



Ottawa, October 27, 2014

Memorandum D11-4-22

Tariff Preference Levels

In Brief

1. This memorandum provides links to the official versions of the [*Imports of Certain Textile and Apparel Goods From Mexico or the United States Customs Duty Remission Order*](#), the [*Imports of Certain Textile and Apparel Goods From Chile Customs Duty Remission Order*](#) and the [*Imports of Certain Textile and Apparel Goods From Costa Rica Customs Duty Remission Order*](#). These orders are no longer fully excerpted in this memorandum.
2. The editing revisions made in this memorandum do not affect or change any of the existing policies or procedures.

This memorandum contains the remission orders that implement the Tariff Preference Level (TPL) mechanisms of the [*North American Free Trade Agreement*](#) (NAFTA), the [*Canada-Chile Free Trade Agreement*](#) (CCFTA) and the [*Canada-Costa Rica Free Trade Agreement*](#) (CCRFTA). It also contains administrative guidelines and other general information concerning the orders.

Under the terms of [*NAFTA*](#), the Parties to the Agreement have agreed to grant preferential tariff treatment to specified quantities of certain yarns, fabrics, apparel, and textile articles, traded among the Parties that do not meet the rules of origin of the Agreement. These provisions of NAFTA constitute a trade mechanism known as a “Tariff Preference Level.” Similar provisions in [*CCFTA*](#) and [*CCRFTA*](#) apply to trade between Canada and Chile, and Canada and Costa Rica respectively. The preferential rate of duty under NAFTA, CCFTA and CCRFTA TPL mechanisms is the rate that would apply to the goods if they were originating goods under the applicable agreement.

Legislation

[*Customs Tariff*](#)

[*Export and Import Permit Act*](#)

Statutory Instruments

[*Imports of Certain Textile and Apparel Goods From Mexico or the United States Customs Duty Remission Order*](#)

[*Imports of Certain Textile and Apparel Goods From Chile Customs Duty Remission Order*](#)

[*Imports of Certain Textile and Apparel Goods From Costa Rica Customs Duty Remission Order*](#)

Regulations

[*NAFTA Rules of Origin Regulations*](#)

[*CCFTA Rules of Origin Regulations*](#)

[*CCRFTA Rules of Origin Regulations*](#)

Guidelines and General Information

General

1. Under the TPL mechanisms of [NAFTA](#), [CCFTA](#) and [CCRFTA](#), the Parties to each Agreement agree to provide NAFTA, CCFTA or CCRFTA equivalent rates of duty to specified quantities of certain non-originating textile and apparel goods traded between the Parties to each respective Agreement, provided the goods have undergone specified manufacturing processes in the territory of one or more of the parties to the Agreement (refer to Appendices A, B and C). The remission orders discussed in this memorandum implement in part the TPL mechanisms for goods imported into Canada. In particular, the orders specify the goods which may be eligible for TPL treatment, the rates of duty that apply under the TPL program, the manufacturing processes goods are required to undergo in the territory of the Parties to each Agreement, and the documentation needed to support a request for remission.

2. The TPL remission orders also specify that the quantities of goods eligible for TPL treatment are the quantities set out in the relevant schedules of [NAFTA](#), [CCFTA](#) and [CCRFTA](#). The annual TPL quantity levels are found in Appendices A, B, and C. NAFTA utilization reports can be viewed on Web site of [Foreign Affairs, Trade and Development Canada](#).

Note: Despite the wording of the NAFTA TPL Remission Order, the [Imports of Certain Textile and Apparel Goods From Mexico or the United States Customs Duty Remission Order](#), no TPL quantity has been agreed upon for goods imported into Canada from the United States that fall within the definition of “fabric and made-up goods” in section 1 of the order, other than for goods in Chapter 60 of the Harmonized System.

3. As stated in the definition of “apparel” in Section 1 of the TPL remission orders, apparel goods in Chapters 61 and 62 must be cut or knit to shape and sewn or otherwise assembled in Mexico, the United States, Chile or Costa Rica, from fabric or yarn produced or obtained outside the Free Trade Area, to qualify for the respective TPL treatment.

Tariff Treatments

4. The NAFTA TPL rate of customs duty is the United States Tariff rate, for goods imported from the United States or the Mexico Tariff rate for goods imported from Mexico. The CCFTA TPL rate of customs duty is the Chile Tariff rate. The CCRFTA TPL rate of customs duty is the Costa Rica Tariff rate. Importations of goods that exceed the annual quantitative limit provided under a NAFTA TPL, a CCFTA TPL or a CCRFTA TPL are subject to the Most-Favoured-Nation (MFN) Tariff Treatment.

