

PART TWO TRADE IN GOODS

Chapter Three

National Treatment and Market Access for Goods

Article 300: Scope and Coverage

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

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

except as provided in such Annex or Chapter.

Section A - National Treatment

Article 301: National Treatment

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

Section B - Tariffs

Article 302: Tariff Elimination

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

Article 303: Restriction on Drawback and Duty Deferral Programs

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

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

2. No Party may, on condition of export, refund, waive or reduce:
 - (a) an antidumping or countervailing duty that is applied pursuant to a Party's domestic law and that is not applied inconsistently with Chapter Nineteen (Review and Dispute Settlement in Antidumping and Countervailing Duty Matters);

- (b) a premium offered or collected on an imported good arising out of any tendering system in respect of the administration of quantitative import restrictions, tariff rate quotas or tariff preference levels;
- (c) a fee applied pursuant to section 22 of the U.S. *Agricultural Adjustment Act*, subject to Chapter Seven (Agriculture and Sanitary and Phytosanitary Measures); or
- (d) customs duties paid or owed on a good imported into its territory and substituted by an identical or similar good that is subsequently exported to the territory of another Party.

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

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

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

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

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

6. This Article does not apply to:

- (a) a good entered under bond for transportation and exportation to the territory of another Party;
- (b) a good exported to the territory of another Party in the same condition as when

imported into the territory of the Party from which the good was exported (processes such as testing, cleaning, repacking or inspecting the good, or preserving it in its same condition, shall not be considered to change a good's condition). Except as provided in Annex 703.2, Section A, paragraph 12, where such a good has been commingled with fungible goods and exported in the same condition, its origin for purposes of this subparagraph may be determined on the basis of the inventory methods provided for in the Uniform Regulations established under Article 511 (Uniform Regulations);

- (c) a good imported into the territory of a Party that is deemed to be exported from its territory, or used as a material in the production of another good that is deemed to be exported to the territory of another Party, or is substituted by an identical or similar good used as a material in the production of another good that is deemed to be exported to the territory of another Party, by reason of
 - (i) delivery to a duty-free shop,
 - (ii) delivery for ship's stores or supplies for ships or aircraft, or
 - (iii) delivery for use in joint undertakings of two or more of the Parties and that will subsequently become the property of the Party into whose territory the good was deemed to be exported;
- (d) a refund of customs duties by a Party on a particular good imported into its territory and subsequently exported to the territory of another Party, where that refund is granted by reason of the failure of such good to conform to sample or specification, or by reason of the shipment of such good without the consent of the consignee;
- (e) an originating good that is imported into the territory of a Party and is subsequently exported to the territory of another Party, or used as a material in the production of another good that is subsequently exported to the territory of another Party, or is substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of another Party; or
- (f) a good set out in Annex 303.6.

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

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

the territory of another Party, or is used as a material in the production of another good that is subsequently exported to the territory of another Party, or is substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of another Party.

9. For purposes of this Article:

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

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

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

used means "used" as defined in Article 415.

10. For purposes of this Article:

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

Article 304: Waiver of Customs Duties

1. Except as set out in Annex 304.1, no Party may adopt any new waiver of customs duties, or expand with respect to existing recipients or extend to any new recipient the application of an existing waiver of customs duties, where the waiver is conditioned, explicitly or implicitly, on the fulfillment of a performance requirement.

2. Except as set out in Annex 304.2, no Party may, explicitly or implicitly, condition on the fulfillment of a performance requirement the continuation of any existing waiver of customs duties.

3. If a waiver or a combination of waivers of customs duties granted by a Party with respect to goods for commercial use by a designated person can be shown by another Party to have an adverse impact on the commercial interests of a person of that Party, or of a person owned or controlled by a person of that Party that is located in the territory of the Party granting the waiver, or on the other Party's economy, the Party granting the waiver shall either cease to grant it or make it generally available to any importer.

4. This Article shall not apply to measures subject to Article 303.

Article 305: Temporary Admission of Goods

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

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

2. Except as otherwise provided in this Agreement, no Party may condition the duty-free temporary admission of a good referred to in paragraph 1(a), (b) or (c), other than to require that such good:
 - (a) be imported by a national or resident of another Party who seeks temporary entry;
 - (b) be used solely by or under the personal supervision of such person in the exercise of the business activity, trade or profession of that person;
 - (c) not be sold or leased while in its territory;
 - (d) be accompanied by a bond in an amount no greater than 110 percent of the charges that would otherwise be owed on entry or final importation, or by another form of security, releasable on exportation of the good, except that a bond for customs duties shall not be required for an originating good;
 - (e) be capable of identification when exported;
 - (f) be exported on the departure of that person or within such other period of time as is reasonably related to the purpose of the temporary admission; and
 - (g) be imported in no greater quantity than is reasonable for its intended use.

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

- (a) be imported solely for the solicitation of orders for goods, or services provided from the territory, of another Party or non-Party;
- (b) not be sold, leased or put to any use other than exhibition or demonstration while in its territory;
- (c) be capable of identification when exported;
- (d) be exported within such period as is reasonably related to the purpose of the temporary admission; and
- (e) be imported in no greater quantity than is reasonable for its intended use.

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

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

- (a) each Party shall allow a vehicle or container used in international traffic that enters its territory from the territory of another Party to exit its territory on any route that is reasonably related to the economic and prompt departure of such vehicle or container;
- (b) no Party may require any bond or impose any penalty or charge solely by reason of any difference between the port of entry and the port of departure of a vehicle or container;
- (c) no Party may condition the release of any obligation, including any bond, that it imposes in respect of the entry of a vehicle or container into its territory on its exit through any particular port of departure; and
- (d) no Party may require that the vehicle or carrier bringing a container from the territory of another Party into its territory be the same vehicle or carrier that takes such container to the territory of another Party.

