obligations**

#### **Right to Take Sanitary and Phytosanitary Measures**

1. Each Party may, in accordance with this Subchapter, 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 Subchapter, each Party may, in protecting human, animal or plant life or health, establish its appropriate level of protection in accordance with Article 757.

### **Scientific Principles**

3. Each Party shall ensure that any sanitary or phytosanitary measure that it adopts, maintains or applies is:
- (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 to trade between the Parties.

### **Article 755: 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.

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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 754. 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 Subchapter.
3. Notwithstanding paragraph 1 and in accordance with the other provisions of this Subchapter, a Party may adopt, maintain or apply 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, and the other Party shall provide in writing, the reasons for such 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 756: Equivalence

1. Without reducing the level of protection of human, animal, or plant life or health, the Parties shall, to the greatest extent practicable and in accordance with this Subchapter, pursue equivalence of their respective sanitary or 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 scientific evidence or other information, in accordance with risk assessment methodologies agreed upon by those Parties, to demonstrate objectively, subject to subparagraph (b), that the exporting Party's measure achieves the importing Party's appropriate level of protection;

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- (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, upon the request of the exporting Party, provide its reasons in writing for a determination under subparagraph (b).
3. For purposes of establishing equivalency, each exporting Party shall, upon 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 should, in the development of a sanitary or phytosanitary measure, consider relevant actual or proposed sanitary or phytosanitary measures of the other Parties.

**Article 757: 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 such risk, also take into account the following economic factors, where relevant:

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- (a) loss of production or sales that may result from such 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 754(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. Such Party shall, within a reasonable period after information sufficient to complete the assessment is presented to it, complete its assessment, review and where appropriate revise the provisional measure in light of such assessment.

5. Where a Party is able to achieve its appropriate level of protection through the phased application of a sanitary or phytosanitary measure, it may, upon the request of another Party and in accordance with this Subchapter, allow for such a phased application, or grant specified exceptions for limited periods from such measure, taking into account the requesting Party's export interests.

#### **Article 758: 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 measure is produced and the area in its territory to which such good is destined, taking into account any relevant conditions, including those relating to transportation and handling, between such areas. In assessing such characteristics of an area, including whether an area is, and is likely to

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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 such 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, 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 Subchapter:

- (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. Such Party shall use

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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, upon 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 759: Control, Inspection and Approval Procedures**

1. Each Party, with respect to any control or inspection procedure that it conducts:
  - (a) shall initiate and complete such procedure as expeditiously as possible and in no less favorable manner for a good of another Party than for a good of such Party or a like good of any other country;
  - (b) shall publish the normal processing period for each such procedure or communicate the anticipated processing period to the applicant upon request;
  - (c) shall ensure that the competent body
    - (i) upon 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 such applicant may take any necessary corrective action,
    - (iii) where the application is deficient, proceeds as far as practicable with such procedure if the applicant so requests, and
    - (iv) informs the applicant, upon 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 such procedure;

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- (e) shall accord confidential or proprietary information arising from, or supplied in connection with, such procedure conducted for a good of another Party
  - (i) treatment no less favorable than for a good of such 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 such procedure that is higher for a good of another Party than is equitable in relation to any such fee it imposes for its 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 a procedure is conducted that do not cause unnecessary inconvenience to an applicant or its agent;
- (i) shall provide a mechanism to review complaints concerning the operation of such procedure and to take corrective action when a complaint is justified;
- (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 such procedure, for a good modified subsequent to a determination that such good fulfills the requirements of the applicable sanitary or phytosanitary measure, to that necessary to determine that such good continues to fulfill the requirements of such 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, upon 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.

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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 such procedure, prior to granting access to its domestic market for a food, beverage or feedstuff containing such 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 such procedure.

#### **Article 760: Notification, Publication and Provision of Information**

1. Further to Articles 1802 and 1803, 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 such 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 such notice and notification the good to which the proposed measure would apply, and provide a brief description of the objective and reasons for such measure;
- (c) provide a copy of such 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, upon request, discuss such comments and take the comments and the results of such 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 paragraphs 1(a) and (b) are made prior to their adoption; and
- (b) observance of paragraphs 1(c) and (d).

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3. Where a Party considers it necessary to address an urgent problem relating to sanitary and phytosanitary protection, it may omit any step set out in paragraph 1 or 2, provided that, upon 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 such 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, upon request, discuss such comments and take such comments and the results of such discussions into account.

4. Except where necessary to address an urgent problem referred to in paragraph 3, each Party shall 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 such 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 such 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 shall provide a written explanation to the exporting Party, upon request, that identifies the applicable measure and the reasons that the good is not in compliance.

#### **Article 761: Inquiry Points**

1. Each Party shall ensure that there is one inquiry point that is able to answer all reasonable enquiries 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, provincial, or state government level;

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- (b) such Party's risk assessment procedures and factors it considers in conducting such assessment and in establishing its appropriate levels of protection;
- (c) the membership and participation of such Party, or its relevant federal, provincial or state government authorities in international and regional sanitary and phytosanitary organizations and systems, and in bilateral and multilateral arrangements within the scope of this Subchapter, and the provisions of such systems and arrangements; and
- (d) the location of notices published pursuant to this Subchapter 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 Subchapter, they are supplied at the same price, apart from the actual cost of delivery, as the price for domestic purchase.

#### **Article 762: Technical Cooperation**

1. Each Party shall, upon 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 purpose of acquiring technical expertise, training and equipment to allow the Party to adjust to and comply 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 763: Limitations on the Provision of Information**

Nothing in this Subchapter shall be construed as requiring a Party to:

- (a) communicate, publish texts or provide particulars or copies of documents other than in an official language of such 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 764: 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 755 and 756;
- (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.

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 upon such experts and expert bodies as it considers appropriate;

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- (c) shall report annually to the Commission on the implementation of this Subchapter;
- (d) shall meet upon 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 765: Technical Consultations

1. A Party may request consultations with another Party on any matter covered by this Subchapter.
2. Each Party should use the good offices of relevant international and North American standardizing organizations, including those referred to in Article 755(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 Subchapter to a Party's sanitary or phytosanitary measure, and so notifies the Committee, the Committee may facilitate such 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. 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.
5. Where the involved Parties have had recourse to consultations facilitated by the Committee under paragraph 3, such consultations shall, upon the agreement of the Parties involved, constitute consultations conducted for purposes of Article 2006 (Consultations).
6. The Parties confirm that a Party asserting that a sanitary or phytosanitary measure of another Party is inconsistent with the provisions of this Subchapter shall have the burden of establishing such inconsistency.

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**Article 766: Definitions**

For purposes of this Subchapter:

**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;

**approval procedure** means any registration, notification or other mandatory administrative procedure for:

- (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,

**in a food, beverage or feedstuff** prior to permitting the use of such additive or the marketing of a food, beverage or feedstuff containing such additive or contaminant;

**area** means a country, part of a country or all or parts of several countries;

**area of low pest or disease prevalence** means an area in which a specific pest or disease occurs at low levels;

**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 co—operation with the *North American Plant Protection Organization*; or
- (d) established by or developed under any other international organization agreed upon 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,

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- (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) to 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,
- (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.

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## Chapter Eight

### Emergency Action

#### Article 801: Bilateral Actions

1. Subject to paragraphs 2, 3 and 4 and Annex 801, 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 so that the imports of such 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 such good;
  - (b) increase the rate of duty on such 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, or
    - (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 such 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;

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- (b) any such action shall commence not later than one year from the date of institution of the proceeding;
- (c) no action shall 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 Tariff Schedule 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 commencement 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 shall 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) upon the termination of the action, the rate of duty shall be the rate that, according to the original Schedule for the staged elimination of the tariff, would have been in effect a year after the commencement of the action, and commencing 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 schedule in the Tariff Schedule of the Party, or
  - (ii) the tariff shall be eliminated in equal annual stages ending on the date set forth in the Tariff Schedule of the Party 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 pursuant to this Article shall provide to the Party against whose good the action is taken mutually agreed trade liberalizing compensation in the form

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of concessions having substantially equivalent trade effects to the other Party, or equivalent to the value of the additional duties expected to result from the action. If the Parties are unable to agree upon compensation, the Party against whose good the action is taken may take tariff action having trade effects substantially equivalent to the action taken under paragraph 1. The Party taking such tariff action shall apply the action only for the minimum period necessary to achieve such 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 shall retain 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 such 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, such imports normally shall not be considered to account for a substantial share of total imports if such 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

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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 of 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 of the other Party or Parties undermines the effectiveness of such 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. In no case shall a Party 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 such 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 to that Party or Parties or equivalent to the value of the additional duties expected to result from the action. If such Parties are unable to agree upon 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 respective laws, regulations, decisions and rulings governing all emergency action proceedings.

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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.

4. This Article does not apply to emergency actions respecting goods covered by 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 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 804;

**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 within the territory of a Party;

**emergency action** means any emergency action proceeding instituted after the date of entry into force of this Agreement;

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**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 commencing on the date of the entry into force of this Agreement, except where the good against which the action is taken is provided for in the items in staging category C+ of the Tariff Schedule 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**

**Bilateral Actions**

Notwithstanding Article 801, bilateral emergency actions between Canada and the United States on goods originating in the territory of either Party shall be governed in accordance with the terms of Article 1101 of the Canada-U.S. Free Trade Agreement, which is hereby incorporated into and made a part of this Agreement for such purpose.

**ANNEX 803**

**Administration of Emergency Action Proceedings**

1. Institution of a Proceeding:
  - (a) 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.
  - (b) A Party may institute a proceeding on its own motion or request the competent investigating authority to conduct a proceeding.
  
2. Contents of a petition or complaint. When 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 and other sources, and best estimates and the basis therefore if such information is not available:
  - (a) Product description. The name and description of the imported good concerned, the tariff subheading under which such 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;
- (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.

3. Petitions or complaints, except to the extent they contain confidential business information, shall promptly be made available for public inspection upon being filed.

