

# **Guide to the Treatment of Textiles, Textile Articles, and Apparel Under NAFTA**

**Note:** This document is only a guide. **Do not** use it as your only reference source on this subject.

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## Introduction

This guide will give you a simplified overview of the North American Free Trade Agreement (NAFTA) rules of origin for textiles, textile articles, and apparel as well as information on classification, origin determination, tariff treatment, and marking.

We have used memoranda and publications from the Canada Customs and Revenue Agency (CCRA), the Department of Foreign Affairs and International Trade, and Industry Canada to prepare this guide. While this publication was developed for customs staff, others may also find it useful. We would like to thank the CCRA regional and headquarters staff as well as industry sector representatives for their help in reviewing this guide. Any omissions or oversights rest with the Origin Policy Unit, Origin and Valuation Policy Division, Trade Policy and Interpretation Directorate, Customs Branch.

## Definition and classification of textiles, textile articles, and apparel

Textiles, textile articles, and apparel are listed in Annex 300-B of NAFTA. You will find most of these goods in Section XI of the Harmonized Commodity and Coding System, commonly known as the Harmonized System (HS). The HS, used by all NAFTA countries, is a uniform classification system that forms the basis for almost all aspects of the Agreement (e.g., origin determination, tariff preference levels, and marking rules). You have to classify goods precisely and accurately so that you can apply origin and marking rules correctly.

Textiles and textile articles are classified in Chapters 50 to 60 as well as in Chapter 63. Textile apparel, clothing accessories, and parts of garments and clothing accessories are covered by Chapters 61 and 62.

Also included in this guide are references to other articles that may be textile or have textile components but are classified in chapters other than those found in Section XI such as 30, 39, 42, 64-66, 70, 87, 88, 91, and 94-96.

Chapters 50 to 55 include all categories of natural textile fibres, man-made textile fibres, yarns, and simple woven fabric made from those fibres.

- Chapter 50 silk
- Chapter 51 wool
- Chapter 52 cotton
- Chapter 53 vegetable textile fibre (e.g., flax and jute)
- Chapter 54 man-made filaments
- Chapter 55 man-made staple fibres

Chapters 56 to 63 include other textile products like fabric, textile articles, and apparel.

- Chapter 56 wadding, felt, etc.
- Chapter 57 carpets and textile floor coverings
- Chapter 58 special woven fabrics
- Chapter 59 impregnated, coated fabrics, etc.
- Chapter 60 knitted or crocheted fabrics
- Chapter 61 apparel knitted or crocheted
- Chapter 62 apparel not knitted or crocheted, and
- Chapter 63 other made-up articles

Other products outside of Section XI include bandages, luggage, handbags, bags, footwear, umbrellas, watch straps, mattresses, padded sleeping bags, seat belts, and parachutes.

Appendix 1 contains a glossary of terms for textile and apparel related terminology. These definitions are used throughout the tariff classification program.

## Eligibility conditions

Under NAFTA, goods are entitled to preferential tariff treatment when:

- the goods qualify under NAFTA rules of origin and are certified to originate; or
- a specified quantity of certain yarns, fabrics, apparel, and textile articles meet tariff preference levels (TPLs) which is a special trade mechanism, but do not meet the rules of origin of NAFTA.

## Originating goods

We base the rate of duty for textiles, textile articles, and apparel on the origin of the goods being imported. To be eligible for the liberal tariff treatment provided for in the Agreement, the goods have to qualify as originating. Negotiated rules of origin, both general and specific, form the basis on which customs staff in the United States, Mexico, and Canada determine if the goods qualify. When determining origin under NAFTA, the origin of the input materials incorporated into the finished product needs to be considered.