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

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

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

- (a) such samples be imported solely for the solicitation of orders for goods, or services provided from the territory, of another Party or non-Party; or
- (b) such advertising materials be imported in packets that each contain no more than one copy of each such material and that neither such materials nor packets form part of a larger consignment.

Article 307: Goods Re-Entered after Repair or Alteration

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

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

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

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

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

2. Annex 308.2 applies to certain color television tubes.

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

Section C - Non-Tariff Measures

Article 309: Import and Export Restrictions

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

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

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

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

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

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

Article 310: Customs User Fees

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

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

Article 311: Country of Origin Marking

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

Article 312: Wine and Distilled Spirits

1. No Party may adopt or maintain any measure requiring that distilled spirits imported from the territory of another Party for bottling be blended with any distilled spirits of the Party.
2. Annex 312.2 applies to other measures relating to wine and distilled spirits.

Article 313: Distinctive Products

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

Article 314: Export Taxes

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

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

Article 315: Other Export Measures

1. Except as set out in Annex 315, a Party may adopt or maintain a restriction otherwise justified under Articles XI:2(a) or XX(g), (i) or (j) of the GATT with respect to the export of a good of the Party to the territory of another Party, only if:
 - (a) the restriction does not reduce the proportion of the total export shipments of the specific good made available to that other Party relative to the total supply of that good of the Party maintaining the restriction as compared to the proportion prevailing in the most recent 36-month period for which data are available prior to the imposition of the measure, or in such other representative period on which the Parties may agree;
 - (b) the Party does not impose a higher price for exports of a good to that other Party

than the price charged for such good when consumed domestically, by means of any measure, such as licenses, fees, taxation and minimum price requirements. The foregoing provision does not apply to a higher price that may result from a measure taken pursuant to subparagraph (a) that only restricts the volume of exports; and

- (c) the restriction does not require the disruption of normal channels of supply to that other Party or normal proportions among specific goods or categories of goods supplied to that other Party.

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

Section D - Consultations

Article 316: Consultations and Committee on Trade in Goods

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

Article 317: Third-Country Dumping

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

Section E - Definitions

Article 318: Definitions

For purposes of this Chapter:

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

consumed means:

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

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

- (a) charge equivalent to an internal tax imposed consistently with Article III:2 of the GATT, or any equivalent provision of a successor agreement to which all Parties are party, in respect of like, directly competitive or substitutable goods of the Party, or in respect of goods from which the imported good has been manufactured or produced in whole or in part;
- (b) antidumping or countervailing duty that is applied pursuant to a Party's domestic law and not applied inconsistently with Chapter Nineteen (Review and Dispute Settlement in Antidumping and Countervailing Duty Matters);
- (c) fee or other charge in connection with importation commensurate with the cost of services rendered;
- (d) premium offered or collected on an imported good arising out of any tendering

system in respect of the administration of quantitative import restrictions, tariff rate quotas or tariff preference levels; and

- (e) fee applied pursuant to section 22 of the U.S. *Agricultural Adjustment Act*, subject to Chapter Seven (Agriculture and Sanitary and Phytosanitary Measures);

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

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

duty-free means free of customs duty;

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

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

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

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

performance requirement means a requirement that:

- (a) a given level or percentage of goods or services be exported;
- (b) domestic goods or services of the Party granting a waiver of customs duties be substituted for imported goods or services;
- (c) a person benefitting from a waiver of customs duties purchase other goods or services in the territory of the Party granting the waiver or accord a preference to domestically produced goods or services;
- (d) a person benefitting from a waiver of customs duties produce goods or provide services, in the territory of the Party granting the waiver, with a given level or percentage of domestic content; or

- (e) relates in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows;

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

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

satisfactory evidence means:

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

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

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

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

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

Annex 301.3

Exceptions to Articles 301 and 309

Section A - Canadian Measures

1. Articles 301 and 309 shall not apply to controls by Canada on the export of logs of all species.
2. Articles 301 and 309 shall not apply to controls by Canada on the export of unprocessed fish pursuant to the following existing statutes, as amended as of August 12, 1992:
 - (a) *New Brunswick Fish Processing Act*, R.S.N.B. c. F-18.01 (1982), and *Fisheries Development Act*, S.N.B. c. F-15.1 (1977);
 - (b) *Newfoundland Fish Inspection Act*, R.S.N. 1990, c. F-12;
 - (c) *Nova Scotia Fisheries Act*, S.N.S. 1977, c. 9;
 - (d) *Prince Edward Island Fish Inspection Act*, R.S.P.E.I. 1988, c. F-13; and
 - (e) *Quebec Marine Products Processing Act*, No. 38, S.Q. 1987, c. 51.
3. Articles 301 and 309 shall not apply to:
 - (a) except as provided in Annex 300-A, Appendix 300-A.1, paragraph 4, measures by Canada respecting the importation of any goods enumerated or referred to in Schedule VII of the *Customs Tariff*, R.S.C. 1985, c. 41 (3rd Supp.), as amended,
 - (b) measures by Canada respecting the exportation of liquor for delivery into any country into which the importation of liquor is prohibited by law under the existing provisions of the *Export Act*, R.S.C. 1985, c. E-18, as amended,
 - (c) measures by Canada respecting preferential rates for certain freight traffic under the existing provisions of the *Maritime Freight Rate Act*, R.S.C. 1985, c. M-1, as amended,
 - (d) Canadian excise duties on absolute alcohol used in manufacturing under the existing provisions of the *Excise Act*, R.S.C. 1985, c. E-14, as amended, and
 - (e) measures by Canada prohibiting the use of foreign or non-duty paid ships in the coasting trade of Canada unless granted a license under the *Coasting Trade Act*, S.C. 1992, c. 31,