4. 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 6 without first assessing carefully that the petition or complaint meets the requirements of paragraph 4, including representativeness.

5. Notice requirement. Upon 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

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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. **Public hearing.** In the course of each such 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.

7. **Confidential information.** 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 if they indicate that such information cannot be summarized, the reasons why a summary cannot be provided.

8. **Evidence of injury and causation:**

- (a) 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, in particular, the rate and amount of the increase in imports of the good concerned, in absolute and relative terms, 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 economic factors, such as changes in prices and inventories, and the ability of firms in the industry to generate capital;
- (b) 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

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good concerned and serious injury, or threat thereof. When 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;

9. Time period for deliberation. Except in critical circumstances and in global actions involving perishable agricultural products, 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.
10. The competent investigating authority shall publish promptly a report, including a summary thereof, in the official journal of the Party setting forth 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 forth the basis for the determination, including a description of: the domestic industry seriously injured or threatened with serious injury; 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, if provided for by domestic law, any finding or recommendation regarding the appropriate remedy and the basis therefor. In its report, the competent investigating authority shall not disclose any confidential information provided pursuant to any undertakings concerning confidential information that may have been made in the course of the proceedings.

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**ANNEX 804**

**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 the 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.

**PART THREE  
TECHNICAL BARRIERS TO TRADE**

**Chapter Nine**

**Standards-Related Measures**

**Article 901: Scope**

1. This Chapter applies to any standards-related measure of a Party, other than those covered by Chapter Seven, Subchapter B (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. Purchasing 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 provincial or state 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 104, 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 such 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 and apply standards-related measures, including those relating to safety, the protection of human, animal and plant life and health, the environment, and consumers, and measures to ensure their 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 such measures or to complete its 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(3).

**Non-Discriminatory Treatment**

3. Each Party shall, in respect of its standards-related measures, accord to goods or 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 the Parties. An unnecessary obstacle to trade shall not be deemed to be created if:

- (a) the demonstrable purpose of such measure is to achieve a legitimate objective; and
- (b) such measure does not operate to exclude goods of another Party that meet that legitimate objective.

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#### **Article 905: Use of International Standards**

1. Each Party shall use, as a basis for its standards-related measures, 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. Paragraph 1 shall not 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 such measure were based on an international standard.

#### **Article 906: Compatibility and Equivalence**

1. Recognizing the crucial role of standards-related measures in promoting and protecting 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, upon the 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.

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5. The importing Party shall provide to the exporting Party, upon 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 such 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 acceptance of 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 such assessment, a Party may consider, 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 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 light of such assessment.

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3. Where a Party pursuant to Article 904(2) establishes the 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, if such 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.

#### 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 to the greatest extent practicable such procedures.

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 such bodies in its territory.

3. With respect to a Party's conformity assessment procedure, such Party shall:

- (a) not adopt or maintain any such procedure that is stricter, nor apply such 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 such 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 upon request;

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- (e) ensure that the competent body
  - (i) upon 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 such applicant may take any necessary corrective action,
  - (iii) where the application is deficient, proceeds as far as practicable with such procedure if the applicant so requests, and
  - (iv) informs the applicant, upon 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 such procedure and to determine appropriate fees;
- (g) accord confidential or proprietary information arising from, or supplied in connection with, the conduct of such 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 such Party or a service provided by a person of such 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 such 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;

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- (j) limit such procedure, for a good or service modified subsequent to a determination that such good or service conforms to the applicable technical regulation or standard, to that necessary to determine that such good or service continues to conform to such 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.

4. Each Party shall apply, with appropriate modifications, the relevant provisions of paragraph 3 to its approval procedures.

5. Each Party shall, upon the 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 such technical regulation, 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 such measure, except that in the case of any such measure related to perishable goods, each Party shall, to the greatest extent practicable, publish such notice and provide such notification at least 30 days prior to the adoption or modification of such measure, but no later than when notification is provided to domestic producers;
- (b) identify in such notice and notification the good or service to which the proposed measure would apply, and shall provide a brief description of the objective of, and reasons for, such 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

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- (d) without discrimination, allow other Parties and interested persons to make comments in writing and shall, upon request, discuss such comments and take such comments and the results of such 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 paragraphs 1 (a) and (b); and
  - (b) observe paragraphs 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 paragraphs 1 (a) and (b) are made prior to their adoption; and
  - (b) observance of paragraphs 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 paragraphs 1 or 3, provided that upon 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 such 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, upon request, discuss such comments and take such comments and the results of such discussions into account.

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5. Each Party shall, except where necessary to address an urgent problem referred to 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 adapt to such 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 non-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 provincial or state government, and by non-governmental standardizing bodies in its territory.
9. 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 such 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, provincial, or state government level;
  - (b) the membership and participation of such Party, or its relevant federal, provincial or state 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 such systems and arrangements;
  - (c) the location of notices published pursuant to Article 909, or where such information can be obtained;

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- (d) the location of the inquiry points referred to in paragraph 3; and
  - (e) such Party's procedures for assessment of risk, factors it considers in conducting such 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 enquiry 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 enquiry point that is able to answer all reasonable enquiries 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, upon the 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

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- (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 its standardizing bodies to cooperate with the standardizing bodies 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 as requiring a Party to:

- (a) communicate, publish texts, or provide particulars or copies of documents other than in an official language of such 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 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 enquiry 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;

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- (e) considering non-governmental, regional and multilateral developments regarding standards-related measures, including under the GATT; and
  - (f) reporting annually to the Commission on the implementation of this Chapter.
3. The Committee shall meet upon the request of any Party and, unless the Parties otherwise agree, at least once each year.
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 such 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 or working groups
    - (i) Land Transportation Standards Subcommittee, in accordance with Annex 913-A,
    - (ii) Telecommunications Standards Subcommittee, in accordance with Annex 913-B,
    - (iii) Automotive Standards Council, in accordance with Annex 913-C, and
    - (iv) Subcommittee on Labelling of Textile and Apparel Goods, in accordance with Annex 913-D;
  - (b) such other subcommittees or working groups as it considers appropriate to address any topic, including:

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- (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, upon the request of another Party, take such reasonable measures as may be available to it to provide for the participation in the work of the Committee, where

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and as appropriate, of representatives of provincial or state governments in the activities of the Committee.

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 Party's standards-related measure, and so notifies the Committee, the Committee may facilitate such 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, such consultations shall, if agreed by 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 the provisions of this Chapter shall have the burden of establishing such inconsistency.

#### **Article 915: Definitions**

1. For purposes of this Chapter:

**approval procedure** means any registration, notification, or other mandatory administrative procedure for obtaining 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;

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**conformity assessment procedure** means any procedure used, directly or indirectly, to determine that a relevant 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 Telecommunications 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 or consumers (including matters relating to quality and identifiability of goods or services); or
- (c) sustainable development,

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 telecommunication services;

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**standard** means a document, approved by a recognized body, that provides, for common and repeated use, rules, guidelines or characteristics for products, 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 product, 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 product characteristics or their related processes and production methods, or for services or 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 product, process or production or operating method;

**telecommunication service** means a service provided by means of the transmission and reception of signals by any electromagnetic means.

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*.

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**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, 1998 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 - A**

**Land Transportation Standards Subcommittee**

1. The Land Transportation Standards Subcommittee, established under Article 913, 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) motor carrier operations,
  - (i) no later than one and one-half years from 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 from the date of entry into force of this Agreement, for medical standards-related measures respecting drivers,
  - (iii) no later than three years from 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 work program established under Annex 913-C,
  - (iv) no later than three years from 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 from the date of entry into force of this Agreement, for standards-related measures respecting road signs;

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- (b) rail operations,
  - (i) no later than one year from 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 from 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 from 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 - B**

**Telecommunications Standards Subcommittee**

1. The Telecommunications Standards Subcommittee, established under Article 913, 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 the Parties' standards-related measures for authorized equipment as defined in Chapter 13 (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.

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## ANNEX 913 - C

### Automotive Standards Council

1. The Automotive Standards Council, established under Article 913, 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 other related issues.
3. To facilitate its objectives, the Council may establish subgroups, consultation procedures and other appropriate operational mechanisms. With the agreement of all the Parties, the Council may include state and provincial government or private sector representatives in its subgroups.
4. All Council recommendations shall require agreement of all the Parties. When the adoption of a new law is not required for a Party, the Council's recommendations shall be implemented by the Party within a reasonable period of time in accordance with the legal and procedural requirements and international obligations of the Party. Where the adoption of a new law is required for a Party, the Party shall make best efforts to secure the passage of such legislation and shall implement any new legislation within a reasonable period of time.
5. Recognizing the existing disparity in standards-related measures, the Council shall develop its work program for making compatible the national standards-related measures that apply to automotive goods and other related issues 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 such disparity.

In developing its work program, the Council may address other closely related issues, 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 developed or maintained by state, provincial and local authorities and private sector organizations. The Council shall make every effort to assist these entities with these activities, especially the identification of priorities and the establishment of work schedules.

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**ANNEX 913 - D**

**Subcommittee on Labelling of Textile and Apparel Goods**

1. The Subcommittee on Labelling of Textile and Apparel Goods, established under Article 913, shall comprise representatives of each Party.
2. This 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 agenda for this Work Program should include the following issues:
  - (a) pictograms and symbols to replace required written information where possible 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 to textile and apparel goods; and
  - (e) use in the territory of other Parties of each Party's national registration numbers for manufacturers or importers of textile and apparel goods.

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## Chapter Ten

### Government Procurement

#### Article 1001: Objectives

The Parties shall strive to achieve the liberalization of their measures regarding government procurement, as specified by the obligations in this Chapter, so as to provide balanced, non-discriminatory, predictable and transparent government procurement opportunities for the suppliers of each Party.