## General rules

The general rules of origin are outlined in Chapter 4 of the NAFTA. Under these rules, a good is deemed to originate under four criteria:

- **Criterion A** – Goods wholly obtained or entirely produced in the territory of one or more of the NAFTA parties, as defined in Article 415 of the Agreement.
- **Criterion B** – Goods produced in the NAFTA territory that include non-originating inputs. Each non-originating material undergoes the applicable change in tariff classification set out in Annex 401 of the Agreement, because the production occurs entirely in the territory of one or more of the NAFTA parties, or otherwise satisfies the requirements of the specific rule applied to that class of goods.
- **Criterion C** – Goods produced entirely in the territory of one or more of the NAFTA parties, exclusively from materials which qualify as originating in their own right (i.e., all inputs originate in the NAFTA territory).
- **Criterion D** – Goods not having undergone the required tariff shift, meet a regional value content (RVC) requirement. Two very specific circumstances must be present and are rarely, if ever, applied to textiles. The two circumstances relate to goods in an unassembled or disassembled form, that are classified as assembled according to the General Rule of Interpretation 2(a) or, for those goods and their parts which are provided for in the same heading or subheading. This RVC provision can **never** be used for apparel goods provided for in Chapters 61 and 62, and textile articles of Chapter 63.

The same general NAFTA rules of origin apply to textile and apparel goods as to other goods. However, two features apply to textile goods only:

- a different de minimis rule for textile and apparel goods of Chapters 50-63 (see page 15)
- a no 'parts' provision for textile and apparel goods

### **Specific rules**

You will find the commodity specific rules of NAFTA in Annex 401. However, you will find the latest version of these rules in CCRA Memorandum D11-5-2, *NAFTA Rules of Origin Regulations Amendments to Schedule I – Specific Rules of Origin*.

There are four defining features of the specific rules of origin as they apply to textile goods of Chapters 50 to 63:

1. no regional value content rules;
2. because of Introductory Note 2 to Chapter 61, Introductory Note 3 to Chapter 62 and Introductory Note 1 to Chapter 63, the tariff change rules for these chapters only apply to the component of the product that determines its tariff classification;
3. specific rules for many products of Chapter 61 and 62 include a second tariff change rule applicable to the lining of the product, as well as the tariff change rule for the product itself (i.e., visible lining rule); and
4. specific rules of origin set out in Chapter 62 of Annex 401, may be overridden by Introductory Note 2 to Chapter 62 or by the note which introduces specific rule 6205.20-6205.30 (i.e., short supply fabric provisions).

### **Textile applications**

Goods produced by the textile and textile products industries go through many processing steps but the specific rules of origin reflect four types of processing.

- production of fibre;
- extrusion or spinning of yarn;
- fabric formation through weaving, knitting, or other methods; and
- cutting (or knitting to shape) and sewing or otherwise assembling apparel or made-up textile articles.

Generally, the non-originating inputs have to pass through two of the four processing steps to qualify as originating. In the case of apparel, they have to pass through three of the processing steps. There are specific instances where the inputs only have to pass through one processing step. As there are various exceptions, you should always take the specific rules into account.

Fibre forward, yarn forward, fabric forward, and cut and sewn are concepts which apply to various textile sectors. Understanding these terms will help you understand the application of the specific rules. There are many exceptions to these concepts, so do not rely on them entirely. Also remember there are no legal definitions for these terms in NAFTA.

**Fibre forward:** The fibre itself must be either grown or extruded in the NAFTA territory. This concept applies to products such as naturally occurring cotton fibres and man-made staple fibres. The yarn or thread produced from these fibres must also be formed or spun in a NAFTA territory. **Note:** The raw material used to produce the man-made fibre may be non-originating.

**Yarn forward:** The yarn must be either spun or extruded in the NAFTA territory. **Note:** The staple fibres may be non-originating.

**Fabric forward:** The fabric must be processed (i.e., woven or knit) in the NAFTA territory. **Note:** Where yarns are used, the yarn may be non-originating.

**Cut and sewn:** The finished goods must be cut and sewn or otherwise assembled in the NAFTA territory. You will find a list of apparel goods that fall within the cut and sewn or single transformation principle in Appendix 2.

In addition to the concepts above, you can also describe the production process through the number of transformations used to produce the finished goods. Remember to exercise caution, as these are general principles only. For instance, not all yarn forward follows the triple transformation process and not all fibre forward is quadruple transformation.

