

## NAFTA TARIFF PHASING DESCRIPTIONS

Four main staging categories exist for tariff elimination under NAFTA:

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

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

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

D - tariff already MFN free.

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

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

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

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

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

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

to two light truck items.)

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

Bp- tariff to be eliminated in three stages as follows:  
20%  
reduction on January 1, 1997; 10% reduction on January 1, 1998  
and 70% reduction on January 1, 1999.

BM - tariff to be eliminated according to B staging.  
For  
joint Mexican-U.S. production (goods subject to paragraph 8 of  
Annex 402.2 of the Agreement), phasing to start from the MFN  
rate.

ABM - tariff to be eliminated immediately. For goods  
subject to paragraph 8 of Annex 402.2 of the Agreement, tariff  
to  
be eliminated according to B staging and phasing to start from  
the MFN rate.

ACM - tariff to be eliminated immediately. For goods  
subject to paragraph 8 of Annex 402.2 of the Agreement, tariff  
to  
be eliminated according to C staging and phasing to start from  
the MFN rate.

CM - tariff to be eliminated according to C staging.  
For  
goods subject to paragraph 8 of Annex 402.2 of the Agreement,  
phasing to start from the MFN rate.

Ca - tariff to be eliminated in 10 stages as follows:  
50%  
reduction on January 1, 1994; remaining 50% to be eliminated in  
nine equal annual stages ending January 1, 2003. (Applies to  
passenger vehicles in heading 8703.)

C10 - tariff to be eliminated in nine stages as follows:  
20%  
reduction on January 1, 1994; no reduction year 2; remaining 80%  
to be reduced in eight annual equal stages ending January 1,  
2003. (Applies to one footwear item for Canada, numerous  
footwear items for the U.S. and Mexico, several items in heading  
3204 (paints and dyes) for the U.S. and Mexico, and several U.S.  
ceramic items.)

Cm - tariff to be eliminated in three stages as follows:  
40%  
reduction on January 1, 1994; freeze years 2, 3, and 4; 20%  
reduction year 5; freeze years 6, 7, 8, and 9; 40% reduction on  
January 1, 2003. (Applies to several Mexican furniture tariff  
items.)

C8 - tariff to be eliminated in eight stages as follows:  
10%

reduction per year starting January 1, 1994 for seven years; 30% reduction on January 1, 2001. (Applies to several Mexican and U.S. glass items.)

Cb+ - tariff to be eliminated in three stages as follows:  
30% reduction on January 1, 1994; 20% reduction on January 1, 2000; and 50% reduction on January 1, 2005. (Applies to one U.S. item for corn brooms.)

C+ - tariff to be eliminated in 15 equal annual stages starting January 1, 1994 and ending January 1, 2008.

Cz+ - tariff to be eliminated in 13 stages as follows:  
 20%  
 reduction on January 1, 1994; freeze years 2 and 3; remaining  
 80%  
 to be phased out equally over remaining 12 years ending January 1, 2008. (Applies to several U.S. ceramic items.)

Cq - for the following tariff items, the quantities specified below imported by Mexico shall enter free of duty.  
 For  
 quantities above these levels, the rate of duty shall be reduced according to the staging category C.

	From Canada	From the U.S.	(metric tonnes)
	4401.2101	66,500	
	3,500		
	4403.1001	14,250	
750			
	4407.1001	9,500	
500			
	4407.1002	119,700	
	6,300		
	4407.1003	950	
50			
	4407.9101	3,325	
175			
	4407.9999	2,470	130

Ctq - tariff to be eliminated in ten equal stages beginning on January 1, 1994 and accompanied by the application of tariff rate quotas. (Applies to certain agricultural products).

CAG - tariff to be eliminated in ten stages as follows:  
 six  
 annual reductions of 4% beginning January 1, 1994 the remaining 76% being eliminated in four equal, annual steps ending on January 1, 2003. (Applies to some Mexican agricultural tariff items).

C+Ag - tariff to be eliminated in 15 steps as follows:  
 six  
 annual reductions of 4% beginning January 1, 1994 the remaining 76% being eliminated in nine equal, annual steps ending on January 1, 2008. (Applies to some Mexican agricultural tariff items).

Sug - refers to special considerations which apply to certain tariff items for sugar and sugar products as outlined in notes appended to the draft agreement.

Pro - refers to a small number of Mexican tariff items for prohibited goods.

The following phasing codes relate to textile tariff items between the U.S. and Mexico only. They are:

B6 - tariff to be eliminated in six stages as follows:  
on  
January 1, 1994 a reduction equal in percentage terms to the  
base  
rate; six equal annual reductions of 20% of the rate in effect  
on

January 1, 1994 starting January 1, 1995 and ending January 1, 1999.

Bw - tariff to be eliminated in six stages as follows:

rate

of duty on January 1, 1994 will be 15%; on January 1, 1995, rate of duty will be 14.5%; on January 1, 1996, rate of duty will be 10.8%; on January 1, 1997, 7.2%; on January 1, 1998, 3.6%; and zero on January 1, 1999.

Bo - tariff to be eliminated in six stages as follows:

rate

of duty on January 1, 1994 and January 1, 1995 will be 15%; on January 1, 1996, the rate of duty will be 12%; on January 1, 1997, rate of duty will be 8%; on January 1, 1998, rate of duty will be 4% and zero on January 1, 1999.

Bf - tariff to be eliminated in six stages as follows:

rate

of duty on January 1, 1994 and January 1, 1995 will be 20%; rate of duty on January 1, 1996 will be 10%; rate of duty on January 1, 1997 will be 6.6%; rate of duty on January 1, 1998 will be 3.3% and zero on January 1, 1999.

NOTE: The 6-Digit tariff description presented in the following pages is an abbreviated one. For full description, see the Canadian Customs Tariffs, Revenue Canada Customs and Excise.