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

4. Articles 301 and 309 shall not apply to quantitative import restrictions on goods that originate in the territory of the United States, considering operations performed in, or materials obtained from, Mexico as if they were performed in, or obtained from, a non-Party, and that are indicated by asterisks in Chapter 89 in Annex 401.2 (Tariff Schedule of Canada) of the *Canada - United States Free Trade Agreement* for as long as the measures taken under the *Merchant Marine Act of 1920*, 46 App. U.S.C. § 883, and the *Merchant Marine Act of 1936*, 46 App. U.S.C. §§ 1171, 1176, 1241 and 1241o, apply with quantitative effect to comparable Canadian origin goods sold or offered for sale into the U.S. market.
5. Articles 301 and 309 shall not apply to:
 - (a) the continuation or prompt renewal of a non-conforming provision of any statute referred to in paragraph 2 or 3; and
 - (b) the amendment to a non-conforming provision of any statute referred to in paragraph 2 or 3 to the extent that the amendment does not decrease the conformity of the provision with Articles 301 and 309.

Section B - Mexican Measures

1. Articles 301 and 309 shall not apply to controls by Mexico on the export of logs of all species.
2. Articles 301 and 309 shall not apply to:
 - (a) measures under the existing provisions of Articles 192 through 194 of the *General Ways of Communication Act* ("Ley de Vías 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; and
 - (b) export permit measures applied to goods for exportation to another Party that are subject to quantitative restrictions or tariff rate quotas adopted or maintained by that other Party.
3. Articles 301 and 309 shall not apply to:

- (a) the continuation or prompt renewal of a non-conforming provision of the statute referred to in paragraph 2(a); and
- (b) the amendment to a non-conforming provision of the statute referred to in paragraph 2(a) to the extent that the amendment does not decrease the conformity of the provision with Articles 301 and 309.
4. (a) Notwithstanding Article 309, for the first 10 years after the date of entry into force of this Agreement, Mexico may adopt or maintain prohibitions or restrictions on the importation of used goods provided for in the items, as of August 12, 1992, in the Tariff Schedule of the *General Import Duty Act* (Tarifa de la "Ley del Impuesto General de Importación") set out below:

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

Item	Description
8407.34.99	Gasoline engines of more than 1,000 cm ³ , except for motorcycles
8413.11.01	Distributors fitted with a measuring device even if it includes a totalizing mechanism
8413.40.01	Trailer type, from 36 up to 60 m ³ /hr capacity; without hydraulic elevator for the discharge hose
8426.12.01	Mobile portals on tires and straddle carriers
8426.19.01	Other (overhead travelling cranes, bridge cranes and straddle carriers)
8426.30.01	Portal cranes
8426.41.01	Cranes with structural iron jib (lattice) with mechanical working, self-propelled, with unit weight up to 55 tons
8426.41.02	Cranes with hydraulically actuated rigid jib, self-propelled with maximum capacity above 9.9 tons and not exceeding 30 tons
8426.41.99	Other (machinery and apparatus, self propelled, on tires)
8426.49.01	Cranes with structural iron jib (lattice) with mechanical working, with unit weight up to 55 tons
8426.49.02	Cranes with hydraulically actuated rigid jib, self-propelled, with load capacity above 9.9 tons and not exceeding 30 tons
8426.91.01	Cranes, other than those provided for in items 8426.91.02, 8426.91.03 and 8426.91.04
8426.91.02	Cranes with hydraulic working, with articulated or rigid booms, with capacity up to 9.9

	tons at 1 meter radius
8426.91.03	Isolated elevating cranes, basket type, with carrying capacity equal to or less than 1 ton and up to 15 meters lift
8426.91.99	Other (machinery and apparatus; designed for mounting on road vehicles)
8426.99.01	Cranes, other than those provided for in item 8426.99.02
8426.99.02	Swivel cranes
8426.99.99	Other (cranes and air cables ("blondines"); overhead travelling cranes, handling or unloading frames, bridge cranes, straddle carriers and straddle cranes)
8427.10.01	With load capacity up to 3,500 kilograms, measured at 620 millimeters from the frontal surface of the forks, without battery or loader
8427.20.01	With explosion or internal combustion engine, with carrying capacity up to 7,000 kilograms, measured at 620 millimeters from the frontal surface of the forks
8428.40.99	Other (escalators and moving walkways)
8428.90.99	Other (machinery and apparatus for lifting, loading, unloading or handling)
8429.11.01	Caterpillar type
8429.19.01	Other (bulldozers and angledozers)
8429.20.01	Graders
8429.30.01	Scrapers
8429.40.01	Tamping machines
8429.51.02	Front-end loader with hydraulic working, wheel-type, with capacity equal or less than 335 hp
8429.51.03	Mechanical shovels, other than those provided for in item 8429.51.01
8429.51.99	Other (mechanical shovels, excavators, loaders and front-end shovel loaders)
8429.52.02	Draglines or excavators, other than those provided for in item 8429.52.01
8429.52.99	Other (machinery with a 360° revolving superstructure)
8429.59.01	Trenchers
8429.59.02	Draglines, with dragging load capacity up to 4,000 kilograms
8429.59.03	Draglines or excavators, other than those provided for in item 8429.59.04
8429.59.99	Other (self-propelled bulldozers, angledozers, graders, scrapers, mechanical shovels, excavators, loaders, shovel loaders, tamping machines and road rollers)