#### **Yarn forward – basic concept – triple transformation**

1. production of yarn
  - non-originating bales of cotton (52.01) **produces** cotton yarn (52.05)
2. production of fabric
  - cotton yarn (52.05) **produces** knitted fabric (60.02)
3. production of apparel or other textile articles
  - knitted fabric (60.02) **produces** men's shirt (6105.10) = originating shirt

**Examples:** cotton yarns to woven cotton fabrics; man-made filament yarns to pantyhose; wool yarns to woven wool fabrics to wool apparel.

#### **Specific rule for 6105.10 allows for transformation using input classified as 52.01:**

“A change to heading 61.05 through 61.06 from any other chapter, except from headings Nos. 51.06 through 51.13, 52.04 through 52.12 ... provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the NAFTA parties.”

#### **Fibre forward – more restrictive – quadruple transformation**

1. production of fibre
  - non-originating polymer chips (39.07) **produces** polyester staple fibres (55.03)
2. production of yarn
  - polyester staple fibres (55.03) **produces** yarn of synthetic staple fibres (55.09)
3. production of fabric
  - synthetic staple fibres (55.09) **produces** knitted or crocheted fabric (60.02)

4. production of apparel or other textile article

- knitted or crocheted fabric (60.02) **produces** table linens (6302.40) = originating table linen

**Examples:** man-made staple fibre or cotton fibre to man-made staple fibre or cotton (spun) yarn; man-made filaments to non-wovens; man-made staple fibre or cotton fibres to man-made staple fibre or cotton (spun) yarns to man-made or cotton knitted fabrics.

**Specific rule for 6302.40 allows for the transformation using input classified as 39.07.**

“A change to heading 63.02 from any other chapter, except from headings Nos. 51.06 through 51.13, 52.04 through 52.12, 53.07 through 53.08 or 53.10 through 53.11, Chapters 54 through 55, or heading Nos. 58.01 through 58.02 or 60.01 through 60.02 provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the NAFTA parties.”

**Fabric forward – less restrictive – double transformation**

1. processing of fabric

- non-originating silk yarn (50.04) **produces** woven silk fabric (50.07)

2. production of apparel or made-up article

- woven silk fabric (50.07) **produces** women’s blouse (6206.10) = originating garment

**Examples:** woven man-made filament fabrics to coated fabrics of 5903; woven silk fabrics

**Specific rule for 6206.10 allows for transformation using input classified as 50.04.**

“A change to heading 62.06 through 62.10 from any other chapter, except from headings Nos. 51.06 through 51.13... provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the NAFTA countries.”

**Cut and sewn – less restrictive – single transformation**

1. production of made up textile or apparel article

- non-originating woven silk fabric (50.07) **produces** men’s shirt (6205.90) = originating shirt

**Examples:** bras; garments made of woven silk fabric; garments made of woven linen fabrics (53.09)

**Specific rule for 6205.90 allows for the transformation using input classified as 50.07.**

“A change to heading 6205.90 from any other chapter, except from heading Nos. 51.06 through 51.13, 52.04 through 52.12... provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the NAFTA parties.”

### **Exceptions**

**Short supply fabric:** By mutual agreement, certain fabrics which are in short supply in North America are exempted from the yarn forward concept for certain specified goods, and are considered to be originating if they are cut and sewn or otherwise assembled in the territory

**Visible lining rule:** : This rule applies to some articles classified in HS Chapters 61 and 62. Visible lining in the body of an article of apparel (i.e., excluding the sleeves), must be manufactured from fabrics made in North America (fabric forward). The yarn may be imported without loss of eligibility for full NAFTA access benefits. Do not take into account non-visible linings, insulation, or detachable linings when establishing whether the rules of origin are met.

### **Reference material**

You will find tables in Appendix 3 that list textiles and textile articles classified in HS Chapters 50 to 60. These tables highlight the specific classification shift needed for the NAFTA preferential tariff treatment and incorporate all the goods in these chapters.

