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NAFTA

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**THE FISH
AND FISH PRODUCTS
SECTOR**



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NAFTA AND THE FISH AND FISH PRODUCTS SECTOR



This booklet was prepared in conjunction with Agriculture and Agri-food Canada and is part of a series of NAFTA sector publications prepared by Industry Canada.



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CONTENTS

Introduction.....	1
Tariffs for Fish and Fish Products	2
Rules of Origin for Fish and Fish Products	4
NAFTA Customs Matters	7
Country of Origin Marking Requirements.....	8
What Else You Should Know	9
The Canadian Industry in a North American Context	12
Taking Advantage of NAFTA Opportunities	15
Contacts.....	16
Other Publications	17
Annex A — Canada-Mexico NAFTA Tariff Phase-Outs	19
Annex B — Rules of Origin	26

NAFTA AND THE CANADIAN FISH AND FISH PRODUCTS SECTOR

The North American Free Trade Agreement (NAFTA) came into effect January 1, 1994. The overall objective of this Agreement is to promote employment and economic growth by expanding trade and investment opportunities in the North American free trade area and by enhancing the competitiveness of Canadian, Mexican and U.S. companies in global markets.

NAFTA provides Canadian fish processors and exporters with continued preferential access to U.S. markets and new preferential access to Mexico. The Mexican population is expected to increase to 100 million by the year 2000. The Mexican middle class is also growing rapidly and NAFTA is expected to further contribute to this growth, thus providing a larger market for good quality Canadian fish and fish products.

To make the most of these opportunities, you should first understand how the Agreement affects you and your business operations. Second, you should assess your strategic business plans and determine whether and how your production and marketing practices might need to be altered as a result of NAFTA.

This booklet highlights key aspects of the Agreement for Canadian fish processors and exporters. It provides product-specific information on tariff rates, tariff phase-outs and rules of origin, and it describes other provisions of the Agreement relevant to manufacturers and distributors of these products. It also includes an overview of the fish and fish products market in North America and highlights potential new market opportunities in Mexico.

TARIFFS FOR FISH AND FISH PRODUCTS

Under NAFTA, tariffs on fish and fish products being traded between Canada and Mexico will be eliminated under the various tariff phase-out categories established under the Agreement. Some tariffs were eliminated immediately on implementation of the Agreement on January 1, 1994, while other tariffs will be reduced over five, 10 or 15 years being completely eliminated by January 1, 1998, January 1, 2003, or January 1, 2008.

Canada- United States Tariffs

Trade between the United States and Canada will continue to be governed by the tariff phase-outs negotiated under the provisions of the Canada-United States Free Trade Agreement (FTA). These phase-out schedules are unaffected by NAFTA. Under the FTA, tariffs for all fish and fish products have already been reduced by at least 60 percent and all tariffs will be eliminated by January 1, 1998.

Schedule of Phase-Outs

Annex A contains the Mexican and Canadian tariff elimination schedules for most fish and fish products. The applicable tariff phase-out stages for other products and inputs are listed in the country-specific NAFTA tariff schedules.

A review of the Canadian and Mexican tariff phase-outs for your products will assist you in assessing the potential impact of NAFTA on your company.

Mexican Phase-Outs

Mexican import tariffs on most fish and fish products were 20 percent prior to NAFTA. Over 60 percent of these were eliminated immediately on implementation of the Agreement on January 1, 1994. The following are some examples of these:

- ▶ fresh, chilled, frozen or smoked Atlantic or Pacific salmon including livers and roe;
- ▶ fresh or frozen crabs; and
- ▶ frozen mackerel, herring and hake;
- ▶ prepared or preserved salmon, mackerel and herring.
- ▶ smoked or salted and in brine herring and other fish;

Tariffs will be eliminated over five years on products such as fresh and frozen lobster, other than rock lobster; frozen, dried or salted scallops; fresh and frozen halibut, sardines and sprats; mussels; seaweeds and other algae; and prepared or preserved crab, shrimp and lobster.

Mexico negotiated a 10-year tariff phase-out on a few import sensitive items such as most fresh or frozen tuna, skipjack and bonito; fish fillets; rock lobster and shrimp; and fish fats, oils and meals. Mexico also obtained a 15-year tariff phase-out on prepared or preserved tunas, skipjack and Atlantic bonito.

**Canadian
Phase-Outs**

Most fish and fish products entered Canada duty-free prior to NAFTA. As of January 1, 1994, Canada eliminated tariffs on the majority of the other Mexican exports in this sector including fish livers and roes; frozen crabs and other crustaceans; oysters; and fish oils, fats and meals.

Canada negotiated 10-year tariff phase-outs on a few items including fresh and frozen rock lobster and other sea crawfish, and prepared or preserved sardines, sardinella, brisling and sprats.

**Accelerated
Duty Elimination**

As with the FTA, there is an acceleration clause in NAFTA. Tariffs for fish and fish products may be phased out faster than originally negotiated if the three countries agree to such action. If only two countries agree, acceleration takes place only between those two.

RULES OF ORIGIN FOR FISH AND FISH PRODUCTS

NAFTA provides preferential tariff treatment for all “originating” North American goods traded between Canada, the United States and Mexico. Rules of origin are used to determine whether a product qualifies as a good originating in North America. These rules ensure that NAFTA benefits are only available for goods substantively produced or transformed in North America.

Any goods produced in any or all of the three NAFTA countries, with components and materials that themselves are wholly sourced or manufactured in any of the three countries, qualify as originating goods entitled to preferential tariff treatment.

Goods using non-North American inputs must meet the requirements set out in the NAFTA rules of origin to be considered as “originating.”

The NAFTA rules of origin for fish and fish products require that:

- ▶ Each non-North American input must undergo sufficient transformation during production in one or more of the NAFTA countries to result in a specified change of tariff classification.

The specific rules of origin applicable to fish and fish products are found in Annex B.