8430.31.01	Rotation and/or percussion perforators
8430.31.99	Other (self-propelled cutters, pullers or wrenchers and machines to open tunnels or galleries)
8430.39.01	Boring shields
8430.39.99	Other (not self-propelled cutters, pullers or wrenchers and machines to open tunnels or galleries)
8430.41.01	Boring or sinking machinery, other than those provided for in item 8430.41.02
8430.41.99	Other (self-propelled probing or boring machinery)
8430.49.99	Other (not self-propelled probing or boring machinery)
8430.50.01	Excavators, frontal carriers with hydraulic mechanism, with capacity equal to or less than 335 h.p.
8430.50.02	Scrapers
8430.50.99	Other (self-propelled machinery and apparatus)
8430.61.01	Graders (pushers)
8430.61.02	Tamping or compacting rollers
8430.61.99	Other (machinery and apparatus, not self-propelled)
8430.62.01	Scarification machine (ripping machine)
8430.69.01	Scrapers, not self-propelled
8430.69.02	Trencher machine, other than those provided for in item 8430.69.03
8430.69.99	Other (trenchers, other than those provided for in items 8430.69.01, 8430.69.02 and 8430.69.03)
8452.10.01	Sewing machines of the household type
8452.21.04	Industrial machines, other than those provided for in items 8452.21.02, 8452.21.03 and 8452.21.05
8452.21.99	Other (automatic sewing machines)
8452.29.05	Machines or heads for industrial use, with straight seams, straight needle and a rotating and oscillating thread linking device, double backstitching, flat bed and transportation only

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8452.29.06	Industrial machines, other than those provided for in items 8452.29.01, 8452.29.03 and 8452.29.05
8452.29.99	Other (non-automatic sewing machines)
8452.90.99	Other (parts of sewing machines)
8471.10.01	Analogue or hybrid automatic data processing machines
8471.20.01	Digital or numerical automatic data processing machines, containing in the same housing at least a central processing unit and an input and output unit
8471.91.01	Numerical or digital processing units, even if presented with the rest of the system, including one or two of the following types of units contained in the same housing: storage units, input units, output units
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)
8474.20.01	Crushing and grinding with two or more cylinders
8474.20.02	Crushing jawbone and grinding millstone
8474.20.03	Blade crushing machines
8474.20.04	Crushing machines of balls or bars
8474.20.05	Drawer cone crushing, with diameter no more than 1200 millimeters
8474.20.06	Grinding hammer percussion
8474.20.99	Other (machines and apparatus to break, crush or grind or pulverize dirt, stones and other solid mineral materials)
8474.39.99	Other (mixing machines)
8474.80.99	Other (machines and apparatus to classify, sieve, separate, break, crush, grind, mix, or knead dirt, stones and other mineral materials)
8475.10.01	Machines for assembling lamps
8477.10.01	Injection-molding machines for thermoplastic materials, up to 5 kg capacity for one molding model

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8701.30.01	Caterpillar tractors with an engine power at the flywheel equal to or above 105 h.p., but less than 380 h.p. measured at 1,900 rpm, including pushing blade
8701.90.02	Railroad tractors, on tires with mechanical mechanism for pavement
8711.10.01	Motorcycles fitted with an auxiliary motor with reciprocating piston engine not exceeding 50 cm ³
8711.20.01	Motorcycles fitted with an auxiliary motor with reciprocating piston engine over 50 cm ³ but not over 250 cm ³
8711.30.01	Motorcycles fitted with an auxiliary motor with reciprocating piston engine over 250 cm ³ but not over 500 cm ³
8711.40.01	Motorcycles fitted with an auxiliary motor with reciprocating piston engine over 500 cm ³ but less than 550 cm ³
8711.90.99	Other (motorcycles, cycles fitted with an auxiliary motor and sidecars without a reciprocating piston engine, and that are not sidecars for motorcycles and velocipedes of any kind presented separately)
8712.00.02	Bicycles, other than of the type for racing
8712.00.99	Other (cycles, not motorized, except bicycles, and tricycles for the transport of merchandise)
8716.10.01	Trailers and semi-trailers for housing and camping, of the caravan type
8716.31.02	Steel-tank type tankers, including cryogenic or hoppers
8716.31.99	Other (tankers except of the steel-tank type, and of the thermal type for the transportation of milk)
8716.39.01	Trailers or semi-trailers of the platform type, with or without stakes, including those accepted for the transport of boxes or metal baskets for cans and bottles or container carriers, or low beds, except those with hydraulic or pneumatic suspension and collapsible goose-neck
8716.39.02	Trailers or semi-trailers for the transport of vehicles
8716.39.04	Trailers of the modular-platform type with directional axis, including transporter bridge section, hydraulic couplings or goose-neck or motor for hydraulic conditioning of the equipment
8716.39.05	Semi-trailers of the low-bed type, with pneumatic or hydraulic suspension and collapsible goose-neck
8716.39.06	Trailers and semi-trailers of the closed-box type, including refrigerated

8716.39.07	Trailers and semi-trailers of the steel-tank type, including cryogenic and hoppers
8716.39.99	Other (trailers and semi-trailers for the transportation of goods, other than those provided for in items 8716.39.01, 8716.39.02, 8716.39.04, 8716.39.05, 8716.39.06 and 8716.39.07, and that are not vehicles for the transport of goods, with solid rubber wheels, nor double-decker trailers or semitrailers of the type recognized as used exclusively for hauling cattle
8716.40.01	Other trailers and semi-trailers not used for transporting goods
8716.80.99	Other (non-automotive vehicles except trailers or semi-trailers, wheel barrows and hand-carts, or wheel barrows of hydraulic operation)