The tables in Appendix 4 for HS Chapters 61, 62, and 63 will help you determine the origin of articles of apparel and textile articles which are both cut (or knit to shape) and sewn or otherwise assembled in the NAFTA territory but are composed of one or more non-originating inputs.

Generally, for imports with non-originating content to qualify for a NAFTA preferential tariff treatment, they must undergo a specified change or tariff shift in the tariff classification. Appendix 5 lists the non-originating inputs that do not meet the required tariff shifts.

Appendix 6 lists examples of fabrics that are considered to be in short supply.

### ***Certificate of Origin***

If exporters determine that the goods qualify under the rules of origin, they will give importers the required Certificate of Origin (CO). Importers need to possess a CO to make NAFTA declarations to customs.

Importers do not have to present the COs when they import the goods and account for them. However, if requested by customs, they have to present the certificates within five working days. The CO can be completed in the language of the country of export or the country of import. If asked, importers have to provide a translation of the certificate to their own customs administrations. If importers do not present COs, customs will most often apply MFN tariff treatment.

A CO can cover a single import of goods or multiple imports of identical goods. Certificates that cover multiple shipments are called blanket certificates, and can apply to goods imported within the period specified on the certificate. The certificate covers a maximum period of 12 months, but may specify a shorter period of time. Although the CO only covers goods imported in the period, it remains valid for up to four years from the date it was signed.

**Remember, refunds for NAFTA are only accepted for one year after  
the goods are accounted for.**

The CO has to provide a full description of all goods, and should be sufficiently detailed to relate it to the invoice description, (i.e., include style numbers, product numbers, denier, filament, lot numbers, etc.).

We make an exception to the CO requirement for low value shipments (LVS) of commercial goods valued at less than CAN\$1,600. Producers or exporters of these LVS do not have to prepare a formal CO. They can submit a *Statement of Origin for Commercial Importations of Less Than CAN\$1,600* instead. This information may be handwritten, stamped, or typed on the commercial contract or actual invoice covering the goods for which they are claiming UST, MT or MUST. We do not allow preprinted statements of origin on the sales invoice, but we do allow them on separate forms.

## Shipping regulations

As stated in NAFTA Article 411, Transshipment, if goods undergo further production or any other operation outside the territories of the parties, other than unloading, reloading, or any other operation necessary to preserve them in good condition or to transport the goods to the territory of a Party, the originating goods will lose their originating status.

## Territory

To qualify under the NAFTA rules of origin, the goods have to originate in the NAFTA territory. As described in NAFTA, Annex 201.1, the country-specific definitions are:

**Canada** – includes the territory to which its customs laws apply, including any areas beyond the territorial seas of Canada within which Canada may exercise rights with respect to the seabed and subsoil, and their natural resources.

**United States** – includes the customs territory of the U.S. which includes the fifty states, the District of Columbia, Puerto Rico, and the foreign trade zones located in the U.S. and Puerto Rico, as well as any areas beyond the territorial seas of the U.S. within which the U.S. may exercise rights with respect to the seabed and subsoil, and their natural resources.

**Mexico** – includes the states of the Federation and the Federal District, the islands including reefs and keys in adjacent seas, the islands of Guadeloupe and Revillagigedo in the Pacific Ocean (including continental and submarine shelf of such islands, keys and reefs), the waters of the territorial seas (in accordance with international law), and its interior maritime waters, the space located above the national territory (in accordance with international law), and, any areas beyond the territorial seas of Mexico within which Mexico may exercise rights with respect to the seabed, subsoil, and natural resources.

U.S. free-trade zones in the continental U.S. and Puerto Rico are considered U.S. territory for NAFTA purposes. Similarly, the Maquiladoras are considered Mexican territory. However, the U.S. free trade zones in U.S. protectorates such as the U.S. Virgin Islands are not considered U.S. territory under the NAFTA. However, for marking purposes, goods produced in U.S. protectorates are to be marked with the U.S. as the country of origin.