#### Article 1002: Scope and Coverage

1. Subject to Annexes 1002.1 through 1002.7, this Chapter applies to any measure regarding the procurement of goods or services or any combination thereof, by any entity listed in Annex 1002.1 (Federal Government Entities), Annex 1002.3 (Government Enterprises) and, when completed, Annex 1002.2 (State and Provincial Government Entities), where the value of the contract to be awarded is estimated, at the time of publication of a notice in accordance with Article 1010 (Invitation to Participate), to equal or exceed the applicable threshold as set forth in paragraph 3.
2. Where the contract to be awarded by the entity is not covered by this Chapter, this Chapter shall not be construed to cover any good or service component of that contract. However, no Party shall prepare, design or otherwise structure any procurement contract in order to avoid the obligations of this Chapter.
3. Subject to Annex 1002-A, the applicable thresholds in U.S. dollars are:
  - (a) for entities listed in Annex 1002.1 (Federal Government Entities),
    - (i) \$50,000 for goods contracts,
    - (ii) \$50,000 for services contracts, except for construction services contracts, and
    - (iii) \$6.5 million for construction services contracts; and

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- (b) for entities listed in Annex 1002.3 (Government Enterprises)
  - (i) \$250,000 for goods contracts,
  - (ii) \$250,000 for services contracts, except for construction services contracts, and
  - (iii) \$8.0 million for construction services contracts.

4. Threshold values are denominated in real terms and therefore shall incorporate the inflation rate of the United States. The United States shall, every two years, calculate and notify to the other Parties the threshold values denominated in nominal terms according to of Annex 1002.8 (1) (Indexation and Conversion of Thresholds).

5. Each Party shall comply with Annex 1002.8 with respect to the calculation and conversion of the value of thresholds into national currencies.

6. For purposes of this Chapter, procurement includes procurement by such methods as purchase, lease or rental, with or without an option to buy, in accordance with the thresholds and coverage applicable in this Chapter. Procurement does not include the acquisition of fiscal agency or depository services, liquidation and management services for regulated financial institutions and sale and distribution services for government debt.

7. As between any Parties who are also party to the *GATT Agreement on Government Procurement* or any successor agreement to which such Parties are party, this Chapter shall prevail to the extent of any inconsistency between the provisions of such agreement and this Chapter.

#### **Article 1003: Valuation of Contracts**

1. Each Party shall ensure that its entities, in determining whether any contract is subject to this Chapter, apply paragraphs 2 through 6 in calculating the value of that contract.

2. An entity, in calculating the value of a contract, shall take into account all forms of remuneration, including premiums, fees, commissions and interest.

3. An entity shall not select a valuation method, or divide procurement requirements into separate contracts, to avoid the application of this Chapter.

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4. Where an individual requirement for a procurement results in:

- (a) the award of more than one contract, or
- (b) in contracts being awarded in separate parts,

the basis for valuation shall be either:

- (c) the actual value of similar recurring contracts concluded over the previous fiscal year or 12 months adjusted, where possible, for anticipated changes in quantity and value over the subsequent twelve months; or
- (d) the estimated value of recurring contracts in the fiscal year or 12 months subsequent to the initial contract.

5. 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 forth in subparagraph (b).

6. In cases in which tender documentation specifies the need for optional purchases, the basis for valuation shall be the total value of the maximum permissible procurement, inclusive of all possible optional purchases.

#### **Article 1004: National Treatment and Non-discrimination**

1. With respect to all measures regarding government procurement covered by this Chapter, each Party shall accord to goods of any other Party, as determined in accordance with the rules of origin referred to in Article 1005(1) (Rules of Origin), to services of any other Party, as

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determined in accordance with Article 1005(2), and to the suppliers of such goods or services, treatment no less favorable than the most favorable treatment that it accords to:

- (a) goods, services and suppliers of that Party; and
- (b) goods, services and suppliers of any other Party.

2. With respect to all measures regarding government procurement 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 if the goods or services offered by that supplier for the particular procurement are goods or services of any other Party.

3. Paragraph 1 does not apply to customs duties and charges of any kind imposed on or in connection with importation, the method of levying such duties and charges, and other import regulations, including restrictions and formalities.

4. Each Party reserves the right to deny to an enterprise of any other Party the benefits of this Chapter in accordance with the provisions of Article 1113 (Denial of Benefits), except subparagraph (a).

#### **Article 1005: Rules of Origin**

1. No Party shall apply to goods that are imported from any other Party for purposes of government procurement covered by this Chapter, rules of origin that are different from or inconsistent with the rules of origin the Party applies in the normal course of trade, which will be the non-preferential rules set out in Chapter Three (for country of origin marking purposes) at such time as they become the rules of origin applied in the normal course of trade.

2. Notwithstanding any other provision of this Chapter, a Party may deny to an enterprise that is a supplier of services of another Party the benefits of this Chapter if:

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- (a) nationals of any non-Party own or control that enterprise; and
- (b) that enterprise has no substantial business activities in the territory of the Party under whose laws it is constituted.

#### **Article 1006: Prohibition of Offsets**

Each Party shall ensure that its entities do not, in the qualification and selection of suppliers, goods or services, or in the evaluation of bids and the award of contracts, consider, seek or impose offsets.

#### **Article 1007: Technical Specifications**

1. Each Party shall ensure that its entities do not, with the purpose or the effect of creating unnecessary obstacles to trade, prepare, adopt or apply any technical specification laying down:
  - (a) the characteristics of the goods or services to be procured such as quality, performance, safety and dimensions, symbols, terminology, packaging, marking and labelling;
  - (b) the processes and methods for their production related to the goods characteristics; or
  - (c) requirements relating to conformity assessment.
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

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producer or service provider 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.

#### **Article 1008: Tendering Procedures**

1. Each Party shall ensure that the tendering procedures of its entities:
  - (a) are applied in a non-discriminatory manner; and
  - (b) are consistent with the provisions of this Article and with Articles 1009 (Qualification of Suppliers) through 1016 (Limited Tendering).
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. No entity of a Party may, in the process of qualifying suppliers in tendering procedures, 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 of a Party shall be consistent with the following:
  - (a) any conditions for participation by suppliers in tendering procedures shall be published sufficiently in advance so as to provide the suppliers adequate time to

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- initiate and, to the extent that it is compatible with efficient operation of the procurement process, to complete the qualification procedures;
- (b) any 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 and its activity, if any, in the territory of the Party of the procuring entity;
  - (d) no entity may misuse the process of, including the time required for, qualification in order to exclude suppliers of any other Party from a suppliers' list or from being considered for a particular procurement;
  - (e) an entity shall recognize as qualified suppliers those suppliers of any other Party that meet the conditions for participation in a particular procurement;
  - (f) an entity shall consider for a particular procurement those suppliers of any other 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 any such list or of their removal from it;
  - (h) if, after publication of a notice in accordance with Article 1010 (Invitation to Participate), 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, upon request of the supplier, promptly provide pertinent information concerning the entity's reasons for doing so.

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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, upon request of any other Party, to demonstrate such need; and
- (b) make efforts to minimize differences in the qualification procedures of its entities.

4. Nothing in paragraphs 2 and 3 shall prevent an entity from excluding any supplier on grounds such as bankruptcy or false declarations.

**Article 1010: Invitation to Participate**

1. An entity shall, in accordance with paragraphs 2, 3 and 5, publish an invitation to participate for all procurements, except as otherwise provided for in Article 1016 (Limited Tendering), in the appropriate publication listed in Annex 1010.1 (Publications).

2. The invitation to participate shall take the form of a notice of proposed procurement, which notice 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 the timing when such options may be exercised, and
  - (ii) in the case of recurring contracts, an estimate of the timing of the subsequent tender notices for the goods or services to be procured;
- (b) a statement as to whether the procedure is open or selective and whether it will involve negotiation;
- (c) any date for starting delivery, or completion of delivery, of 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 such an application and the language or languages in which it may be submitted;

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- (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 and technical requirements to be met 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, or more than one of these methods.

3. Notwithstanding paragraph 2, any entity listed in Annex 1002.2 (State and Provincial Government Entities) or Annex 1002.3 (Government Enterprises) may use, as an invitation to participate, a notice of planned procurement, which shall contain as much of the information referred to in paragraph 2 as is available to the entity but which 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 an application to be invited to tender;
- (c) the address at which requests for documents relating to the procurement should be made;
- (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. Any 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 information shall include at least the information referred to in paragraph 2.

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5. Notwithstanding paragraph 2, any entity listed in Annex 1002.2 (State and Provincial Government Entities) or Annex 1002.3 (Government Enterprises) may use, as an invitation to participate, a notice regarding a qualification system. Any entity that uses such a notice shall, subject to the considerations referred to Article 1015 (8) (Submission, Receipt and Opening of Tenders and Awarding of Contracts), 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 contained in the notices referred to in paragraph 2. Information provided to one interested supplier shall be provided in a non-discriminatory manner to all other interested suppliers.

6. In the case of selective tendering procedures, any entity that maintains a permanent list of qualified suppliers shall publish annually in one of the publications listed in Annex 1010.1 (Publications) a notice containing the following information:

- (a) an enumeration of any 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 referred to in subparagraph (a) 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. If, 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 one supplier with respect to a particular procurement shall be given simultaneously to all other suppliers concerned and sufficiently in advance so as to provide all suppliers concerned adequate time to consider such information and to respond to it.

8. An entity shall indicate, in the notices referred to in this Article or in the publication in which the notices appear, that the procurement is covered by this Chapter.

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### **Article 1011: Selective Tendering Procedures**

1. To ensure optimum effective competition between the suppliers of all Parties under selective tendering procedures, an entity of a Party 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, any 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 any selection, the entity shall provide for equitable opportunities for suppliers on the list.
3. Subject to Article 1009 (2)(f) (Qualification of Suppliers), an entity shall allow any 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. If an entity does not invite or admit a supplier to tender, the entity shall, upon request of the supplier, promptly provide pertinent information concerning its reasons for not doing so.

### **Article 1012: Time Limits for Tendering and Delivery**

1. An entity of a Party shall:
  - (a) in prescribing any time limit, provide adequate time to allow suppliers of the other Parties to prepare and submit tenders before the closing of the tendering procedures;
  - (b) in determining any 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.