- (b) Notwithstanding subparagraph (a), Mexico shall not prohibit or restrict the importation, on a temporary basis, of used goods provided for in the items set out in subparagraph (c) for the provision of a cross-border service subject to Chapter Twelve (Cross-Border Trade in Services) or the performance of a contract subject to Chapter Ten (Government Procurement), provided that the imported goods
 - (i) are necessary to the provision of the cross-border service or the performance of the contract awarded to a supplier of another Party,
 - (ii) are used solely by or under the supervision of the service provider or the supplier performing the contract,
 - (iii) are not sold, leased or loaned while in the territory of Mexico,
 - (iv) are imported in no greater quantity than is necessary for the provision of the service or the performance of the contract,
 - (v) are re-exported promptly on completion of the service or the contract, and
 - (vi) comply with other applicable requirements on the importation of such goods to the extent they are not inconsistent with this Agreement.
- (c) Subparagraph (b) applies to used goods provided for in the following items:

Item	Description
8413.11.01	Distributors fitted with a measuring device even if it includes a totalizing mechanism
8413.40.01	Concrete pumps for liquids, not fitted with a measuring device from 36 up to 60 m ³ /hr capacity

8426.12.01	Mobile portals on tires and straddle carriers
8426.19.01	Other (overhead travelling cranes, bridge cranes and straddle carriers)
8426.30.01	Portal cranes
8426.41.01	Cranes with structural iron jib (lattice) with mechanical working, self-propelled, with unit weight up to 55 tons
8426.41.02	Cranes with hydraulically actuated rigid jib, self-propelled with maximum capacity above 9.9 tons and not exceeding 30 tons
8426.41.99	Other (machinery and apparatus, self propelled, on tires)
8426.49.01	Cranes with structural iron jib (lattice) with mechanical working, with unit weight up to 55 tons
8426.49.02	Cranes with hydraulically actuated rigid jib, self-propelled, with load capacity above 9.9 tons and not exceeding 30 tons
8426.91.01	Cranes, other than those provided for in items 8426.91.02, 8426.91.03 and 8426.91.04
8426.99.01	Cranes, other than those provided for in item 8426.99.02
8426.99.02	Swivel cranes
8426.99.99	Other (cranes and air cables ("blondines"); overhead travelling cranes, handling or unloading frames, bridge cranes, straddle carriers and straddle cranes)
8427.10.01	With load capacity up to 3,500 kilograms, measured at 620 millimeters from the frontal surface of the forks, without battery or loader
8428.40.99	Other (escalators and moving walkways)
8428.90.99	Other (machinery and apparatus for lifting, loading, unloading or handling)
8429.11.01	Caterpillar type
8429.19.01	Other (bulldozers and angledozers)
8429.30.01	Scrapers
8429.40.01	Tamping machines
8429.51.02	Front-end loader with hydraulic working, wheel-type, with capacity equal or less than 335 HP
8429.51.03	Mechanical shovels, other than those provided for in item 8429.51.01

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8429.51.99	Other (mechanical shovels, excavators, loaders and front-end shovel loaders)
8429.52.02	Draglines or excavators, other than those provided for in item 8429.52.01
8429.52.99	Other (machinery with a 360° revolving superstructure)
8429.59.01	Trenchers
8429.59.02	Draglines, with dragging load capacity up to 4,000 kilograms
8429.59.03	Draglines or excavators, other than those provided for in item 8429.59.04
8429.59.99	Other (self-propelled bulldozers, angledozers, graders, scrapers, mechanical shovels, excavators, loaders, shovel loaders, tamping machines and road rollers)
8430.31.01	Rotation and/or percussion perforators
8430.31.99	Other (self-propelled cutters, pullers or wrenchers and machines to open tunnels or galleries)
8430.39.01	Boring shields
8430.39.99	Other (not self-propelled cutters, pullers or wrenchers and machines to open tunnels or galleries)
8430.41.01	Boring or sinking machinery, other than those provided for in item 8430.41.02
8430.41.99	Other (self-propelled probing or boring machinery)
8430.49.99	Other (not self-propelled probing or boring machinery)
8430.50.01	Excavators, frontal loaders with hydraulic mechanism, with capacity equal to or less than 335 hp
8430.50.02	Scrapers
8430.50.99	Other (self-propelled machinery and apparatus)
8430.61.01	Graders (pushers)
8430.61.02	Tamping or compacting rollers
8430.62.01	Scarification machine (ripping machine)
8430.69.01	Scrapers, not self-propelled
8430.69.02	Trencher machine, other than those provided for in item 8430.69.03

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8430.69.99	Other (trenchers, other than those provided for in items 8430.69.01, 8430.69.02 and 8430.69.03)
8452.10.01	Sewing machines of the household type
8452.21.04	Industrial machines, other than those provided for in items 8452.21.02, 8452.21.03 and 8452.21.05
8452.21.99	Other (automatic sewing machines)
8452.29.06	Industrial machines, other than those provided for in items 8452.29.01, 8452.29.03 and 8452.29.05
8452.29.99	Other (non-automatic sewing machines)
8452.90.99	Other (parts of sewing machines)
8471.10.01	Analogue or hybrid automatic data processing machines
8474.20.01	Crushing and grinding with two or more cylinders
8474.20.03	Blade crushing machines
8474.20.04	Crushing machines of balls or bars
8474.20.99	Other (machines and apparatus to break, crush or grind or pulverize dirt, stones and other solid mineral materials)
8474.39.99	Other (mixing machines)
8474.80.99	Other (machines and apparatus to classify, sieve, separate, break, crush, grind, mix, or knead dirt, stones and other mineral materials)
8477.10.01	Injection-molding machines for thermoplastic materials, up to 5 kg capacity for one molding model
8701.30.01	Caterpillar tractors with an engine power at the flywheel equal to or above 105 h.p., but less than 380 h.p. measured at 1,900 rpm, including pushing blade