## **Elimination schedules for textiles and apparel**

**The complete NAFTA tariff elimination is scheduled to occur over ten years.**

### **Canada – United States Tariff**

The tariff phase-outs negotiated under the provisions of the FTA were applied to originating textiles, textile articles, and apparel traded between Canada and the United States. Most of the applicable tariffs were reduced to zero through ten equal annual reductions, ending on January 1, 1998. At the signing of the Agreement, tariffs on some other goods were eliminated or reduced at a faster rate (by mutual Agreement).

### **Canada – Mexico Tariff**

Most tariffs on originating textiles and textile articles traded between Canada and Mexico were eliminated over an eight year period. This phase-out started on January 1, 1994 with a 20% reduction in the tariff, followed on January 1, 1995 by a 0% reduction, and a 10% reduction on January 1 of each year from 1996 to 2000 inclusive. Textiles and textile articles subject to this schedule became duty free on January 1, 2001. Other textile tariffs were phased out over 5 years and some originating apparel is scheduled for a ten year phase-out period ending on January 1, 2003. For more information see Appendix 7.

## **Tariff preference levels**

North American textile and apparel manufacturers can use non-originating materials which do not meet the NAFTA rules of origin, and still have access to a preferential tariff treatment equivalent to the NAFTA preferential tariff, as long as certain processing has taken place in a NAFTA country. Specified quantities of certain yarns, fabrics, apparel, and made-up textile articles that do not meet the Article 401 origin criteria, but are significantly processed in the United States or Mexico, are eligible for an equivalent tariff treatment through Tariff Preference Levels (TPLs). The TPL provisions are documented in Appendix 6 to Chapter 3 of the NAFTA and in CCRA Memorandum D11-4-22, *Tariff Preference Levels*.

## Eligible goods

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

### Yarns

Cotton yarns (52.05 – 52.07), and man-made yarns (55.09 – 55.11) spun in a NAFTA territory from non-originating cotton fibres (52.01 – 52.03) or man-made staple fibres (55.01 – 55.07).

### Fabrics and made-up textile goods

Benefits extend almost exclusively to cotton or man-made fibre fabrics or made-up goods of Chapters 52-55 (excluding goods containing 36% or more by weight of wool or fine animal hair), 58, 60 and 63 that have been woven or knit in the territory from non-originating yarn, or knit from yarn spun from non-originating fibres, and goods of subheading 9404.90 that are finished and cut and sewn or otherwise assembled from fabrics of subheadings 5208.11-5208.29, 5209.11-5209.29, 5210.11-5210.29, 5211.11-5211.29, 5212.11, 5212.12, 5212.21, 5212.22, 54007.41, 5407.5 1, 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 produced or obtained outside of the NAFTA territory. For these goods traded between Canada and the United States, the debit against the TPL allocation is 50% if the non-originating material is 50% or less by weight of the goods.

### Apparel and made-up goods

Cotton or man-made fibre apparel or wool apparel provided for in Chapters 61 and 62 of the HS, that are both cut and sewn, or otherwise assembled in a NAFTA party from non-originating fibre or yarn, and meet any other conditions that apply.

See Appendix 8 for examples of goods benefiting from TPLs.

The NAFTA countries apply TPLs to different goods according to Schedule 6.B.1 and 6.B.2 of Annex 300-B of the NAFTA. Also, remember that for fabric and made-up textile goods from the United States, only Chapter 60 goods are entitled to TPLs.

TPLs were negotiated with each of the NAFTA member countries individually. For exports to the United States, the levels were to be adjusted annually for five consecutive years starting on January 1, 1995. Any further adjustment in the TPL provisions requires the mutual consent of the parties involved. These quotas are managed by the Import and Export Permits Bureau, Department of Foreign Affairs and International Trade (DFAIT) and they base the allocation on the previous year's imports.

Importers claiming the benefits of TPLs at the time of import need a TPL Import Permit from the Bureau before their goods can enter Canada. They should note the Order in Council number of the NAFTA TPL remission order, No. 98-1456 when they present their accounting documents. Where the goods are imported specifically from Mexico, the exporter must also provide customs with a Certificate of Eligibility (COE) from the Mexican government. They do not need to provide a COE for goods imported from the U.S.