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2. Subject to paragraph 3, an entity shall provide that:
  - (a) in open procedures, the period for the receipt of tenders is no less than 40 days from the date of publication of the notice referred to in Article 1010 (Invitation to Participate);
  - (b) in selective 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 the notice referred to in Article 1010 (Invitation to Participate), 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 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. If the date of initial issuance of invitations to tender does not coincide with the date of publication of the notice referred to in Article 1010 (Invitation to Participate), 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 Article 1010 (3) or (5) (Invitation to Participate) 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) (Invitation to Participate), 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 the notice referred to in Article 1010 (Invitation to Participate); or
  - (d) where an entity listed in Annex 1002.2 (State and Provincial Government Entities) or Annex 1002.3 (Government Enterprises) is using as an invitation to participate a notice referred to in of Article 1010 (5) (Invitation to Participate), the periods

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may be fixed by mutual agreement between the entity and all selected suppliers; but in the absence of agreement, the entity may fix periods which shall be sufficiently long to enable responsive bidding and shall not be less than 10 days.

4. An entity shall, in establishing any 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 of procurement, except for Article 1010 (2)(h) (Invitation to Participate). It must also include the following information:

- (a) the address of the entity to which tenders should be sent;
- (b) the address where requests for supplementary information should be sent;
- (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 any tender should be open for acceptance;
- (e) the persons authorized to be present at the opening of tenders and the date, time and place of the opening;
- (f) a statement of any economic and technical requirement to be met and of any financial guarantee, information and documents required from suppliers;
- (g) a complete description of the goods or services required and any requirements to be fulfilled, 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 transport, insurance and inspection

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costs, and in the case of goods or services of any other Party, customs duties and other import charges, taxes and currency of payment;

- (i) the terms of payment; and
- (j) any other terms or conditions.

2. An entity shall:

- (a) forward tender documentation at the request of any supplier that is participating in open procedures or has requested to participate in selective 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:

- (a) in the context of procurements in which the entity has, in the notice referred to in Article 1010 (Invitation to Participate), indicated its intent to negotiate; or
- (b) when it appears from the evaluation of the tenders that no one tender is obviously the most advantageous in terms of the specific evaluation criteria set forth in the notices or tender documentation.

2. Negotiations shall be used primarily to identify the strengths and weaknesses in the tenders.

3. An entity shall treat all tenders in confidence. In particular, an entity may not provide to any person information intended to assist any supplier to bring its tender up to the level of any other tender.

4. An entity may not, in the course of negotiations, discriminate between different suppliers. In particular, an entity shall:

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- (a) carry out any elimination of suppliers in accordance with the criteria set forth in the notices and tender documentation;
- (b) provide in writing all modifications to the criteria or to the 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 revised 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) if 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, conditions and provisions 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

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- (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 permitted to give rise to any discriminatory practice.

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. An entity may not 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 procedures shall be received and opened under procedures and conditions guaranteeing the regularity of the openings. The entity shall retain the information on the opening of tenders and the information shall remain at the disposal of the competent authorities of the respective Party so that it may be used if required under the procedures of Article 1017 (Bid Challenge), Article 1019 (Provision of Information) 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 enquire 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 tender or the tender that in terms of the specific evaluation criteria set forth in the notices or tender documentation is determined to be the most advantageous;
- (d) awards shall be made in accordance with the criteria and essential requirements specified in the tender documentation; and

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- (e) option clauses shall not be used in a manner that circumvents the provisions of this Chapter.

5. No entity of a Party shall 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 within the territory of that Party.

6. An entity shall:

- (a) upon request, promptly inform suppliers participating in tendering procedures of decisions on contract awards and, if so requested, inform them in writing; and
- (b) upon 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 and the characteristics and relevant advantages of the tender selected, as well as the name of the winning supplier.

7. An entity shall publish a notice in the appropriate publication listed in Annex 1010.1 (Publications) no later than 72 days after the award of a contract, which notice 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 and lowest tenders considered in the process of awarding the contract; and
- (f) the tendering procedure used.

8. Notwithstanding any other provision of this Article, an entity may withhold certain information on the award of a contract, where disclosure of such information would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interest of a particular person, or might prejudice fair competition between suppliers.

**Article 1016: Limited Tendering**

1. An entity of a Party may, in the circumstances and subject to the conditions specified in paragraph 2, deviate from the provisions of Articles 1008 (Tendering Procedures) through 1015 (Submission, Receipt and Opening of Tenders and Awarding of Contracts), provided that such limited tendering is 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 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 tender, or when the tenders submitted either have resulted from collusion or do not conform to the essential requirements of the tender documentation, or when the tenders submitted come from suppliers who 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) when, for works of art or for reasons connected with the protection of patents, copyrights or other exclusive rights, proprietary information, confidential consulting services or, when 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 when, 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, when 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;

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- (e) when 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. When such contracts have been fulfilled, subsequent procurements of goods or services shall be subject to Articles 1008 (Tendering Procedures) through 1015 (Submission, Receipt and Opening of Tenders and Awarding of Contracts). 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. It does not extend to 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. This provision is intended to cover unusual disposals by firms which are not normally suppliers; or disposal of assets of businesses in liquidation or receivership. It is not intended to cover routine purchases from regular suppliers; and
- (h) for a contract awarded to the winner of an architectural design contest, on condition that the contest
  - (i) has been organized in a manner that is consistent with the principles of this Chapter, notably as regards the publication, in the sense of Article 1010 (Invitation to Participate), of an invitation to suitably qualified suppliers to participate in the contest,
  - (ii) has been organized with a view to awarding the design contract to the winner, and
  - (iii) is to be judged by an independent jury.

3. An entity shall prepare a report in writing on each contract awarded by it under the provisions of 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. Each report shall remain with the entity concerned at the disposal of the competent authorities of the respective Party, so that it may be used if required under the procedures of Article 1017 (Bid Challenge), Article 1019 (Provision of Information) or Chapter 20 (Institutional Arrangements and Dispute Settlement Procedures).

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**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 procurements covered by this Chapter in accordance with the following:

- (a) each Party shall allow suppliers of any good or service of another Party to submit bid challenges concerning any aspect of the procurement process, which for purposes of this Article begins after an entity has decided on its procurement requirement, leading up to and including 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 upon an unsuccessful attempt at such a resolution, no Party shall prevent the supplier from initiating a bid challenge or seeking any other relief available to such supplier;
- (e) a Party may require a supplier to notify the entity upon 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) upon receipt of a bid challenge, the reviewing authority shall expeditiously investigate the challenge, and may be required to limit its considerations to the challenge itself;

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- (i) 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 such a delay would be contrary to the public interest;
- (j) the reviewing authority shall issue a recommendation to resolve the challenge, which may include directing the entity to reevaluate offers, terminate or re-compete the contract in question;
- (k) entities normally shall follow the recommendations of the reviewing authority;
- (l) each Party should authorize its reviewing authority, following the conclusion of a bid challenge, 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 the obligations of this Chapter;
- (m) 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 all interested persons;
- (n) each Party shall specify in writing and shall make generally available all its bid challenge procedures; and
- (o) each Party shall ensure that each of its entities maintains complete documentation concerning 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 the obligations of this Chapter.

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. If a Party imposes such a requirement, the 10 working day period described in paragraph 1(f) shall begin not earlier than the date that the notice is published or the tender documentation is made available.

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### **Article 1018: Exceptions**

1. Notwithstanding Article 2102 (National Security), for purposes of this Chapter nothing 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. 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 listed in Annex 1010.1 (Publications).
2. Each Party shall:
  - (a) be prepared, upon request, to explain to any other Party its government procurement procedures; and
  - (b) ensure that its entities, upon request from a supplier, promptly explain their procurement practices and procedures.
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

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with respect to unsuccessful tenders and further to Article 1015(6) (Submission, Receipt and Opening of Tenders and Awarding Contracts). To this end, the Party of the procuring entity shall provide information on both the characteristics and relative advantages of the winning tender and the contract price. In cases where release of this information would prejudice competition in future tenders, the information shall not be released except after consultation with and agreement of the Party which gave the information to the requesting Party.

4. Each Party shall provide, upon request, to any other 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 shall disclose confidential information the disclosure of which would prejudice the legitimate commercial interests of a particular person or might prejudice fair 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 each year an annual report in accordance with the following reporting requirements, unless the Parties unanimously agree to modify such requirements:

- (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 covered by this Chapter above the applicable threshold values, broken down by entities, categories of goods or services according to uniform classification systems to be determined by the Parties, and country of origin of the contract;
- (c) statistics, broken down by entities, and by categories of goods or services, on the number and total value of contracts awarded under each use of the procedures described in Article 1016 (Limited Tendering), and country of origin of the contract; and
- (d) statistics, broken down by entities, on the number and total value of contracts awarded under derogations to the Chapter listed in the appropriate annexes.

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8. With respect to the reports described in paragraph 7 that pertain to entities listed in Annex 1002.2 (State and Provincial Government Entities), each Party may organize such reports by state or province.
9. Each Party shall give favorable consideration, where appropriate, to a request from any other Party for the exchange of additional information on a reciprocal basis.
10. The Parties shall undertake and complete by the date of entry into force of this Agreement further technical work to make available the complete goods and services classification list to be used by their entities in procuring goods and services under this Chapter and develop concordances between each of these systems, and, if necessary, the agreed uniform system.

#### **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 such programs as it conducts.
3. The training and orientation programs referred to in paragraph 2 include:
  - (a) training of personnel directly involved in government procurement procedures;
  - (b) training of suppliers interested in pursuing government procurement opportunities;
  - (c) explanation and description of specific elements of each Party's government procurement system, such as the bid challenge mechanism; and
  - (d) information about government procurement market opportunities.
4. Each Party shall establish at least one contact point to provide the information regarding the training and orientation programs pertaining to its government procurement system.