Certification Requirements – Exporter’s Certification of Non-originating Textile Goods

5. In order to receive a TPL benefit, the [Exporter’s Certification of Non-originating Textile Goods](#) (Certification) must be in the importer’s possession at the time of release of the goods, or at any other time when the importer declares on the customs documentation that they are in possession of this Certification. The importer is certifying that the goods meet the requirements set out in Appendix 6 of Annex 300-B to Chapter Three of [NAFTA](#), Appendix 5.1 of Annex C-00-B to Chapter C of [CCFTA](#) or Appendix III.1.6.1 of Annex III.1 to Chapter III of [CCRFTA](#).

6. The completed Certification may be provided on a separate sheet attached to the invoice, or it may be a statement written directly on the invoice. It is not mandatory to include the Certification with the release or accounting documentation, but it must be available for presentation to the Canada Border Services Agency (CBSA) upon request.

Note: The number of the invoice to which the certificate refers must be included on the certificate.

7. The Certification may be completed in English, French, or Spanish. Where the Certification is in Spanish and the CBSA requests to see it, the CBSA may make a further request to the importer to provide an English or French translation of the Certification. If such further request is made, the CBSA will allow a reasonable period of time for the importer to obtain the translation.

Note: The importer is not required to obtain an English or French translation of a Spanish Certification until and unless such a further request is made.

8. Since goods qualifying under the TPL provisions are not originating goods under the [NAFTA Rules of Origin Regulations](#), the [CCFTA Rules of Origin Regulations](#) or the [CCRFTA Rules of Origin Regulations](#), they cannot be certified as originating on a NAFTA Certificate of Origin, a CCFTA Certificate of Origin or a CCRFTA Certificate of Origin.

Import Permit Requirements

9. Import permits are issued by Export and Import Controls at Foreign Affairs, Trade and Development Canada or via customs brokers authorized by Export and Import Controls.

10. In order to receive a TPL benefit, the importer must possess an appropriate import permit specifying TPL entitlement for the goods. This import permit must be available for presentation to the CBSA upon request.

11. Foreign Affairs/Customs Automated Permit System (EXCAPS) provides for the electronic transmission of permit information directly from Foreign Affairs, Trade and Development Canada to CBSA. This eliminates the requirement for importers to present paper permits to the CBSA (except at non-terminal offices) when required under the [Export and Import Permit Act](#). Foreign Affairs, Trade and Development Canada will issue a transaction record to the importer or broker to serve as a receipt showing that the permit has been issued. Importers using non-terminal offices will be required to present a copy of the transaction record to substantiate that a permit has been issued by Foreign Affairs, Trade and Development Canada. Please refer to CBSA [Memorandum D19-10-2, Export and Import Permits Act \(Importations\)](#) for the most current information on the transmission of permit information between Foreign Affairs, Trade and Development Canada and CBSA.

12. The transaction number assigned to the importation must be recorded on the import permit, and the import permit number must be recorded on the customs documentation.

13. An import permit becomes valid when the permit information has been transmitted electronically by Foreign Affairs, Trade and Development Canada to the CBSA office where goods are to be released.

14. Where a TPL permit has not been obtained by the date of accounting, the goods will be subject to the MFN Tariff Treatment.

Goods Imported From Mexico – Certificate of Eligibility

15. To obtain a TPL import permit for Mexican goods, an importer must first obtain a Certificate of Eligibility from the exporter. The exporter will have obtained this Certificate of Eligibility from the Mexican government. The importer must forward the Mexican Certificate of Eligibility number to Foreign Affairs, Trade and Development Canada with the application for a TPL import permit. The Certificate of Eligibility must be available for presentation to the CBSA upon request.

16. The Certificate of Eligibility is **not** a requirement for obtaining a TPL import permit for goods imported from the United States, Chile or Costa Rica.

17. To obtain a Certificate of Eligibility, Mexican exporters are asked to contact Trade Services Mexico (Secretaria de Economia Mexico).

Canada Customs Coding Form and Invoice Requirements

18. The importer must enter the appropriate Order in Council number in Field 26 on the [Canada Customs Coding Form](#) in order to request TPL treatment at the time goods are accounted for. The relevant Order in Council numbers are:

NAFTA 98-1456
CCFTA 98-1455
CCRFTA 02-1863

19. The importer must also enter Code 10 in Field 14 on the [Canada Customs Coding Form](#) for goods imported from the United States; Code 11 for goods imported from Mexico; Code 14 for goods imported from Chile; and

Code 21 for goods imported from Costa Rica. In so doing, the importer is declaring that the importer is in possession of an [Exporter's Certification of Non-originating Textile Goods](#).

20. An invoice that covers both goods for which a preferential tariff treatment will be claimed through the use of TPL and goods for which such treatment is not being claimed, should be clearly and distinctively identified on the invoice. However, a separate invoice for the goods receiving the preferential tariff treatment is not required.