The NAFTA rules of origin build on the rules that were developed for the FTA. Canadian exporters will find the NAFTA rules clearer, more predictable and more flexible. The format for these rules is more detailed and user-friendly.

All fish and fish products that qualified for FTA treatment by meeting the “tariff change” specified in the FTA rules of origin will continue to qualify under the NAFTA rules. The specific rules for fish and fish products have not changed.

If you export to the United States or Mexico, you should verify that your products qualify for NAFTA tariff preference. The following steps should assist your review.

- ▶ **Step 1.** If your good is manufactured in Canada using inputs wholly sourced or manufactured in North America it qualifies as “originating” and is entitled to preferential tariff treatment when exported to the United States or Mexico.

Exporters should be careful when determining whether their inputs are North American. Inputs purchased from North American suppliers are not necessarily North American, as they may have been produced or imported from non-North American sources.

***How NAFTA
Rules Differ from
the FTA Rules***

***How to Use the
Rules of Origin***

Exporters of fish and fish products should pay particular attention to the definition of “goods wholly obtained or produced entirely in the territory of one or more of the Parties” in Article 415 of NAFTA. The definition provides for, among other things, the following:

- i) goods (fish, shellfish and other marine life) taken from the sea by vessels registered or recorded with a Party and flying its flag; and
- ii) goods produced on board factory ships from the goods referred to in i) provided such factory ships are registered or recorded with that Party and fly its flag.

- ▶ **Step 2.** If your good uses non-North American inputs, you must identify the tariff classification for the good and for any non-North American inputs. Should you have difficulties determining the tariff classification, contact the appropriate customs agencies identified in this booklet.
- ▶ **Step 3.** Look up the specific rule of origin for your product in Annex B or in the NAFTA text. As the rules will make mention of tariff chapters, headings, subheadings and items, some understanding of the classification system is necessary. A tariff item has eight digits. The first two digits identify its chapter, the first four digits the heading and the first six digits the subheading of the good.
- ▶ **Step 4.** In most cases, a rule will indicate what changes in tariff classification must occur between each of the non-North American inputs and the finished good. The rules for fish and fish products state “A change to heading XXXX through YYYY from any other chapter.” In other words, as long as any non-North American input falls under a chapter that is different than the chapter for the finished good, the good would qualify.

An Example

A Canadian producer of packaged prepared frozen shrimp uses imported frozen shrimp from Thailand.

Since non-North American inputs are used, the shrimp does not automatically qualify as originating. The product-specific rule must be used.

The producer determines that frozen prepared shrimp is classified under tariff heading 1605. The non-North American input falls under heading 0306.

The rule of origin for heading 1605 requires “a change to heading...from any other chapter.” In this example, the frozen prepared shrimp (chapter 16) in question would qualify because the non-North American input is classified under a different chapter (i.e., chapter 03).

**Additional
Information**

More detailed information on the NAFTA rules of origin is contained in the following publications:

Guide to Rules of Origin and Customs Procedures for Canadian Exporters to the U.S. Market, available through InfoEx at 1-800-267-8376;

Trilateral Customs Guide to NAFTA, and *NAFTA Rules of Origin — A Step by Step Guide*, available from Revenue Canada, Customs Infoline (613) 941-0965 Fax: (613) 941-8138.

NAFTA CUSTOMS MATTERS

Classification and Origin Determination

The tariff classification and origin status of your products should be determined before you start exporting.

- ▶ Advisory classifications and origin determinations may be obtained from your customs broker or from one of the three customs agencies listed at the end of this publication.
- ▶ Written, binding rulings on classification, origin status and marking requirements may now be obtained in advance from Canadian, U.S. and Mexican customs headquarters.

Rulings must be obtained from the country into which you are shipping your goods. Contacts for these are listed at the end of this publication.

Customs Administration

From experience gained in the Canada-United States Free Trade Agreement, governments learned the importance of precisely describing and agreeing upon various customs administration procedures.

NAFTA contains a number of provisions that address some of the difficulties experienced by governments, importers and exporters. These include the following:

- ▶ uniform regulations to ensure consistent interpretation, application and administration of the rules of origin, and other customs administration matters;
- ▶ common record keeping requirements, a uniform Certificate of Origin, and standardized certification requirements;
- ▶ broader rights of appeal of determinations of origin and advance rulings to allow appeals by both the exporter and importer within the NAFTA area; and
- ▶ the creation and regular meetings of trilateral working groups to address future modification of the rules of origin, marking obligations and uniform customs regulations, and to review controversial customs issues.

COUNTRY OF ORIGIN MARKING REQUIREMENTS

Method of Marking

The United States and Mexico both require that imports be marked to indicate to the purchaser the country of origin. Goods incorrectly marked can be held at the border. To provide greater clarity and certainty to exporters, NAFTA provides for uniform standards on how goods are to be marked.

The country of origin of a good must be marked legibly and conspicuously and must be placed where it can be easily seen during normal handling.

Marking must be sufficiently permanent to remain in place unless deliberately removed. Acceptable marking methods include stampings, mouldings, stickers, labels, tags and paint.

Imports do not have to be marked with their country of origin when:

- ▶ the cost of marking would discourage importation;
- ▶ marking would materially impair the function of the good;
- ▶ marking would substantially detract from its appearance;
- ▶ the good is a crude substance; or
- ▶ the importer will substantively transform the good.

Country of Origin

NAFTA provides for very precise and detailed rules on how the country of origin of a good is to be determined. However, almost all goods manufactured in Canada that qualify for NAFTA tariff preference can be marked as originating in Canada.

Firms that only do minor processing, simple assembly or blending of imported inputs or those whose goods do not meet the NAFTA rule of origin should carefully check the marking rules of the country into which they are exporting. Their product may be able to be marked as a product of Canada, but in some cases it must be marked as a product of the country from which the inputs originate.