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**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 no less than once a 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 their government procurement procedures;
  - (b) identification of small businesses interested in becoming trading partners of small businesses in the territory of any other Party;
  - (c) development of data bases of small businesses in the territory of each Party for use by entities of any other Party wishing to procure from small businesses;
  - (d) consultations regarding the factors that each Party uses in establishing its criteria for eligibility for small business programs, if any; and
  - (e) actions to address any related matter.

**Article 1022: Rectifications or Modifications**

1. A Party may make modifications to its coverage under this Chapter only in exceptional circumstances.
2. Where a Party makes modifications to 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 its schedule of the appropriate Annex; and
  - (c) propose to the other Parties appropriate compensatory adjustments to its coverage in order to maintain a comparable level of coverage as existed prior to the modification.

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The other Parties shall consider whether any proposed adjustment made pursuant to subparagraph (c) is adequate to maintain a comparable level of the mutually agreed coverage under this Chapter. Where any Party does not agree that the proposed adjustment is sufficient, it may have recourse to dispute settlement procedures under Chapter Twenty (Institutional Arrangements and Dispute Settlement Procedures).

3. Notwithstanding paragraphs 1 and 2, a Party may make rectifications of a purely formal nature and minor amendments to its Annexes 1002.1 through 1002.7, provided that it notifies such rectifications to the other Parties and its Section of the Secretariat, and any other Party does not object to such proposed rectification within 30 days. In such cases, subparagraph 2(c) shall not apply. If a Party does object that the proposed rectification would result in a substantive change in the balance of coverage under this Chapter, it may have recourse to dispute settlement procedures under Chapter Twenty (Institutional Arrangements and Dispute Settlement Procedures).

4. Notwithstanding any other provision of this Chapter, a Party may undertake legitimate 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, subparagraph 2(c) shall not apply. No Party shall undertake such reorganizations or programs to avoid the obligations of this Chapter. If a Party objects to the withdrawal on the grounds that the functions continue to be performed by a government entity, that 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 subject to the obligations of this Chapter.

2. If, upon the public offering of shares of an entity listed in Annex 1002.3 (Government Enterprises), or through other methods, such entity is no longer subject to federal government control, the respective Party may delete the entity from Annex 1002.3 (Government Enterprises), and withdraw the entity from the obligations of the Chapter, upon notification to the other Parties.

3. If 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 (Institutional Arrangements and Dispute Settlement Procedures).

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#### Article 1024: Further Negotiations

1. The Parties shall commence further negotiations no later than December 31, 1998, with a view towards the substantial liberalization of their respective procurement markets. The Parties recognize that such liberalization would ensure more competitive opportunities for all suppliers of the Parties in their respective procurement markets.
2. The Parties will review all features of government procurement practices for the purposes of:
  - (a) assessing the workings of the procurement system;
  - (b) seeking to expand the coverage of this Chapter;
  - (c) including within the obligations of this Chapter
    - (i) government enterprises, and
    - (ii) legislated and administrative exceptions; and
  - (d) reviewing thresholds.
3. Prior to the review specified in paragraph 2, the Parties will endeavor to consult with their state and provincial governments with a view to obtaining commitments, on a voluntary and reciprocal basis, to include within the obligations of this Chapter procurement by state and provincial government entities and enterprises.
4. If the negotiations pursuant to Article 96B of the *GATT Agreement on Government Procurement* (the Code) are completed prior to the new review specified in paragraph 2, 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 the obligations of 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.

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5. The Parties shall undertake further negotiations no later than December 31, 1998, on the subject of electronic transmission of tender information with a view to exploring the feasibility of amending this Chapter to permit electronic transmission as an additional or alternate means of publication.

#### **Article 1025: Definitions**

For purposes of this Chapter:

**construction services contract** means a contract which has as its objective the realization by whatever means of civil or building works, as specified in the Appendix of Annex 1002.5 (Construction Services);

**entity** means an entity listed in Annexes 1002.1 (Federal Government Entities), Annex 1002.2 (State and Provincial Government Entities) or Annex 1002.3 (Government Enterprises) to this Chapter;

**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, and can involve requirements of local content, licensing of technology, investment, counter-trade or similar requirements.

**services** includes construction services contracts, unless otherwise specified;

**supplier** means a person that has provided or could provide goods or services in response to an entity's call for tender; and

**tendering procedures** means:

- (a) **open tendering procedures**, being those procedures under which all interested suppliers may submit a tender;
- (b) **selective tendering procedures**, being those procedures under which, consistent with Article 1011 (3) (Selective Tendering Procedures), those suppliers invited to do so by an entity may submit a tender; and
- (c) **limited tendering procedures**, being those procedures where an entity contacts suppliers individually, only in the circumstances and under the conditions specified in Article 1016 (Limited Tendering).

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**ANNEX 1002.1**

**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

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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
41. Department of Supply and Services (on its own account)
42. Canadian General Standards Board
43. Department of Transport (Pursuant to Article 1018 the national security considerations applicable to the Department of National Defence are equally applicable to the Canadian Coast Guard.)
44. Secretariat and the Office of the Controller General
45. Department of Veterans Affairs
46. Veterans Land Administration
47. Department of Western Economic Diversification
48. Atlantic Canada Opportunities Agency
49. Auditor General of Canada
50. Federal Office of Regional Development (Quebec)
51. Canadian Centre for Management Development
52. Canadian Radio-television and Telecommunications Commission
53. Canadian Sentencing Commission
54. Civil Aviation Tribunal
55. Commission of Inquiry into the Air Ontario Crash at Dryden, Ontario
56. Commission of Inquiry into the Use of Drugs and Banned Practices Intended to Increase Athletic Performance
57. Commissioner for Federal Judicial Affairs
58. Competition Tribunal Registry
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. Multiculturalism and Citizenship
67. The National Archives of Canada
68. National Farm Products Marketing Council
69. The National Library
70. National Transportation Agency

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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
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

The following goods purchased by the Department of National Defence and the Royal Canadian Mounted Police are included in the coverage of this Chapter, subject to the provisions of Article 1018(1) (Exceptions).

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(Numbers refer to the Federal Supply Classification code)

22. Railway equipment
23. Motor vehicles, trailers and cycles (except buses in 2310, 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 equipment
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 (except 4220 Marine Life-saving and diving equipment, 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 (except 6615: Automatic pilot mechanisms and airborne Gyro components 6665: Hazard-detecting instruments and apparatus)

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- 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 (except 7010 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 (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
- 93. Non-metallic fabricated materials
- 94. Non-metallic crude materials
- 96. Ores, minerals and their primary products
- 99. Miscellaneous

**Notes:**

1. Notwithstanding anything in this Annex, this Chapter does not apply to procurements in respect of:
  - (a) the Departments of Transport Canada, Communications Canada and Fisheries and Oceans respecting FSCs 70 (automatic data processing equipment, software supplies and support equipment), 74 (office machines, text processing systems and visible record equipment) and 36 (special industry machinery); and
  - (b) agricultural products made in furtherance of agricultural support programs or human feeding programs.
2. The General Notes for Canada as set out in Annex 1002.7 apply to this Annex.

**ANNEX 1002.1**

**Schedule of Mexico**

- 1. Secretaría de Gobernación**
  - Centro Nacional de Estudios Municipales
  - Comisión Calificadora de Publicaciones y Revistas Ilustradas
  - Consejo Nacional de Población
  - Archivo General de la Nación
  - Instituto Nacional de Estudios Históricos de la Revolución Mexicana
  - Patronato de Asistencia para la Reincorporación Social
  - Centro Nacional de Prevención de Desastres
  - Consejo Nacional de Radio y Televisión
  - Comisión Mexicana de Ayuda a Refugiados
  
- 2. Secretaría de Relaciones Exteriores**
  - Sección Mexicana de la Comisión Intercional de Límites y Aguas México-EEUU
  - Sección Mexicana de la Comisión Internacional de Límites y Aguas México-Guatemala
  
- 3. Secretaría de Hacienda y Crédito Público**
  - Comisión Nacional Bancaria
  - Comisión Nacional de Valores
  - Comisión Nacional de Seguros y Fianzas
  - Instituto Nacional de Estadística , Geografía e Informática
  
- 4. Secretaría de Agricultura y Recursos Hidraulicos**
  - Instituto Mexicano de Tecnología del Agua
  - Instituto Nacional de Investigaciones Forestales y Agropecuarias
  - Apoyos a Servicios a la Comercialización Agropecuaria, Aserca
  
- 5. Secretaría de Comunicaciones y Transportes (including the Instituto Mexicano de Comunicaciones and the Instituto Mexicano de Transporte)**
  - Comisión Nacional Coordinadora de Puertos
  
- 6. Secretaría de Comercio y Fomento Industrial**
  
- 7. Secretaría de Educación Pública**
  - Instituto Nacional de Antropología e Historia
  - Instituto Nacional de Bellas Artes y Literatura

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- Radio Educación
- Centro de Ingeniería y Desarrollo Industrial
- Consejo Nacional para la Cultura y las Artes
- Comisión Nacional del Deporte

**8. Secretaría de Salud**

- Administración del Patrimonio de la Beneficencia Pública
- Centro Nacional de la Transfusión Sanguínea
- Gerencia General de Farmacias
- Gerencia General de Biológicos y Reactivos
- Consejo Interno del Centro de Obras y Equipamiento en Salud
- Instituto de la Comunicación Humana Dr. Andrés Bustamante Gurría
- Instituto Nacional de Medicina de la Rehabilitación
- Instituto Nacional de Ortopedia
- Consejo Nacional para la Prevención y Control del Síndrome de la Inmunodeficiencia Adquirida, Conasida

**9. Secretaría del Trabajo y Previsión Social**

- Procuraduría Federal de la Defensa del Trabajo
- Unidad Coordinadora del Empleo, Capacitación y Adiestramiento

**10. Secretaría de la Reforma Agraria**

- Instituto de Capacitación Agraria

**11. Secretaría de Pesca**

- Instituto Nacional de la Pesca

**12. Procuraduría General de la República**

**13. Secretaría de Energía Minas e Industria Paraestatal**

- Comisión Nacional de Seguridad Nuclear y Salvaguardias
- Centro de Promoción y Evaluación de Proyectos
- Centro Nacional de Ahorro Energético

**14. Secretaría de Desarrollo Social**

**15. Secretaría de Turismo**

**16. Secretaría de la Contraloría General de La Federación**

17. **Comisión Nacional de Zonas Áridas**
18. **Comisión Nacional de Libros de Texto Gratuito**
19. **Comisión Nacional de Derechos Humanos**
20. **Consejo Nacional de Fomento Educativo**
21. **Secretaría de la Defensa Nacional**
22. **Secretaría de Marina**

The following products 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 paragraph 1 in Article 1018(1) (Exceptions).