Section C - U.S. Measures

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

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

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

Annex 302.2**Tariff Elimination**

1. Except as otherwise provided in a Party's Schedule attached to this Annex, the following staging categories apply to the elimination of customs duties by each Party pursuant to Article 302(2):
 - (a) duties on goods provided for in the items in staging category A in a Party's Schedule shall be eliminated entirely and such goods shall be duty-free, effective January 1, 1994;
 - (b) duties on goods provided for in the items in staging category B in a Party's Schedule shall be removed in five equal annual stages beginning on January 1, 1994, and such goods shall be duty-free, effective January 1, 1998;
 - (c) duties on goods provided for in the items in staging category C in a Party's Schedule shall be removed in 10 equal annual stages beginning on January 1, 1994, and such goods shall be duty-free, effective January 1, 2003;
 - (d) duties on goods provided for in the items in staging category C+ in a Party's Schedule shall be removed in 15 equal annual stages beginning on January 1, 1994, and such goods shall be duty-free, effective January 1, 2008; and
 - (e) goods provided for in the items in staging category D in a Party's Schedule shall continue to receive duty-free treatment.
2. The base rate of customs duty and staging category for determining the interim rate of customs duty at each stage of reduction for an item are indicated for the item in each Party's Schedule attached to this Annex. These rates generally reflect the rate of duty in effect on July 1, 1991, including rates under the U.S. Generalized System of Preferences and the General Preferential Tariff of Canada.
3. For the purpose of the elimination of customs duties in accordance with Article 302, interim staged rates shall be rounded down, except as set out in each Party's Schedule attached to this Annex, at least to the nearest tenth of a percentage point or, if the rate of duty is expressed in monetary units, at least to the nearest .001 of the official monetary unit of the Party.
4. Canada shall apply a rate of customs duty no higher than the rate applicable under the staging category set out for an item in Annex 401.2, as amended, of the *Canada - United States Free Trade Agreement*, which Annex is hereby incorporated into and made a part of this Agreement, to an originating good provided that:

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

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

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

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

- (a) in each year of the staging category indicated in Column I, the higher of
 - (i) the rate of customs duty under the staging category set out for the item in Annex 401.2, as amended, of the *Canada - United States Free Trade Agreement*, and
 - (ii) the General Preferential Tariff rate of customs duty for the item applied on July 1, 1991, reduced in accordance with the applicable staging category set out for the item in Column I of its Schedule to this Annex; or
- (b) where specified in Column II of its Schedule to this Annex, the most-favored-nation rate of customs duty for the item applied on July 1, 1991, reduced in accordance with the applicable staging category set out for the item in Column I of its Schedule to this Annex, or reduced in accordance with the applicable staging category otherwise indicated.

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

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

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

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

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

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

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

Schedule of Canada

(TARIFF SCHEDULE ATTACHED AS SEPARATE VOLUME)

Schedule of Mexico

(TARIFF SCHEDULE ATTACHED AS SEPARATE VOLUME)

Schedule of the United States

(TARIFF SCHEDULE ATTACHED AS SEPARATE VOLUME)

Annex 303.6

Goods Not Subject to Article 303

1. For exports from the territory of the United States to the territory of Canada or Mexico, a good provided for in U.S. tariff item 1701.11.02 that is imported into the territory of the United States and used as a material in the production of, or substituted by an identical or similar good used as a material in the production of, a good provided for in Canadian tariff item 1701.99.00 or Mexican tariff items 1701.99.01 and 1701.99.99 (refined sugar) is not subject to Article 303.
2. For trade between Canada and the United States the following are not subject to Article 303:
 - (a) imported citrus products;
 - (b) an imported good used as a material in the production of, or substituted by an identical or similar good used as a material in the production of, a good provided for in U.S. items 5811.00.20 (quilted cotton piece goods), 5811.00.30 (quilted man-made piece goods) or 6307.90.99 (furniture moving pads), or Canadian items 5811.00.10 (quilted cotton piece goods), 5811.00.20 (quilted man-made piece goods) or 6307.90.30 (furniture moving pads), that are subject to the most-favored-nation rate of duty when exported to the territory of the other Party; and
 - (c) an imported good used as a material in the production of, or substituted by an identical or similar good used as a material in the production of, apparel that is subject to the most-favored-nation rate of duty when exported to the territory of the other Party.

Annex 303.7

Effective Dates for the Application of Article 303

Section A - Canada

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

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

Section B - Mexico

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

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

Section C - United States

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

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

Annex 303.8**Exception to Article 303(8)
for Certain Color Cathode-Ray Television Picture Tubes****Mexico**

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

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

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

- (b) subsequently exported from the territory of Mexico to the territory of Canada, or is used as a material in the production of another good that is subsequently exported from the territory of Mexico to the territory of Canada, or is substituted by an identical or similar good used as a material in the production of another good that is subsequently exported to the territory of Canada, for all such persons combined, in an amount no greater than
 - (i) 75,000 units in 1994,
 - (ii) 50,000 units in 1995, and
 - (iii) zero units in 1996 and thereafter.