If there is doubt as to how to correctly mark a product, exporters can request an advance ruling from the importing country. A listing of the customs agencies is included in the contacts section of this publication.

WHAT ELSE YOU SHOULD KNOW

While the following provisions of the Agreement may not be specific to the fish and fish products industry, they nonetheless affect the overall North American trading environment and are of interest to companies participating in it.

Temporary Entry for Business Purposes

Canadian manufacturers of fish and fish products will be able to use NAFTA temporary entry provisions to facilitate travel necessary to promote the sales of goods in the United States and Mexico. Such "business visitors" are required to carry proof that they are citizens of one of the NAFTA countries, and a letter from their employer indicating the nature of their visit, their principal place of employment and the actual place of accrual of profits.

Sales representatives may bring commercial samples, advertising materials and equipment necessary to carry out the business activity without having to pay duty on those goods.

Temporary entry is also available for other business travellers such as traders and investors, intra-company transferees and professionals.

If you expect to use any of the temporary entry provisions, you should check with the relevant immigration or customs authorities for information on any documentation requirements.

Duty Drawback

Duty drawback is the refund of customs duties levied on materials and components imported from other countries when they are incorporated into goods that are subsequently exported.

For Canada-United States trade, the FTA prescribed that all duty drawback programs were to be eliminated by January 1, 1994. NAFTA extends this deadline by two years. These programs can now be used until January 1, 1996. For trade with Mexico, existing drawback programs can be used until January 1, 2001.

After these dates, each country will still be able to adopt a partial duty-refund procedure for those goods that do not benefit from the preferential NAFTA tariff. This will avoid the payment of duties in two countries. The amount of duties waived or refunded under such programs cannot exceed the duties charged for the imported inputs or the duties charged on the finished good, whichever is less.

Safeguard Mechanism

As under the FTA, NAFTA establishes rules and procedures under which a country may take special “safeguard” actions to provide temporary relief to industries adversely affected by surges in volumes of imports.

If increased imports injure or threaten to seriously injure Canadian industry, Canada can suspend further tariff concessions or even “snap-back” the tariff to the pre-NAFTA rates of duty.

To maintain liberalized trade and avoid abuse, any country choosing to take a safeguard action must pay compensation, usually in the form of reduced duties for other goods being imported. The cost of taking safeguard actions can be considerable, and this remedy must be pursued with caution.

Dispute Settlement

NAFTA strengthens the dispute settlement mechanism negotiated under the FTA. There are three steps in the NAFTA provisions:

- ▶ **A consultative process.** When a country believes that its NAFTA access rights have been impaired, it can ask for consultations with the allegedly offending country. The other NAFTA country can also participate if it wishes.
- ▶ **An arbitration process.** If agreement is not reached through consultations, a meeting of the NAFTA Trade Commission may be called to discuss how the disagreement may be settled amicably. The commission is composed of cabinet level representatives designated by each country.
- ▶ **A “panel process.”** If agreement cannot be reached through arbitration by the NAFTA Trade Commission, a NAFTA panel can be convened. The panel process would determine whether any trade action taken by a NAFTA country is consistent with the NAFTA provisions. Dispute resolution must occur within strict time limits and countries must comply with panel recommendations or offer acceptable compensation.

Standards

NAFTA includes provisions to help prevent standards from becoming trade barriers. NAFTA promotes the use of compatible standards, technical regulations and conformity-assessment procedures. In time, this provision will reduce the burden of compliance with different standards for different countries.

To reduce exporters’ costs, NAFTA encourages mutual acceptance of test results and certification procedures. Approved facilities will eventually be able to certify that a product meets the standards of all three countries. The Canadian Standards Association is now able to certify that certain products meet the more than 360 U.S. health and safety standards. Underwriters’ Laboratories of Illinois has been granted approval to certify that products comply with Canadian standards.

NAFTA requires that the three countries seek to ensure that provincial, state and local governments, as well as non-government standard-setting bodies, comply with the provisions described. This clause was negotiated to help Canadian manufacturers who presently face a myriad of U.S. state regulations.

Notwithstanding these improvements, Canadian firms exporting to Mexico or the United States must still ensure that products meet the safety regulations, labelling requirements and other technical standards of the country into which they are being exported.

Intellectual Property Rights

Canadian producers rely on patent and trademark protection to safeguard innovative products, special manufacturing processes and internationally known names. NAFTA provides extensive protection for patents, trademarks and trade secrets. It is the first trade agreement to offer protection for trade secrets, which can include formulas, customer lists and production processes.

The Agreement also contains extensive provisions on intellectual property enforcement, including civil and administrative procedures, provisional remedies, criminal penalties and border enforcement mechanisms.

Further information may be obtained on intellectual property matters by calling the Intellectual Property Directorate, Industry Canada at (819) 997-1936.

Other NAFTA Provisions

The Agreement contains provisions on a variety of other issues including investment, the environment, competition policy, cultural industries and cross-border trade.

To obtain additional information on these and other provisions of NAFTA, consult the publications listed at the end of this booklet.

THE CANADIAN INDUSTRY IN A NORTH AMERICAN CONTEXT

Industry Overview

The Canadian fishing industry comprises over 700 companies engaged in the processing and marketing of both wild and farmed fish species and associated by-products. Canada exports about \$2.5 billion annually and is ranked fifth among the top exporting countries.

Canadian companies process over 50 marine and freshwater species into a multitude of fresh, frozen, marinated, smoked, cooked and salted products. They also process roe from species such as herring, salmon, whitefish, capelin, sturgeon, cod and lumpfish. These firms range in size from single plant operations with less than 10 employees to multi-plant operations employing thousands. Certain firms are capable of producing many lines of products while the smaller firms concentrate on developing niche markets for specific products.