(Numbers refer to the Federal Supply Classification Code, FSC)

22. Railway equipment
23. Motor vehicles, trailers and cycles (except buses in 2310, 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
43. Pumps and compressors
44. Furnace, steam plant, drying equipment and nuclear reactors
45. Plumbing, heating and sanitation equipment

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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
67. Photographic equipment
68. Chemicals and chemical products
69. Training aids and devices
70. General purpose ADPE, software, supplies and support equipment
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 (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
93. Non-metallic fabricated materials
94. Non-metallic crude materials
96. Ores, minerals and their primary products (except 9620: minerals, natural and synthetic)
99. Miscellaneous

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**Notes:**

1. National security exceptions include procurements made in support of safeguarding nuclear materials or technology.
2. The General Notes for Mexico as set out in Annex 1002.7 apply to this Annex.

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ANNEX 1002.1

Schedule of the United States

1. Department of Agriculture (This Chapter does not apply to procurement of agricultural products 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 products and services 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 suppliers of goods and services of Canada, the obligations of this Chapter will apply to procurements by the Bureau of Reclamation of the Department of Interior only at such time as the obligations of this Chapter take effect for procurements by Canadian Provincial 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 (Pursuant to 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 (This Chapter does not apply, pursuant to Article 1018, to national security procurements made in support of safeguarding nuclear materials or technology and entered into under the authority of the Atomic Energy Act; and to 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
16. The 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

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23. National Credit Union Administration
24. Merit Systems Protection Board
25. ACTION
26. United States Arms Control and Disarmament Agency
27. The Office of Thrift Supervision
28. The 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. Inter-State 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. The Peace Corps
55. National Archives and Records Administration
56. Department of Defense, including the Army Corps of Engineers

This Chapter will not apply to the following purchases of the DOD:

- (a) Federal Supply Classification (FSC) 83 - all elements of this classification other than pins, needles, sewing kits, flagstuffs, flagpoles, and flagstaff trucks;
- (b) FSC 84 - all elements other than sub-class 8460 (luggage);

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- (c) FSC 89 - all elements other than sub-class 8975 (tobacco products);
- (d) FSC 2310 - (buses only);
- (e) speciality 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 per cent; silicon, 0.60 per cent; or copper, 0.06 per cent; or which contains more than 0.25 per cent of any of the following elements: aluminium, chromium, cobalt, columbium, olybdenum, 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 per cent; (3) titanium and titanium alloys; or (4) zirconium base alloys;
- (f) FSC 19 and 20 - that part of these classifications 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) (Exceptions): 10, 12, 13, 14, 15, 16, 17, 19, 20, 28, 31, 58, 59 and 95.

This Chapter will generally apply to DOD purchases of the following FSC categories subject to United States Government determinations under the provisions of Article 1018(1) (Exceptions):

- 22. Railway Equipment
- 23. Motor Vehicles, Trailers, and Cycles (except buses in 2310)
- 24. Tractors
- 25. Vehicular Equipment Components
- 26. Tires and Tubes
- 29. Engine Accessories
- 30. Mechanical Power Transmission Equipment
- 32. Woodworking Machinery and Equipment
- 34. Metalworking 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
- 43. Pumps and Compressors

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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
67. Photographic Equipment
68. Chemicals and Chemical Products
69. Training Aids and Devices
70. General Purpose ADPE, Software, Supplies and Support Equipment
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
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
93. Non-metallic Fabricated Materials
94. Non-metallic Crude Materials
96. Ores, Minerals and their Primary Products
99. Miscellaneous

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**Note:**

The General Notes for the United States as set out in Annex 1002.7 apply to this Annex.

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**ANNEX 1002.2**

**State and Provincial Government Entities**

Coverage under this Annex will be addressed following consultations with state and provincial governments under the terms and conditions set out in Article 1024 (Further Negotiations).

**Note:**

The General Notes as set out in Annex 1002.7 apply to this Annex.

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**ANNEX 1002.3**

**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 Railways
6. Via Rail
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. With respect to procurements by Canadian National Railways, St. Lawrence Seaway Authority and Via Rail, coverage is subject to Article 1019(5) (Provision of Information), respecting the protection of the commercial confidentiality of information provided.
2. The General Notes for Canada as set out in Annex 1002.7 apply to this Annex.

**Schedule of Mexico**

**Printing and Editorial**

1. Talleres Gráficos de la Nación
2. Productora e Importadora de Papel S.A de C.V., Pipsa

**Communications and Transportation**

3. Aeropuertos y Servicios Auxiliares, ASA
4. Caminos y Puentes Federales de Ingreso y Servicios Conexos, Capufe
5. Puertos Mexicanos

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6. Servicio Postal Mexicano
7. Ferrocarriles Nacionales de México, Ferronales
8. Telecomunicaciones de México, Telecom

#### Industry

9. Petróleos Mexicanos, Pemex (This Chapter does not apply to procurement of fuels and gas.)
10. Comisión Federal de Electricidad, CFE
11. Consejo de Recursos Minerales
12. Comisión de Fomento Minero

#### Commerce

13. Compañía Nacional de Subsistencias Populares, Conasupo (This Chapter does not apply to procurement of agricultural products made in furtherance of agricultural support programmes or human feeding programmes.)
14. Bodegas Rurales Conasupo, S.A. de C.V.
15. Distribuidora e Impulsora de Comercio, Diconsa
16. Leche Industrializada Conasupo, S.A. de C.V., Liconsa (This Chapter does not apply to procurement of agricultural products made in furtherance of agricultural support programmes or human feeding programmes.)
17. Procuraduría Federal del Consumidor
18. Instituto Nacional del Consumidor
19. Laboratorios Nacionales de Fomento Industrial
20. Servicio Nacional de Información de Mercados

#### Social Security

21. Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado, ISSSTE
22. Instituto Mexicano del Seguro Social, IMSS
23. Sistema Nacional para el Desarrollo Integral de la Familia, DIF (This Chapter does not apply to procurement of agricultural products made in furtherance of agricultural support programmes or human feeding programmes.)
24. Servicios Asistenciales de la Secretaría de Marina
25. Instituto de Seguridad Social para las Fuerzas Armadas Mexicanas
26. Instituto Nacional Indigenista, INI
27. Instituto Nacional Para la Educación de los Adultos
28. Centros de Integración Juvenil
29. Instituto Nacional de la Senectud

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**Others**

30. Comité Administrador del Programa Federal de Construcción de Escuelas, Capfce
31. Comisión Nacional del Agua, CNA
32. Comisión Para la Regularización de la Tenencia de la Tierra
33. Consejo Nacional de Ciencia y Tecnología, Conacyt
34. Notimex, S.A . de C.V.
35. Instituto Mexicano de Cinematografía
36. Lotería Nacional para la Asistencia Pública
37. Pronósticos Deportivos

**Notes:**

1. National security exceptions include procurements made in support of safeguarding nuclear materials or technology.
2. The General Notes for Mexico as set out in Annex 1002.7 apply to this Annex.

**Schedule of the United States**

1. Tennessee Valley Authority
2. Power Marketing Administrations of the Department of Energy
  - Bonneville Power Administration
  - Western Area Power Administration
  - Southeastern Power Administration
  - Southwestern Power Administration
  - Alaska Power Administration
3. St. Lawrence Seaway Development Corporation

**Notes:**

1. For suppliers of goods and services of Canada, the obligations of this Chapter will apply to procurements by the Tennessee Valley Authority and the Power Marketing Administrations of the Department of Energy only at such time as the obligations of this Chapter take effect for procurements by Canadian Provincial Hydro utilities.
2. The General Notes for the United States as set out in Annex 1002.7 apply to this Annex.

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## ANNEX 1002.4

### Services

#### I. General Provisions

1. Except for the services listed in Part II of this Annex, all services procured by the entities listed in Annex 1002.1 (Federal Government Entities) and Annex 1002.3 (Government Enterprises) are subject to this Chapter.
2. Contracts for construction services are subject to this Chapter as specified in Annex 1002.5 (Construction Services).
3. The Parties shall adopt a universal list of services for reporting purposes, which is indicative of the services procured by the entities of the Parties, and is contained in the Appendix to this Annex.
4. The Parties shall update, as appropriate, the list of universal services included in the Appendix to this Annex at such time as they mutually agree.
5. Notwithstanding paragraph 1, for Mexico only the services included in the Temporary Schedule of Mexico will be subject to this Chapter, until such time as Mexico has completed its schedule under Part II pursuant to paragraph 6.
6. Mexico will develop and, after consultations with the other Parties, complete its list of services set out under the Schedule of Mexico in Part II of this Annex no later than July 1, 1995.