Review and Evaluation

21. The CBSA will deny a request for NAFTA, CCFTA or CCRFTA TPL treatment made at the time goods are accounted for if it is determined that the conditions of the applicable remission order have not been met – for example, if the required documentation has not been provided. A denial of TPL treatment, at the time goods are accounted for, will be made under subsection 115(2) of the [Customs Tariff](#).

Refunds

22. A request for TPL treatment may be made after goods have been accounted for, by requesting a refund of the duties paid. However, before a request for a refund can be made, a TPL import permit must be obtained. Foreign Affairs, Trade and Development Canada may grant import permits for qualifying TPL goods after they have been imported, if the applicable quota for the year of importation has not been exceeded, and, where the goods are imported from Mexico, if a Certificate of Eligibility has been obtained from the exporter.

23. A request for TPL treatment by way of a refund is made by submitting a completed [Canada Customs Adjustment Request](#), at a CBSA office in the region where the goods were accounted for. Fields 14 and 20 on the *Canada Customs Adjustment Request* must be completed as indicated in paragraph 14. Subsection 115(3) of the [Customs Tariff](#) must be indicated in the Justification for Request field to request the refund. The adjustment request must include the import permit, the [Exporter's Certification of Non-originating Textile Goods](#), and, if the goods are imported from Mexico, the Certificate of Eligibility.

Additional Information

24. For more information, within Canada call the Border Information Service at **1-800-461-9999**. From outside Canada call 204-983-3500 or 506-636-5064. Long distance charges will apply. Agents are available Monday to Friday (08:00 – 16:00 local time/except holidays). TTY is also available within Canada: **1-866-335-3237**.

Appendix A

NAFTA Tariff Preference Levels (TPLs)

The following types of goods **entering** Canada may be eligible for TPL benefits under NAFTA.

HS Classification	Description	Process	From	Quantity ¹
Spun Yarns				
52.05-52.07	cotton yarns	spun in Mexico or the USA from non-originating fibres	52.01-52.03	from Mexico: 1,000,000 kg from the USA 1,000,000 kg
55.09-55.11	man-made yarns	spun in Mexico or the USA from non-originating fibres	55.01-55-07	
Fabric and made-up goods				
52-55 (excluding goods containing 36% or more by weight of wool or fine animal hair), 58, 60 and 63 9404.90	cotton or man-made fibre fabrics or made-up textile goods	woven or knit in Mexico or the USA from non-originating yarn or knit from yarn spun in Mexico or the USA from non-originating fibres finished and cut and sewn or otherwise assembled from fabrics [see next column] produced or obtained outside the NAFTA territories	5208.11-5208.29, 5209.11-5209.29, 5210.11-5210.29, 5211.11-5211.29, 5212.11, 5212.12, 5212.21, 5212.22, 5407.41, 5407.51, 5407.71, 5407.81, 5407.91, 5408.21, 5408.31, 5512.11, 5512.21, 5512.91, 5513.11-5513.19, 5514.11-5514.19, 5516.11, 5516.21, 5516.31, 5516.41, 5516.91	from Mexico: 7,000,000 SMEs from the USA: 2,000,000 SMEs ²
Apparel				
61, 62	cotton or man-made fibre apparel or wool apparel	Cut (or knit to shape) and sewn or otherwise assembled in Mexico or the USA from non-originating yarn or fabric		(a) cotton or man-made fibre apparel from Mexico: 6,000,000 SMEs from USA: 9,000,000 SMEs (b) wool apparel from Mexico: 250,000 SMEs from USA: 919,740 SMEs

¹ The quantities shown are those set out in Schedules 6.B.1, 6.B.2, and 6.B.3 to Appendix 6 of Annex 300-B of the [NAFTA](#).

² The 2,000,000 SMEs from the United States are limited to goods of Chapter 60 of the HS.

Appendix B

CCFTA Tariff Preference Levels (TPLs)

The following types of goods **entering** Canada may be eligible for TPL benefits under CCFTA.