Currently, seafood processing companies on the east coast are experiencing decreases in the domestic supply of certain traditional groundfish species, especially cod. Efforts to counteract this decline include the use of alternative species as well as foreign raw materials and processed products. Aquaculture is also resulting in a growth in the supply of shellfish and finfish. Wild stocks of shellfish and pelagics remain strong for most species on the east and west coasts and freshwater fisheries are stable.

Canada- United States Trade

Canada exports almost 60 percent of its seafood products to the United States, making it our most important export market. Long established buyer-seller relationships have developed between these two countries and a few Canadian firms have processing operations in the United States.

Traditionally, Canadian companies have exported fillets and blocks, with most of the secondary processing taking place in the United States. U.S. consumers are now more receptive to a wider range of products, this, in conjunction with the reduced tariffs, should permit more value added exports.

There are tremendous opportunities in the new and expanded markets of the major U.S. cities if Canadian firms can assure a consistent supply. Medium sized firms or groups of small firms may be able to take advantage of markets in specific cities that offer "city niche" customers or ethnic markets.

Canadian fish product exports to the United States benefit from geographical proximity, preferential trade treatment and existing long-standing trading partnerships. Another important advantage is that Canadian fish inspection officials are collaborating with their U.S. counterparts to ensure that Canadian producers understand and are able to meet U.S. health and safety regulations and standards.

The United States is the world's second largest importer of fish and fish products next to Japan. Imports of edible fish products reached 2.5 billion kilograms in 1992. Direct sales at the wholesale level by food service outlets and by retail outlets were valued at over \$20 billion.

While seafood consumption has increased by 19 percent since 1982, its share of the animal protein market remained stable at around 8 percent. Promotional efforts are under way in the United States to increase the per capita consumption of fish by about 2.25 kilograms over the next six years. It is anticipated that this will mean an increased annual consumption of 500,000 metric tons and a significant increase in demand. This could provide opportunities for aggressive Canadian marketers of fish and fish products. However, one of the main reasons for low fish consumption continues to be the higher cost when compared with other animal protein such as chicken.

Canada is the third largest importer of fish and fish products from the United States. Our imports are valued at about \$1.5 million making up only a very small portion of the U.S. export market. The United States is the top fish exporter in the world with exports valued at about \$4.3 billion.

Canada-Mexico Trade

Canada-Mexico trade in fish products remains very small. While Mexico's overall market for imported fish and fish products is about \$1.4 billion, Canadian exports to Mexico are valued at only \$500,000. Canadian imports from Mexico are about \$1.5 million annually.

United States- Mexico Trade

Trade between Mexico and the United States is more significant due to geographical proximity. U.S. exports to Mexico are worth over \$65 million annually and are expected to increase.

Exports from Mexico to the United States are valued at over \$1.3 billion. Main products include sardines, anchovies and shark.

New Trade Opportunities in Mexico

NAFTA provides Canadian companies with improved access to a Mexican market of nearly 87 million people — a market that is expected to increase to 100 million people by the year 2000. In addition, the middle class in Mexico is growing rapidly and NAFTA is expected to further contribute to its growth. This signifies a growing market for good quality seafood.

Mexico has about 60,000 restaurants serving 3 million people daily. In addition, large companies in the Mexico City area offer free or subsidized meals to about 3 million workers in their cafeterias each day. If Canadian firms could capture the business represented by only one single serving per week of even half those workers, it could mean a substantial increase in annual sales.

NAFTA should place Canada in a favourable position to increase exports provided that Canadian companies understand the market. Companies will have to learn more about the country and the customers. Niches are available if Canadian companies customize the seafood products to suit Mexican tastes. The chances for success improve if Canadian producers ascertain what the customer wants and work back to determine the products and services required.

Firms considering selling to the Mexican market may wish to:

- ▶ work with Mexican companies and individuals through strategic alliances and let local partners handle cultural and business situations particular to Mexico;
- ▶ strive to serve customers better than competitors by providing quality products, promotion and marketing support, and good working relationships;
- ▶ approach the market in cooperation with other Canadian firms that have compatible products in order to have a position of strength when necessary, this would particularly apply to small and medium sized firms; and
- ▶ promote the Canadian identity distinctively on products, since Canadian products are perceived to be of good quality the words "Product of Canada" should be prominent.

Canada's fish harvesting and processing expertise and our human resource strengths could be catalysts for strategic alliances and joint ventures in Mexico. In particular, Canada's experience in the biotechnology of aquaculture and the technology of processing fresh, frozen, canned, salted, marinated and smoked fish products should provide new opportunities. Most of all, firms should be ready to serve the market with a consistent supply of good quality products at competitive prices.

You may obtain information on planned trade fairs or missions and on the Mexican market by contacting InfoEx or the Industry Canada contacts listed at the end of this publication.

TAKING ADVANTAGE OF NAFTA OPPORTUNITIES

Individual companies need to look at the facts to clearly determine how North American trade liberalization will affect their business. Prudent company directors will formulate a business plan to ensure that the business continues to grow while the opportunities provided by NAFTA are taken advantage of.

In assessing the impacts of the Agreement for your business, you should ask yourself the following questions:

- ▶ What effect will NAFTA tariff reductions have on my business?
- ▶ How might the changes to the rules of origin affect my products?
- ▶ Do the extended duty drawback provisions, and the improved standards, safeguards and investment provisions affect my business?
- ▶ How will NAFTA affect my customers, suppliers, and competitors?

You will want to assess how to adapt your business to the new environment under NAFTA. Some questions to be considered include:

- ▶ Which U.S. and Mexican markets have the best growth potential for my products?
- ▶ What are the best transportation, distribution and servicing arrangements for the new markets?
- ▶ Which of my products will face tougher competition domestically?
- ▶ Do I need to change my product line to take advantage of the NAFTA opportunities?
- ▶ Can new technologies or production processes reduce my costs?
- ▶ Can I take better advantage of NAFTA tariff preferences by using more North American inputs?
- ▶ What effect will expanding my market have on my cash flow, profit and loss account, and balance sheet?
- ▶ Are my human resource needs going to change?