#### Temporary Schedule of Mexico: Services Included

(Based on the United Nations Central Product Classification, CPC)

##### Professional Services

- 863 Taxation services (excluding legal services)
- 8671 Architectural services
- 86711 Advisory and pre-design architectural services
- 87612 Architectural design services
- 87713 Contract administration services

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- 86714 Combined architectural design and contract administration services
- 86719 Other architectural services
- 8672 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
- 8673 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

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- 832 Leasing or rental services concerning personal and household goods (excluding in 83201, the rental of prerecorded records, sound cassettes, CD's and excluding 83202, rental services concerning video tapes)

#### Other Business Services

- 865 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
- 5115 Site preparation for mining
- 8675 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
- 663 Repair services of personal and household goods
- 8861 Repair services incidental to metal products, to machinery and equipment including computers,
- 8866 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
- 642/3 Food and beverage serving services

#### Travel agency and tour operators services

- 7471 Travel agency and tour operator services

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## II. Services Excluded from Coverage

[Subject to review]

The following services contracts are excluded in their entirety by the Parties:

### Schedule of Canada

(Based on the United Nations Central Product Classification, CPC)

	CPC
1. Transport, storage and communication services	
- Land Transport services	71
- Water Transport services	72
- Air Transport Services	73
- Supporting and Auxiliary Transport services (except 7471: Travel Agencies and Tour Operator services)	74
- Post and Telecommunication services (except 7512: Courier services and 7523: Data Transmission services)	75
Note: All transportation services, including related repair and overhaul and launching services and transportation services, where incidental to procurement contracts, are not subject to this Chapter.	
2. Business services; agricultural, mining and manufacturing services	
- Financial, Intermediation services and Auxiliary services therefor	81
- Leasing or rental services concerning televisions, radios, video cassette recorders and related equipment and accessories	83201
- Leasing or rental services concerning video tapes	83202
- Research and Development services	85
- Legal services (except: Advisory services on Foreign Law)	861
- Legal services incidental to Taxation Services	863
- Market Research and Public Opinion Polling services	864
- Financial Management consulting services (except corporate tax)	86502
- Public relations services	86506
- Services related to management consulting	866
- Related scientific and technical consulting services	8675
- Business Services, n.e.c. (except 8740: Building cleaning services and 8760: Packaging services)	87
- Services incidental to agriculture, hunting and forestry (except 8814:	

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	services incidental to forestry and logging; and 8830: services incidental to mining)	881
-	Services incidental to fishing	882
-	Services incidental to manufacturing, except to the manufacture of metal products, machinery and equipment	884
-	Services incidental to the manufacture of metal products, machinery and equipment (except 8852: Manufacture of fabricated metal products, except machinery and equipment on a fee or contract basis)	885
-	Repair services, n.e.c. of motor vehicles, trailers and semi-trailers, on a fee or contract basis	8867
-	Repair services of other transport equipment, on a fee or contract basis	8868
-	Services incidental to energy distribution	887
-	Intangible assets	89
3.	Community, Social and Professional Services	92
-	Education services	93
-	Health and Social Services	95
-	Services of Membership Organizations	96
-	Recreation, cultural and sporting services	97
-	Other services	97
-	Services provided by extraterritorial organizations and bodies	99
4.	Contracts of the departments of Transport Canada, Communications Canada and Fisheries and Oceans respecting FSCs 70 (automatic data processing equipment, software supplies and support equipment), 74 (office machines, text processing systems and visible record equipment), 36 (special industry machinery).	
5.	Research and development services.	
6.	Dredging.	
7.	All services purchased in support of military forces located overseas.	
8.	Management and operation contracts awarded to federally-funded research and development centers or related to carrying out government sponsored research programs.	
9.	Public utilities services.	
10.	Printing and publishing.	

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**Note:**

The General Notes for Canada as set out in Annex 1002.7 apply to this Annex.

**Schedule of Mexico**

(Based on the United Nations Central Product Classification, CPC)

	CPC
1. All transportation services, including transportation services incidental to procurement contracts:	
- Land transportation	71
- Water transport	72
- Air transport	73
- Supporting and auxiliary transport	74
- Post and telecommunication	75
- Repair services of other transport equipment, on a fee or contract basis	8868
2. All risk-sharing contracts by Pemex.	
3. Public utilities services (including telecommunications, transmission, water or energy services).	
4. Management and operation contracts awarded to federally-funded research and development centers or related to carrying out government sponsored research programs.	
5. Financial services	
6. Research and development services	
7. Confidential consulting services (provided that they are not used with a view to avoiding maximum possible competition or in a manner that would constitute a means of discrimination among suppliers of the other Parties or protection to Mexican suppliers).	

**Note:**

The General Notes for Mexico as set out in Annex 1002.7 apply to this Annex.

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Schedule of the United States

(Based on the Procurement Data System Services Codes)

- |    |   |               |
|----|---|---------------|
|    |   | FSC           |
| 1. | Transportation and related services (except V231: Lodging and Hotel/Motel; and V302: travel agent)  |               |
| -  | Transportation  | V             |
| -  | Maintenance, Repair and Rebuilding of Ships   | JO19          |
| -  | Non-nuclear Ship Repair   | J998 and J999 |
| -  | Modification of Ships   | KO19          |
|    | In addition, transportation services, where incidental to procurement contracts, are not subject to this Chapter.   |               |
| 2. | Dredging  | Y216          |
| 3. | All services purchased in support of military forces overseas.  |               |
| 4. | Management and operation contracts awarded to   |               |
| -  | federally-funded research and development centers (FFRDCs) or related to carrying out government-sponsored research programs (classification to be clarified) | M181-184      |
| -  | by DOD, DOE, and NASA   | M             |
| 5. | Public utilities and telecommunications services:   |               |
| -  | Utilities   | S1            |
| -  | ADP Telecommunications and Transmission Services  | D304          |
| -  | ADP Teleprocessing and Timesharing Services   | D305          |
| -  | Telecommunications Network Management Services  | D316          |
| -  | Automated News Services, Data Services, or other information  | D317          |
| -  | Other ADP and Telecommunications services   | D399          |
| 6. | Research and Development services   | A             |

Note: The General Notes for the United States as set out in Annex 1002.7 apply to this Annex.

Appendix to ANNEX 1002.4  
Universal List of Services

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## **ANNEX 1002.5**

### **Construction Services**

#### **I. General Provisions**

1. Except for the construction services listed in Part II of this Annex, all construction services as specified in the Appendix to this Annex, which are procured by the entities listed in Annex 1002.1 (Federal Government Entities) and Annex 1002.3 (Government Enterprises) are subject to this Chapter.
2. The Parties will update, as appropriate, the list of construction services included in the Appendix at such time as they mutually agree.

#### **II. Construction Services Excluded from Coverage**

The following services contracts are excluded in their entirety by the Parties:

##### **Schedule of Canada**

1. Dredging.
2. Construction contracts tendered by or on behalf of Department of Transport.

**Note:** The General Notes for Canada as set out in Annex 1002.7 apply to this Annex.

##### **Schedule of Mexico**

All risk-sharing contracts by Pemex.

**Notes:**

The General Notes for Mexico as set out in Annex 1002.7 apply to this Annex.

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Schedule of the United States

Dredging.

Notes:

1. In accordance with the obligations of this Chapter, buy national requirements on articles, supplies, and materials acquired for use in construction contracts subject to the obligations of this Chapter will not apply to products of Canada or Mexico.
2. The General Notes for the United States as set out in Annex 1002.7 apply to this Annex.

Appendix to ANNEX 1002.5

List of Construction Services

List of contracts for construction services which are subject to the obligations of this Chapter, except as otherwise provided:

(Based on the United Nations Central Product Classification, CPC)

Division 51 Construction work

- 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
  - 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

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- 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 and subways
  - 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
  - 5139 For engineering works n.e.c.
  
- 514 5140 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 Glating work and window glass installation work
  - 5172 Plastering work
  - 5173 Painting work
  - 5174 Floor and wall tilling work
  - 5175 Other floor laying, wall covering and wall papering work

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- 5176 Wood and metal joinery and carpentry work
- 5177 Interior fitting decoration work
- 5178 Ornamentation fitting work
- 5179 Other building completion and finishing work

- 518 5180 Renting services related to equipment for construction or demolition of buildings or civil engineering works, with operator

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## ANNEX 1002.6

### Transition Provisions for Mexico

Notwithstanding any other provision of this Chapter, Annexes 1002.1 through 1002.5 are subject to the following:

#### Pemex, CFE and Non-Energy Construction

1. The obligations of this Chapter shall not apply to:
  - (a) 50 percent of the total annual procurement above thresholds of goods, services and construction services by Pemex;
  - (b) 50 percent of the total annual procurement above thresholds of goods, services and construction services by CFE; and
  - (c) 50 percent of the total annual procurement above thresholds of construction services, excluding construction services procured by Pemex and CFE.
2. Loans from regional and multilateral financial institutions will not be included for purposes of calculating the reservations specified in paragraph 1 or subject to other restrictions.
3. As of January 1st, 1994, the reservation specified in paragraph 1 will decrease according to the following schedule:

<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
50%	45%	45%	40%	40%
<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003 and thereafter</u>
35%	35%	30%	30%	0%

4. For Pemex and CFE, no more than 10 percent of their respective reserved procurement under paragraphs 1 and 3 shall be applied within a single Federal Supply Classification (FSC) class (or other classification system as agreed by all Parties) in a single year.
5. After December 31, 1998, Pemex and CFE each will make all reasonable efforts to assure that their respective total reservation in each FSC class (or other classification system as agreed by all Parties) shall not exceed 50 percent in a single year.

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## **Pharmaceuticals**

6. The provisions of this Chapter shall not apply to drugs whose patents have expired or are not currently patented (FSC class 6505) procured by the Secretaría de Salud, IMSS, ISSSTE, Secretaría de Defensa and the Secretaría de Marina. This exception shall be eliminated after 8 years from the date of entry into force of this Agreement. Procurement of biologicals and patented drugs shall not be exempted under any other provision of the Annexes of this Chapter. Nothing in this Chapter shall be interpreted in a way which will impair the protection provided by Chapter 17 (Intellectual Property) of this Agreement.

## **Time Limits for Tendering and Delivery**

7. Upon the date of entry into force of this Agreement in January 1, 1994, Mexico will make best efforts to comply with the provisions of Article 1012 (Time Limits for Tendering and Delivery) with respect to the 40 day time limits. However, Mexico will fully comply with such obligations as from 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 the obligations of this Chapter. The Parties also recognize that Mexico may encounter difficulties in making the transition to procurement systems that facilitate full compliance with the obligations of this Chapter.