HS Classification	Description	Process	From	Quantity ³
Spun Yarns				
52.05-52.07	cotton yarns	spun in Chile from non-originating fibres	52.01-52.03	500,000 kg
55.09-55.11	man-made yarns	spun in Chile from non-originating fibres	55.01-55-07	
Fabric and made-up goods				
52-55 (excluding goods containing 36% or more by weight of wool or fine animal hair), 58, 60 and 63 9404.90	cotton or man-made fibre fabrics or made-up textile goods	woven or knit in Chile from non-originating yarn or knit from yarn spun in Chile from non-originating fibres finished and cut and sewn or otherwise assembled from fabrics [see next column] produced or obtained outside the CCFTA territories	5208.11-5208.29, 5209.11-5209.29, 5210.11-5210.29, 5211.11-5211.29 5212.11, 5212.12, 5212.21, 5212.22, 5407.41, 5407.51, 5407.71, 5407.81, 5407.91, 5408.21, 5408.31, 5512.11 5512.21, 5512.91, 5513.11-5513.19, 5514.11-5514.19, 5516.11, 5516.21, 5516.31, 5516.41, 5516.91	cotton or man-made fibre fabrics and made-up goods: 1,000,000 SMEs
51-55 (containing 36% or more by weight of wool or fine animal hair), 58, 60 and 63	wool fabric and made-up textile goods	woven or knit in Chile from non-originating yarn or knit from yarn spun in Chile from non-originating fibres		wool fabrics and made-up goods: 250, 000 SMEs
Apparel				
61, 62	cotton or man-made fibre apparel or wool apparel	Cut (or knit to shape) and sewn or otherwise assembled in Chile from non-originating yarn or fabric		(a) cotton or man-made fibre apparel 2,252,324 SMEs (b) wool apparel 112,614 SMEs

³ The quantities shown are those set out in the Schedules 5.B.1, 5.B.2 and 5.B.3 to Appendix 5.1 of Annex C-00-B of the [CCFTA](#). The TPLs for **apparel** were increased annually by two per cent for six consecutive years beginning January 1, 1998.

Appendix C

CCRFTA Tariff Preference Levels (TPLs)

The following types of goods **entering** Canada may be eligible for TPL benefits under CCRFTA provided such goods are not produced in a “geographic area”, (i.e. free trade zone) of Costa Rica.

HS Classification	Description	Process	From	Quantity ⁴
Spun Yarns				
52.05-52.07	cotton yarns	spun in Costa Rica from non-originating fibres	52.01-52.03	150,000 kg
55.09-55.11	man-made yarns	spun in Costa Rica from non-originating fibres	55.01-55-07	
Fabric and made-up goods				
52-55 (excluding goods containing 36% or more by weight of wool or fine animal hair), 58, 60 and 63 9404.90	cotton or man-made fibre fabrics or made-up textile goods	woven or knit in Costa Rica from non-originating yarn or knit from yarn spun in Costa Rica from non-originating fibres finished and cut and sewn or otherwise assembled from fabrics [see next column] produced or obtained outside the CCRFTA territories	5208.11-5208.29, 5209.11-5209.29, 5210.11-5210.29, 5211.11-5211.29, 5212.11, 5212.12, 5212.21, 5212.22, 5407.41, 5407.51, 5407.71, 5407.81, 5407.91, 5408.21, 5408.31, 5512.11 5512.21, 5512.91, 5513.11-5513.19, 5514.11-5514.19, 5516.11, 5516.21, 5516.31, 5516.41, 5516.91	cotton or man-made fibre fabrics and made-up goods: 1,000,000 SMEs
51-55 (containing 36% or more by weight of wool or fine animal hair), 58, 60 and 63	wool fabric and made-up textile goods	woven or knit in Costa Rica from non-originating yarn or knit from yarn spun in Costa Rica from non-originating fibres		wool fabrics and made-up goods: 250, 000 SMEs
Apparel				
61, 62	cotton or man-made fibre apparel or wool apparel	Cut (or knit to shape) and sewn or otherwise assembled in Costa Rica from non-originating yarn or fabric		1,379,570 SMEs

⁴ The quantities shown are those set out in the Schedules 6.B.1, 6.B.2 and 6.B.3 to Appendix III.1.6.1 of Annex III.1 of the [CCRFTA](#). The TPLs for **apparel** were increased annually by two per cent for three consecutive years beginning one year after entry into force of the [CCRFTA](#) (November 1, 2002).

References	
Issuing Office	Trade and Anti-dumping Programs Directorate
Headquarters File	4571-11-20
Legislative References	<i>Imports of Certain Textile and Apparel Goods From Mexico or the United States Customs Duty Remission Order</i> <i>Imports of Certain Textile and Apparel Goods From Chile Customs Duty Remission Order</i> <i>Imports of Certain Textile and Apparel Goods From Costa Rica Customs Duty Remission Order</i> <i>NAFTA Rules of Origin Regulations</i> <i>CCFTA Rules of Origin Regulations</i> <i>CCRFTA Rules of Origin Regulations</i> <i>Customs Tariff</i> <i>Export and Import Permit Act</i>
Other References	<i>D19-10-2</i> <i>North American Free Trade Agreement</i> <i>Canada-Chile Free Trade Agreement</i> <i>Canada-Costa Rica Free Trade Agreement</i>
Superseded Memorandum D	D11-4-22 dated June 10, 2009