Answering these questions will provide a good start on the type of information that you need to develop and implement a strategic plan of action in response to NAFTA's competitive environment. A full strategic plan is necessary for companies to compete successfully in today's open market system. If you need assistance in developing a strategic plan call your regional Industry Canada office or the sector contact listed at the end of this publication.



CONTACTS

For further information concerning the subject matter contained in this publication contact Industry Canada at:

Food Marketing Industries and Seafood Division
Agriculture and Agri-food Canada
Tel.: (613) 995-9554, extension 3275
Fax: (613) 992-0921, or

NAFTA Information Desk
International Business Branch
Tel.: (613) 952-5010
Fax: (613) 952-0540

For information on NAFTA-related customs matters, advanced rulings on classification, and tariff rates contact:

Revenue Canada — Customs, NAFTA Infoline:
(613) 941-0965 Fax: (613) 941-8138

Mexico Customs Service, NAFTA Hotline:
(011-525) 211-3545 Fax: (011-525) 224-3000

U.S. Customs Service, NAFTA Hotline:
(202) 927-0066 Fax: (202) 927-0097

For information on NAFTA-related export development programs and activities contact:

InfoEx
Foreign Affairs and International Trade Canada
Tel.: 1-800-267-8376 (Ottawa area: (613) 944-4000 or 993-6435)
Fax: (613) 996-9709

To obtain product-specific reports on North American trade data contact:

Market Intelligence and Technology Opportunities Service
Industry Canada
Tel.: (613) 954-4970 Fax: (613) 954-2340

OTHER PUBLICATIONS

The other sector-specific NAFTA publications in this series include:

- ▶ Apparel
- ▶ Chemicals
- ▶ Construction Materials
- ▶ Electrical Equipment
- ▶ Electronic Components
- ▶ Environmental Equipment and Services
- ▶ Furniture
- ▶ Health Care Products
- ▶ Industrial Equipment
- ▶ Major Appliances
- ▶ Paper Products
- ▶ Plastics
- ▶ Primary Metals
- ▶ Professional and Business Services
- ▶ Resource Equipment
- ▶ Sporting and Recreational Equipment
- ▶ Telecommunications Equipment
- ▶ Textiles
- ▶ Urban Transit and Rail
- ▶ Wood and Wood Products

To order any of the above or additional copies of this publication contact:

NAFTA Information Desk
 Industry Canada
 Tel.: (613) 952-5010
 Fax: (613) 952-0540

The following publications provide additional information on the Agreement and guidance on exporting within the NAFTA trade area:

- ▶ *NAFTA: What's it all about?*
- ▶ *North American Free Trade Agreement*
- ▶ *Documents and Regulations for Exporting to Mexico*
- ▶ *Guide to Rules of Origin and Customs Procedures for Canadian Exporters to the U.S. Market*
- ▶ *Mexico: A Guide for Canadian Exporters*
- ▶ *Government Procurement in Mexico*
- ▶ *Mexican Market Study on Market and Distribution System for Fish and Fish Products*
- ▶ *Mexican Market Study on The Mexican Lobster Fishery, Market and Distribution System*

These are available from:

InfoEx
 Foreign Affairs and International Trade Canada
 Tel.: 1-800-267-8376 (Ottawa area: (613) 993-6435)
 Fax: (613) 996-9709

For additional information on importing products to Canada and on other customs issues, the following publications are available:

- ▶ *Importing Goods Into Canada*
- ▶ *Trilateral Customs Guide to NAFTA*
- ▶ *NAFTA Rules of Origin — A Step by Step Guide*

These may be obtained from the regional offices of Revenue Canada — Customs or by contacting:

Revenue Canada — Customs

Tel.: (613) 941-0965 Fax: (613) 941-8138

The following publication provides reports on 36 manufacturing sectors and describes the new benefits and opportunities in Mexico and Canada for U.S. industries:

- ▶ *NAFTA Opportunities for U.S. Industries* (PB#94-100849)

The above publication or the individual sector reports may be ordered through:

U.S. Department of Commerce

Tel.: (703) 487-4650

ANNEX A

Canada-Mexico NAFTA Tariff Phase-Outs

This annex lists the tariff phase-out stages for most fish and fish products by their tariff classification number. It contains a brief description of the products in each tariff subheading as well as the specific phase-out category and base rate of duty for each tariff item.

The information contained in this annex is to be used as a guide only. In the event of any discrepancy in information between this schedule and the official country-specific tariff schedule, the latter will prevail.

Tariff classifications are identical for all countries up to the “subheading level,” as indicated by the first six digits of the classification of a good. At the eight digit or “tariff item” level, however, classifications often differ between Canada, Mexico and the United States. Consequently, it may be necessary to refer to each country’s tariff schedule to find the product descriptions at the more detailed tariff item level.

The following provides a key to the various phase-out categories and other abbreviations used:

- A – tariff elimination occurred on implementation of the Agreement on January 1, 1994;
- B – tariff to be eliminated in five equal annual stages beginning January 1, 1994 and ending January 1, 1998;
- Bg – tariff to be eliminated in five stages: a reduction to the FTA rate on January 1, 1994 and then following the FTA C phasing schedule ending January 1, 1998;
- C – tariff to be eliminated in 10 equal annual stages beginning January 1, 1994 and ending January 1, 2003;
- C+ – tariff to be eliminated in 15 annual stages starting January 1, 1994 and ending January 1, 2008;
- D – the tariff is already zero or free;
- () – the bracketed tariff rate is to be applied when calculating the duty on goods that are “jointly produced” between Mexico and the United States, and are imported into Canada;
- nes – not elsewhere specified in the tariff schedule.