Annex 304.1

Exceptions for Existing Waiver Measures

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

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

Annex 304.2

Continuation of Existing Waivers of Customs Duties

For purposes of Article 304(2):

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

Annex 307.1

Goods Re-Entered after Repair or Alteration

Section A - Canada

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

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

Section B - Mexico

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

Section C - United States

1. The United States may impose customs duties on:

- (a) goods set out in Section D, or

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

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

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

Section D - List of Goods

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

- (a) cruise ships, excursion boats, ferry-boats, cargo ships, barges and similar vessels for the transport of persons or goods, including
 - (i) tankers,
 - (ii) refrigerated vessels, other than tankers, and
 - (iii) other vessels for the transport of goods and other vessels for the transport of both persons and goods, including open vessels;
- (b) fishing vessels, including factory ships and other vessels for processing or preserving fishery products of a registered length not exceeding 30.5m;
- (c) light-vessels, fire-floats, dredgers, floating cranes, and other vessels the navigability of which is subsidiary to their main function, floating docks, floating or submersible drilling or production platforms; and drilling ships, drilling barges and floating drilling rigs; and
- (d) tugboats.

Annex 307.3

Repair and Rebuilding of Vessels

United States

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

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

the United States shall,

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

Annex 308.1

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

Section A - General Provisions

1. Each Party shall reduce its most-favored-nation rate of duty applicable to a good provided for under the tariff provisions set out in Tables 308.1.1 and 308.1.2 in Section B to the rate set out therein, to the lowest rate agreed by any Party in the Uruguay Round of Multilateral Trade Negotiations, or to such reduced rate as the Parties may agree, in accordance with the schedule set out in Section B, or with such accelerated schedule as the Parties may agree.
2. Notwithstanding Chapter Four (Rules of Origin), when the most-favored-nation rate of duty applicable to a good provided for under the tariff provisions set out in Table 308.1.1 in Section B conforms with the rate established under paragraph 1, each Party shall consider the good, when imported into its territory from the territory of another Party, to be an originating good.
3. A Party may reduce in advance of the schedule set out in Table 308.1.1 or Table 308.1.2 in Section B, or of such accelerated schedule as the Parties may agree, its most-favored-nation rate of duty applicable to any good provided for under the tariff provisions set out therein, to the lowest rate agreed by any Party in the Uruguay Round of Multilateral Trade Negotiations, or the rate set out in Table 308.1.1 or 308.1.2, or to such reduced rate as the Parties may agree.
4. For greater certainty, **most-favored-nation rate of duty** does not include any other concessionary rate of duty.

Section B - Rates of Duty and Schedule for Reduction

Table 308.1.1

	Tariff Rate	Schedule ¹
Automatic Data Processing Machines (ADP)		
8471.10	3.9%	S
8471.20	3.9%	S
Digital Processing Units		
8471.91	3.9%	S
Input or Output Units		
<u>Combined Input/Output Units</u>		
Canada:		
8471.92.10	3.7%	S
Mexico:		
8471.92.09	3.7%	S
United States:		
8471.92.10	3.7%	S
<u>Display Units</u>		
Canada:		
8471.92.32	3.7%	S
8471.92.33	Free	S
8471.92.34	3.7%	S
8471.92.39	3.7%	S
Mexico:		

¹ R on the date of entry into force of this Agreement

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

8471.92.10	3.7%	S
8471.92.11	Free	S
United States:		
8471.92.30	Free	S
8471.92.40.75	3.7%	S
8471.92.40.85	3.7%	S
<u>Other Input or Output Units</u>		
Canada:		
8471.92.40	3.7%	S
8471.92.50	Free	S
8471.92.90	Free	S
Mexico:		
8471.92.12	3.7%	S
8471.92.99	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
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		

Canada:

8504.40.40	Free	S
8504.90.14	Free	R
8504.90.80	Free	R

Mexico:

8504.40.12	Free	S
8504.90.08	Free	S
8504.90.09	Free	S

United States:

8471.99.32	Free	S
8471.99.34	Free	S

Table 308.1.2

	Tariff Rate	Schedule ¹
Metal Oxide Varistors		
Canada:		
8533.40.10	Free	R
Mexico:		
8533.40.07	Free	R
United States:		
8533.40.00A	Free	R
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:		
8541.40	Free	R
Mexico:		
8541.40	Free	R
United States:		

¹ R on the date of entry into force of this Agreement

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

Annex 308.1

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 Cathode-Ray Television Picture Tubes**

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

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

Annex 308.3

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

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

Annex 310.1

Existing Customs User Fees

Section A - Mexico

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

Section B - United States

1. The United States shall not increase its merchandise processing fee and shall eliminate such fee according to the schedule set out in Article 403 of the *Canada - United States Free Trade Agreement* on originating goods where those goods qualify to be marked as goods of Canada pursuant to Annex 311, without regard to whether the goods are marked.
2. The United States shall not increase its merchandise processing fee and shall eliminate such fee by June 30, 1999, on originating goods where those goods qualify to be marked as goods of Mexico pursuant to Annex 311, without regard to whether the goods are marked.

Annex 311

Country of Origin Marking

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

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

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

7. Each Party shall provide that:

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

can be readily opened for inspection of the contents, or the marking of the contents is clearly visible through the container.