9. The Parties shall, therefore, consult on an annual basis for the first five years that the Agreement is in effect to review transitional problems and to develop mutually 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. In addition, the United States and Canada shall cooperate with Mexico to provide technical assistance, as appropriate and mutually agreed pursuant to Article 1020 (Technical Cooperation) of this Chapter, to aid Mexico's transition.

11. Notwithstanding any other provision of this Annex, each Party shall assume all of its obligations specified in this Chapter upon the date of entry into force of this Agreement.

**Note:** The General Notes for Mexico as set out in Annex 1002.7 apply to this Annex.

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## ANNEX 1002.7

### General Notes

#### Schedule of Canada

1. Notwithstanding any other provision of this Chapter, 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 there in 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) pursuant to Article 1018 national security exemptions include oil purchases related to any strategic reserve requirements; and
- (f) national security exceptions include procurements made in support of safeguarding nuclear materials or technology.

2. Procurement in terms of Canadian coverage is defined as contractual transactions to acquire property or services for the direct benefit or use of the government. It does not include non-contractual agreements or any form of government assistance, including but not limited to, cooperative agreements, grants, loans, equity infusions, guarantees, fiscal incentives, and government provision of goods and services, given to individuals, firms, private institutions, and sub-central governments.

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Schedule of Mexico

1. Notwithstanding any other provision of this Chapter, 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); and
- (c) between entities.

2. Notwithstanding any other provision in this Chapter, Mexico may allocate a non-specific sector set-aside as follows:

- (a) upon the date of entry into force of this Agreement, up to the equivalent in real terms of \$1.0 billion USD of 1994 shall annually be available to all procurements of entities subject to this Chapter, except Pemex and CFE and construction services procured by other entities subject to this Chapter as well as those procurements of goods in FSC class 6505;
- (b) after December 31, 2002, up to the equivalent in real terms of \$1.2 billion USD of 1994 shall annually be available to all procurement of entities subject to this Chapter, except Pemex and CFE and construction services procured by other entities subject to this Chapter as well as those procurements of goods of FSC class 6505;
- (c) after December 31, 2002, up to the equivalent in real terms of \$300 million USD of 1994 shall annually be available to Pemex and CFE combined; and
- (d) for purposes of this paragraph
  - (i) no more than 10 percent of the total procurement reserved shall be applied within a single FSC category (or other classification system as agreed by all Parties) in a single year, and
  - (ii) no more than 20 percent may be used by a single entity.

These values shall remain constant in real terms.

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3. Notwithstanding any other provision of this Chapter, the entities subject to this Chapter may impose a local content requirement of no more than:

- (a) 40 percent, for labor intensive turnkey or major integrated projects; and
- (b) 25 percent, for capital intensive turnkey or major integrated projects.

For purposes of these provisions, 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 subject to this Chapter with respect to which:

- (c) the prime contractor is vested with the authority to select the general contractors or subcontractors;
- (d) Mexico does not fund the project itself;
- (e) the person bears the risk of performance; and
- (f) the facility will be operated by an entity subject to this Chapter or through a procurement contract of that entity.

4. Regardless of the thresholds, Pemex shall apply the disciplines of Article 1004 regarding national treatment and non-discrimination to:

- (a) procurements of oil and gas field supplies and equipment, when such supplies and equipment are procured at the location where works pursued by Pemex are being performed; and
- (b) the selection of suppliers, when such suppliers are established at the location where works pursued by Pemex are being performed.

5. If the obligations of the procurements covered by this Chapter are not met, the Parties may seek compensation in the form of more market opportunities during the following year, or through reliance of Chapter 20 (Institutional Arrangements and Dispute Settlement Procedures).

6. Procurement in terms of the Mexican coverage is defined as contractual transactions to acquire property or services for the direct benefit or use of the government. It does not include non-contractual agreements or any form of government assistance, including, but not limited to,

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cooperative agreements, grants, loans, equity infusions, guarantees, fiscal incentives, and governmental provisions of goods and services, given to individuals, firms, private institutions and state governments.

Schedule of the United States

1. Notwithstanding any other provision of this Chapter, this Chapter does not apply to set asides on behalf of small and minority businesses.
2. Procurement in terms of U.S. coverage is defined as contractual transactions to acquire property or services for the direct benefit or use of the government. It does not include non-contractual agreements or any form of government assistance, including, but not limited to, cooperative agreements, grants, loans, equity infusions, guarantees, fiscal incentives, and governmental provision of goods and services, given to individuals, firms, private institutions, and subcentral governments.

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## ANNEX 1002.8

### Indexation and Conversion of Thresholds

1. The calculations described in Article 1002(4) (Scope and Coverage) shall be made in accordance with the following:

- (a) the United States inflation rate shall be measured by the the Producer Price Index for Finished Goods published by the United States Department of Commerce; and
- (b) the inflationary adjustment shall be estimated according to the following formula

$$T_0 \times (1 + p_i) = T_1$$

$T_0$  = threshold value at base period

$p_i$  = accumulated U.S. inflation rate for the  $i$ th two year-period

$T_1$  = new threshold value.

2.- Mexico and Canada shall calculate and convert the value of the thresholds specified in paragraph 3 into their national currencies using the conversion formulas 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 not less than one month before the respective thresholds take effect.

3. Canada shall base the 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 dollars in terms of the U.S. dollars over the period October 1, 1992 through September 30, 1993. For each subsequent two-year period, beginning January 1, 1996, the 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 Banco de México. The conversion rate shall be the existing value of the Mexican peso in terms of the US dollar as of December 1 and June 1 of each year, or the 1st working day after. 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 1002-A**

**Country-Specific Thresholds**

As between Canada and the United States,

- a) for covered federal entities, thresholds on procurement between Canada and the United States are as follows:
  - i) goods and services: goods -- US\$25,000; services -- US\$50,000. Canada and the United States shall consult regarding these threshold values, and
  - ii) Construction: US\$6,500,000; and
- b) for covered government enterprises, thresholds on procurement between Canada and the United States are as follows
  - i) goods and services: US\$250,000, and
  - ii) construction: US\$8,000,000.

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**ANNEX 1010.1**

**Publications**

**I. 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.
2. Mexico will endeavor to establish a specialized publication for purposes of notices of procurement. When such publication is ready, it will substitute those referred to in paragraph 1.

**Schedule of United States**

Commerce Business Daily (CBD).

**II. Publications for Measures in Accordance with Article 1019 (Provision of Information)**

**Schedule of Canada**

1. Precedential judicial decisions regarding government procurement:
  - (a) Dominion Law Reports;
  - (b) Supreme Court Reports;
  - (c) Federal Court Reports;
  - (d) National Reporter.

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2. Administrative rulings and procedures regarding government procurement:
  - (a) Government Business Opportunities; and
  - (b) Canada Gazette.
3. Laws and regulations:
  - (a) Revised Statutes of Canada;
  - (b) Canada Gazette.

#### Schedule of Mexico

1. Diario Oficial de la Federación.
2. Semanario Judicial de la Federación (for precedential judicial decisions only).
3. Mexico will endeavor to establish a specialized publication for administrative rulings of general application and any procedure, including standard contract clauses.

#### Schedule of United States

1. All United States 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 United States Code of Federal Regulations (CFR). The DFARS and the FAR are published in title 48 of CFR. Copies may be purchased from the Government Printing Office. These regulations are also published in loose-leaf versions that are available by subscription from the Government Printing Office. Changes are provided to subscribers as they are issued.
2. For those who wish to consult original sources, the following published sources are provided:

<u>Material</u>	<u>Publication Name</u>
-----------------	-------------------------

United States Laws

U.S. Statutes at Large

Decisions:

- United States Supreme Court
- Circuit Court of Appeals

U.S. Reports  
Federal Reporter - 2nd Series

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- District Courts
- Court of Claims

Federal Supplement Reporter  
Court of Claims Reports

Decisions:

- Boards of Contract Appeals

Unofficial publication by Commerce  
Clearing House

Decisions:

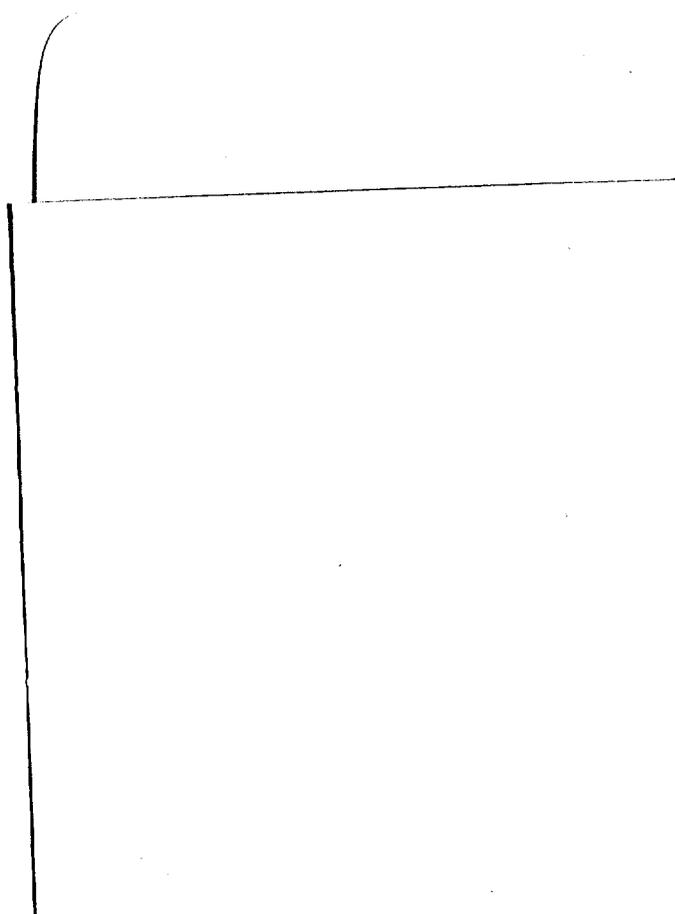
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