FISH PRODUCTS

CANADA-MEXICO TARIFF PHASE-OUT SCHEDULE

SUB-HEADING	DESCRIPTION	CANADA			MEXICO		
		ITEM	RATE (%)	PHASING	ITEM	RATE (%)	PHASING
301.10	Ornamental fish, live	0301.10.00	Free	D	0301.10.01	10	A
301.91	Trout, live	0301.91.00	Free	D	0301.91.01	20	A
301.92	Eels, live	0301.92.00	Free	D	0301.92.01	20	A
301.93	Carp, live	0301.93.00	Free	D	0301.93.01	20	A
301.99	Other live fish	0301.99.00	Free	D	0301.99.01	20	A
					0301.99.99	20	B
302.11	Trout, fresh or chilled excluding heading No. 03.04 and livers and roes	0302.11.00	Free	D	0302.11.01	20	A
302.12	Salmon, Pacific, Atlantic and Danube, fresh or chilled excluding heading No. 03.04 and livers and roes	0302.12.00	Free	D	0302.12.01	20	A
302.19	Salmonidae, nes, fresh or chilled, excluding heading No. 03.04 and livers and roes	0302.19.00	Free	D	0302.19.99	20	A
302.21	Halibut, fresh or chilled, excluding heading No. 03.04 and livers and roes	0302.21.00	Free	D	0302.21.01	20	B
302.22	Plaice, fresh or chilled, excluding heading No. 03.04 and livers and roes	0302.22.00	Free	D	0302.22.01	20	A
302.23	Sole, fresh or chilled, excluding heading No. 03.04 and livers and roes	0302.23.00	Free	D	0302.23.01	20	A
302.29	Flat fish, nes, fresh or chilled excluding heading No. 03.04 and livers and roes	0302.29.00	Free	D	0302.29.99	20	A
302.31	Tunas, albacore or longfinned, fresh or chilled excluding heading No. 03.04 and livers and roes	0302.31.00	Free	D	0302.31.01	20	C
302.32	Tunas, yellowfin, fresh or chilled, excluding heading No. 03.04 and livers and roes	0302.32.00	Free	D	0302.32.01	20	C
302.33	Skipjack or stripe-bellied bonito, fresh or chilled, excluding heading No. 03.04 and livers and roes	0302.33.00	Free	D	0302.33.01	20	C
302.39	Tunas, nes, fresh or chilled, excluding heading No. 03.04 and livers and roes	0302.39.00	Free	D	0302.39.99	20	C
302.40	Herrings, fresh or chilled, excluding heading No. 03.04 and livers and roes	0302.40.00	Free	D	0302.40.01	20	A
302.50	Cod, fresh or chilled, excluding heading No. 03.04 and livers and roes	0302.50.00	Free	D	0302.50.01	20	A

SUB- HEADING	DESCRIPTION	CANADA			MEXICO		
		ITEM	RATE (%)	PHASING	ITEM	RATE (%)	PHASING
302.61	Sardines, sardinella, brisling or sprats, fresh or chilled, excluding heading No. 03.04 and livers and roes	0302.61.00	Free	D	0302.61.01	20	B
302.62	Haddock, fresh or chilled, excluding heading No. 03.04 and livers and roes	0302.62.00	Free	D	0302.62.01	20	A
302.63	Coalfish, fresh or chilled, excluding heading No. 03.04 and livers and roes	0302.63.00	Free	D	0302.63.01	20	A
302.64	Mackerel, fresh or chilled, excluding heading No. 03.04 and livers and roes	0302.64.00	Free	D	0302.64.01	20	A
302.65	Dogfish and other sharks, fresh or chilled excluding heading No. 03.04 and livers and roes	0302.65.00	Free	D	0302.65.01	20	A
302.66	Eels, fresh or chilled, excluding heading No. 03.04 and livers and roes	0302.66.00	Free	D	0302.66.01	20	A
302.69	Fish, nes, fresh or chilled excluding heading No. 03.04 and livers and roes	0302.69.00	Free	D	0302.69.01 0302.69.99	10 20	A B
302.70	Livers and roes, fresh or chilled	0302.70.00	3	A	0302.70.01	20	A
303.10	Salmon, Pacific, frozen, excluding heading No. 03.04 and livers and roe	0303.10.00	Free	D	0303.10.01	20	A
303.21	Trout, frozen, excluding heading No. 03.04 and livers and roes	0303.21.00	Free	D	0303.21.01	20	A
303.22	Salmon, Atlantic, frozen, excluding heading No. 03.04 and livers and roes	0303.22.00	Free	D	0303.22.01	20	A
303.29	Salmonidae, nes, frozen, excluding heading No. 03.04 and livers and roes	0303.29.00	Free	D	0303.29.99	20	A
303.31	Hallbut, frozen, excluding heading No. 03.04 and livers and roes	0303.31.00	Free	D	0303.31.01	20	B
303.32	Plaice, frozen, excluding heading No. 03.04 and livers and roes	0303.32.00	Free	D	0303.32.01	20	A
303.33	Sole, frozen, excluding heading No. 03.04 and livers and roes	0303.33.00	Free	D	0303.33.01	20	A
303.39	Flat fish, nes, frozen, excluding heading No. 03.04 and livers and roes	0303.39.00	Free	D	0303.39.99	20	A
303.41	Tunas, albacore or longfinned, frozen, excluding heading No. 03.04 and livers and roes	0303.41.00	Free	D	0303.41.01	20	C
303.42	Tunas, yellowfin, frozen excluding heading No. 03.04 and livers and roes	0303.42.00	Free	D	0303.42.01	20	C