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

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

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

11. For purposes of this Annex:

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

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

legible means capable of being easily read;

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

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

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

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

Annex 312.2**Wine and Distilled Spirits****Section A - Canada and the United States**

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

Section B - Canada and Mexico

As between Canada and Mexico:

1. Except as provided in paragraphs 3 through 6, in respect of any measure related to the internal sale and distribution of wine and distilled spirits, Article 301 shall not apply to:
 - (a) a non-conforming provision of any existing measure;
 - (b) the continuation or prompt renewal of a non-conforming provision of any existing measure; or
 - (c) an amendment to a non-conforming provision of any existing measure to the extent that the amendment does not decrease its conformity with Article 301.
2. The Party asserting that paragraph 1 applies to one of its measures shall have the burden of establishing the validity of such assertion.
3.
 - (a) Any measure related to the listing of wine and distilled spirits of the other Party shall:
 - (i) conform with Article 301,
 - (ii) be transparent, non-discriminatory and provide for prompt decision on any listing application, prompt written notification of such decision to the applicant and, in the case of a negative decision, provide for a statement of the reason for refusal,
 - (iii) establish administrative appeal procedures for listing decisions that provide for prompt, fair and objective rulings,

- (iv) be based on normal commercial considerations,
 - (v) not create disguised barriers to trade, and
 - (vi) be published and made generally available to persons of the other Party.
- (b) Notwithstanding paragraph 3(a) and Article 301, and provided that listing measures of British Columbia otherwise conform with paragraph 3(a) and Article 301, automatic listing measures in the province of British Columbia may be maintained provided they apply only to existing estate wineries producing less than 30,000 gallons of wine annually and meeting the existing content rule.
4. (a) Where the distributor is a public entity, the entity may charge the actual cost-of-service differential between wine or distilled spirits of the other Party and domestic wine or distilled spirits. Any such differential shall not exceed the actual amount by which the audited cost of service for the wine or distilled spirits of the exporting Party exceeds the audited cost of service for the wine or distilled spirits of the importing Party.
- (b) Notwithstanding Article 301, Article I (Definitions) except for the definition of "distilled spirits", Article IV.3 (Wine), and Annexes A, B, and C, of the *Agreement between Canada and the European Economic Community concerning Trade and Commerce in Alcoholic Beverages*, dated February 28, 1989, shall apply with such changes as the circumstances may require.
- (c) All discriminatory mark-ups on distilled spirits shall be eliminated immediately on the date of entry into force of this Agreement. Cost-of-service differential mark-ups as described in subparagraph (a) shall be permitted.
- (d) Any other discriminatory pricing measure shall be eliminated on the date of entry into force of this Agreement.
5. (a) Any measure related to distribution of wine or distilled spirits of the other Party shall conform with Article 301.
- (b) Notwithstanding subparagraph (a), and provided that distribution measures otherwise ensure conformity with Article 301, a Party may
- (i) maintain or introduce a measure limiting on-premise sales by a winery or distillery to those wines or distilled spirits produced on its premises, and
 - (ii) maintain a measure requiring existing private wine store outlets in the provinces of Ontario and British Columbia to discriminate in favor of wine of those provinces to a degree no greater than the discrimination required by

such existing measure.

- (c) Nothing in this Agreement shall prohibit the Province of Quebec from requiring that any wine sold in grocery stores in Quebec be bottled in Quebec, provided that alternative outlets are provided in Quebec for the sale of wine of the other Party, whether or not such wine is bottled in Quebec.

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

7. For purposes of this Annex:

wine includes wine and wine-containing beverages.

Annex 313

Distinctive Products

1. Canada and Mexico shall recognize Bourbon Whiskey and Tennessee Whiskey, which is a straight Bourbon Whiskey authorized to be produced only in the State of Tennessee, as distinctive products of the United States. Accordingly, Canada and Mexico shall not permit the sale of any product as Bourbon Whiskey or Tennessee Whiskey, unless it has been manufactured in the United States in accordance with the laws and regulations of the United States governing the manufacture of Bourbon Whiskey and Tennessee Whiskey.
2. Mexico and the United States shall recognize Canadian Whisky as a distinctive product of Canada. Accordingly, Mexico and the United States shall not permit the sale of any product as Canadian Whisky, unless it has been manufactured in Canada in accordance with the laws and regulations of Canada governing the manufacture of Canadian Whisky for consumption in Canada.
3. Canada and the United States shall recognize Tequila and Mezcal as distinctive products of Mexico. Accordingly, Canada and the United States shall not permit the sale of any product as Tequila or Mezcal, unless it has been manufactured in Mexico in accordance with the laws and regulations of Mexico governing the manufacture of Tequila and Mezcal. This provision shall apply to Mezcal, either on the date of entry into force of this Agreement, or 90 days after the date when the official standard for this product is made obligatory by the Government of Mexico, whichever is later.

Annex 314

Export Taxes

Mexico

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

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

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

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

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

Beans	Brown sugar
Beef steak or pulp	Canned sardines
Beef liver	Canned tuna
Beef remnants and bones ("retazo con hueso")	Canned peppers
Beer	Chicken broth
Bread	Condensed milk

Cooked ham	Ground beef
Corn tortillas	Instant coffee
Corn flour	Low-priced cookies ("galletas dulces populares")
Corn dough	Margarine
Crackers	Oat flakes
Eggs	Pasteurized milk
Evaporated milk	Powdered chocolate
French rolls ("pan blanco")	Powdered milk for children
Gelatine	Powdered milk
	Rice
	Roasted coffee
	Salt
	Soft drinks
	Soup paste
	Tomato puree
	Vegetable oil
	Vegetable fat
	Wheat flour
	White sugar

Annex 315

Other Export Measures

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