SUB-HEADING	DESCRIPTION	CANADA			MEXICO		
		ITEM	RATE (%)	PHASING	ITEM	RATE (%)	PHASING
303.43	Skipjack or stripe-bellied bonito, frozen excluding heading No. 03.04 and livers and roes	0303.43.00	Free	D	0303.43.01	20	C
303.49	Tunas, nes, frozen, excluding heading No. 03.04 and livers and roes	0303.49.00	Free	D	0303.49.01	20	C
303.50	Herrings, frozen, excluding heading No. 03.04 and livers and roes	0303.50.00	Free	D	0303.50.01	20	A
303.60	Cod, frozen, excluding heading No. 03.04 and livers and roes	0303.60.00	Free	D	0303.60.01	20	A
303.71	Sardines, sardinella, brisling or sprats, frozen excluding heading No. 03.04 and livers and roes	0303.71.00	Free	D	0303.71.01	20	B
303.72	Haddock, frozen, excluding heading No. 03.04 and livers and roes	0303.72.00	Free	D	0303.72.01	20	A
303.73	Coalfish, frozen, excluding heading No. 03.04 and livers and roes	0303.73.00	Free	D	0303.73.01	20	A
303.74	Mackerel, frozen, excluding heading No. 03.04 and livers and roes	0303.74.00	Free	D	0303.74.01	20	A
303.75	Dogfish and other sharks, frozen, excluding heading No. 03.04 and livers and roes	0303.75.00	Free	D	0303.75.01	20	A
303.76	Eels, frozen, excluding heading No. 03.04 and livers and roes	0303.76.00	Free	D	0303.76.01	10	A
303.77	Sea bass, frozen, excluding heading No. 03.04 and livers and roes	0303.77.00	Free	D	0303.77.01	20	A
303.78	Hake, frozen, excluding heading No. 03.04 and livers and roes	0303.78.00	Free	D	0303.78.01	10	A
303.79	Fish, nes, frozen, excluding heading No. 03.04 and livers and roes	0303.79.00	Free	D	0303.79.99	20	A
303.80	Livers and roes, frozen	0303.80.00	3	A	0303.80.01	20	A
304.10	Fish fillets and other fish meat, minced or not, fresh or chilled	0304.10.00	Free	D	0304.10.01	20	C
304.20	Fish fillets, frozen	0304.20.00	Free	D	0304.20.01	20	C
304.90	Fish meat, nes, minced or not, frozen	0304.90.00	Free	D	0304.90.99	20	B
305.10	Fish meal fit for human consumption	0305.10.00	Free	A	0305.10.01	20	A
305.20	Livers and roes, dried, smoked, salted or in brine	0305.20.00	3	A	0305.20.01	20	A
305.30	Fish fillets, dried, salted or in brine but not smoked	0305.30.00	Free	D	0305.30.01	20	B
305.41	Salmon, Pacific, Atlantic and Danube, smoked including fillets	0305.41.00	Free	D	0305.41.01	20	A

SUB- HEADING	DESCRIPTION	CANADA			MEXICO		
		ITEM	RATE (%)	PHASING	ITEM	RATE (%)	PHASING
305.42	Herrings, smoked, including fillets	0305.42.00	Free	D	0305.42.01	20	A
305.49	Fish, nes, smoked including fillets	0305.49.00	Free	D	0305.49.01 0305.49.99	20 20	A A
305.51	Cod dried, whether or not salted but not smoked	0305.51.00	Free	D	0305.51.01 0305.51.99	20 20	A A
305.59	Fish, nes, dried, whether or not salted but not smoked	0305.59.00	Free	D	0305.59.01 0305.59.99	20 20	A A
305.61	Herrings, salted and in brine, but not dried or smoked	0305.61.00	Free	D	0305.61.01	20	A
305.62	Cod, salted and in brine, but not dried or smoked	0305.62.00	Free	D	0305.62.01	20	A
305.63	Anchovies, salted and in brine, but not dried or smoked	0305.63.00	Free	D	0305.63.01	20	A
305.69	Fish, nes, salted and in brine, but not dried or smoked	0305.69.00	Free	D	0305.69.99	20	A
306.11	Rock lobster and other sea crawfish, frozen in shell or not, including boiled in shell	0306.11.00	8	C	0306.11.01	20	C
306.12	Lobsters, nes, frozen, in shell or not, including boiled in shell	0306.12.00	Free	D	0306.12.01	20	B
306.13	Shrimps and prawns, frozen, in shell or not, including boiled in shell	0306.13.00	Free	D	0306.13.01	20	C
306.14	Crabs, frozen, in shell or not, including boiled in shell	0306.14.00	8	A	0306.14.01	20	A
306.19	Crustaceans, nes, frozen, in shell or not, including boiled in shell	0306.19.00	8	A	0306.19.99	20	A
306.21	Rock lobster and other sea crawfish not frozen, in shell or not, including boiled in shell	0306.21.00	8	C	0306.21.01	20	C
306.22	Lobsters, nes, not frozen, in shell or not, including boiled in shell	0306.22.00	Free	D	0306.22.01	20	B
306.23	Shrimps and prawns, not frozen, in shell or not, including boiled in shell	0306.23.00	Free	D	0306.23.01	20	C
306.24	Crabs, not frozen, in shell or not, including boiled in shell	0306.24.00	8	A	0306.24.01	20	A
306.29	Crustaceans, nes, not frozen, in shell or not, including boiled in shell	0306.29.00	8	A	0306.29.99	20	A
307.10	Oysters, shelled or not, live, fresh, chilled, frozen, dried, salted or in brine	0307.10.10 0307.10.20	Free Free	A D	0307.10.01	20	B
307.21	Scallops, including queen scallops, shelled or not, live, fresh or chilled	0307.21.00	Free	D	0307.21.01	20	B
307.29	Scallops, including queen scallops, shelled or not, frozen, dried, salted or in brine	0307.29.10 0307.29.20	Free 4	D B	0307.29.99	20	B

SUB-HEADING	DESCRIPTION	CANADA			MEXICO		
		ITEM	RATE (%)	PHASING	ITEM	RATE (%)	PHASING
307.31	Mussels, shelled or not, live, fresh or chilled	0307.31.00	Free	D	0307.31.01	20	B
307.39	Mussels, shelled or not, frozen, dried, salted or in brine	0307.39.00	Free	D	0307.39.99	20	B
307.41	Cuttle fish and squid, shelled or not, live, fresh or chilled	0307.41.00	Free	D	0307.41.01 0307.41.99	20 20	B A
307.49	Cuttle fish and squid, shelled or not, frozen, dried, salted or in brine	0307.49.00	Free	D	0307.49.01 0307.49.99	20 20	B A
307.51	Octopus, live, fresh or chilled	0307.51.00	Free	D	0307.51.01	20	A
307.59	Octopus, frozen, dried, salted or in brine	0307.59.00	Free	D	0307.59.99	20	B
307.60	Snails, excluding sea, shelled or not, live, fresh, chilled, frozen, dried, salted or in brine	0307.60.00	Free	D	0307.60.01	20	A
307.91	Molluscs, nes, shelled or not, and aquatic invertebrates, nes, live, fresh or chilled	0307.91.00	Free	D	0307.91.01	20	A
307.99	Molluscs, nes, shelled or not and aquatic invertebrates, nes, frozen, dried, salted or in brine	0307.99.00	Free	D	0307.99.99	20	A
511.91	Fish, shellfish and aqua invertebrate products, nes, and dead animals of Chapter 3, not for human consumption	0511.91.00	Free	D	0511.91.01 0511.91.99	20 20	A A
1212.20	Seaweeds and other algae, fresh or dried whether or not ground	1212.20.00	Free	D	1212.20.01	10	B
1504.10	Fish-liver oils and their fractions, refined or not, but not chemically modified	1504.10.00	7.5	A	1504.10.01 1504.10.99	10 10	A C
1504.20	Fish fats and oils and their fractions excluding liver, refined or not, not chemically modified	1504.20.00	4.5	A	1504.20.01 1504.20.99	10 10	C C
1504.30	Marine mammal fats and oils and their fractions, refined or not, but not chemically modified	1504.30.00	6.5	A	1504.30.01	10	C
1603.00	Extracts and juices of meat, fish or crustaceans, molluscs or other aquatic vertebrates	1603.00.10 1603.00.21 1603.00.29	10 3 3	A Bg A	1603.00.01 1603.00.99	20 20	B B
1604.11	Salmon, prepared or preserved, whole or in pieces, but not minced	1604.11.00	3	A	1604.11.01	20	A
1604.12	Herrings, prepared or preserved, whole or in pieces but not minced	1604.12.10 1604.12.91 1604.12.92 1604.12.99	Free 8 6 8	D A A A	1604.12.01	20	A
1604.13	Sardines, sardinella and brisling or sprats, prepared or preserved, whole or pieces excluding minced	1604.13.10 1604.13.90	1.3¢/kg 7	C C	1604.13.01 1604.13.99	20 20	C C

SUB-HEADING	DESCRIPTION	CANADA			MEXICO		
		ITEM	RATE (%)	PHASING	ITEM	RATE (%)	PHASING
1604.14	Tunas, skipjack and Atlantic bonito, prepared or preserved, whole or in pieces, excluding minced	1604.14.11	14	Bg	1604.14.01	20	C+
		1604.14.12	7	Bg	1604.14.99	20	C+
		1604.14.90	11	Bg			
1604.15	Mackerel, prepared or preserved, whole or in pieces, but not minced	1604.15.00	12.7	A	1604.15.01	20	A
1604.16	Anchovies, prepared or preserved, whole or in pieces, but not minced	1604.16.10	Free	A	1604.16.01	20	A
		1604.16.90	7	A	1604.16.99	20	A
1604.19	Fish, nes, prepared or preserved, whole or in pieces, but not minced	1604.19.10	7	Bg	1604.19.99	20	B
		1604.19.90	7	Bg			
1604.20	Fish, prepared or preserved, except whole or in pieces	1604.20.10	11.5	Bg	1604.20.99	20	B
		1604.20.90	7	Bg			
1604.30	Caviar and caviar substitutes prepared from fish eggs	1604.30.00	Free	A	1604.30.01	20	A
					1604.30.99	20	A
1605.10	Crab, prepared or preserved	1605.10.00	8.2	Bg	1605.10.01	20	B
1605.20	Shrimps and prawns, prepared or preserved	1605.20.00	Free	D	1605.20.01	20	B
1605.30	Lobster, prepared or preserved	1605.30.10	4	Bg	1605.30.01	20	B
		1605.30.91	Free	D			
		1605.30.99	4	Bg			
1605.40	Crustaceans, nes, prepared or preserved	1605.40.10	8	A	1605.40.01	20	A
		1605.40.90	8	A	1605.40.99	20	A
1605.90	Molluscs and other aquatic invertebrates, prepared or preserved	1605.90.10	4	A	1605.90.99	20	A
		1605.90.91	Free	D			
		1605.90.92	7.5	A			
		1605.90.93	Free	A			
		1605.90.94	6.5	A			
		1605.90.99	4	A			
2301.20	Flours, meals and pellets of fish, crustaceans, molluscs or other aquatic invertebrates, unfit for human consumption	2301.20.10	Free	A	2301.20.01	15	C
		2301.20.90	Free	D	2301.20.99	15	C

Note: You are reminded that this document is to be used as a guide only.



ANNEX B

Rules of Origin for Fish and Fish Products

Chapter 3	Fish and Crustaceans, Molluscs and Other Aquatic Invertebrates
03.01-03.07	A change to heading 03.01 through 03.07 from any other chapter.
Chapter 16	Preparations of Meat, of Fish or of Crustaceans, Molluscs or Other Aquatic Invertebrates
16.01-16.05	A change to heading 16.01 through 16.05 from any other chapter.