### Exporter certification

Goods qualifying under the TPL provisions are not eligible for certification under a NAFTA *Certificate of Origin*. However, exporters have to certify that the goods meet the NAFTA TPL requirements. Importers must have this certification in their possession when the goods are released, and have to make it available to customs on request. This statement is known as the *Exporter's Certification of*

*Non-originating Textile Goods* and may be written on a separate sheet attached to the invoice, or written directly on the invoice according to the published guidelines in CCRA Memorandum D11-4-22.

Where an importer has not claimed NAFTA preferential rates under the TPL provisions but is eligible to do so, the importer can apply to DFAIT for any remaining permits and can apply for a remission of duties under Section 115 (3) of the *Customs Tariff*. While customs has no time frame to apply for a remission, DFAIT's current policy is that the importer make the request within two years. The time frame can be verified with DFAIT from time to time.

**Goods that do not meet the NAFTA rules of origin and do not qualify for the tariff preference levels (quotas) are subject to the higher MFN rate of duty that is usually applied to non-NAFTA trading partners.**

## Tariff treatment

We use three NAFTA tariff treatments to determine the tariff rates: United States Tariff (UST) which was established originally under the Canada-United States Free Trade Agreement (FTA), Mexico Tariff (MT), and Mexico-United States Tariff (MUST).

No MUST treatment exists for textiles, textile articles, and apparel goods. Textile and apparel goods that are wholly produced in one NAFTA country will receive the appropriate tariff treatment (UST or MT) for the country in which they are wholly produced. We will determine UST or MT application for originating textile and apparel goods jointly produced by the United States and Mexico according to the NAFTA Country of Origin Marking Rules, regardless of whether these rules require the item to be marked with the country of origin. You will find information on the NAFTA Country of Origin Marking Rules in the following section.

We determine the tariff treatment by applying the NAFTA Rules of Origin followed by the NAFTA Country of Origin Marking Rules as follows:

- The goods must originate in accordance with the specific NAFTA Rules of Origin.
- If the goods are found to be originating, the country of origin must be determined in order to assign UST or MT treatment according to the marking rules.

If the country of origin is unknown, we levy MFN.

If the textiles and textile articles do not qualify as originating under the rules of origin, or they do not qualify under the TPL provisions, they will be subject to MFN tariff treatment. Under the TPL provisions, apparel goods, or woven or knit for fabrics will receive either UST or MT depending on where the cutting and sewing occurred.

Appendix 9 includes a flow chart indicating the tariff treatments for textile and apparel goods imported from the United States and Mexico.

## Marking

Marking is the requirement to display the country of origin on certain classes of imported goods. The Department of Finance determines which goods are subject to marking and the CCRA administers the program. Certain textiles and apparel items must be marked with their country of origin. You will find

information on uniform standards on how, and under what circumstances, goods should be marked in Annex 311 of the NAFTA.

There is no provision under the NAFTA that ensures the country of origin marking rules are agreed upon trilaterally. As a result, each country maintains its own marking rules and differences do occur.

When goods are imported from a NAFTA country, they may be marked in English, French or Spanish. Producers and exporters are encouraged to use the full name of the country of origin, however, they may use abbreviations as long as they meet certain criteria. The marking should be legible and sufficiently permanent so that it can be easily seen during the normal handling of the goods or their container, and that it will remain on the goods or their containers until the product reaches the final purchaser.

On wearing apparel, you can indicate the country of origin on the same label required by the *Textile Labeling Act and Regulations* of Industry Canada. Other methods of marking country of origin besides labels may also be acceptable for wearing apparel.

The NAFTA Country of Origin Marking Rules, which are maintained individually by each of the NAFTA parties, resemble the NAFTA Rules of Origin, in that they are largely based on a tariff shift requirement and will determine whether the goods can be marked as originating or not. See Appendices 11 and 12 for these specific rules of HS Chapters 50-60 and 61-63. As well, the marking rules include a hierarchical method of determining the actual country of origin, in cases where production occurs in more than one country. We have provided this hierarchical method in Appendix 13.

## **Tariff preference override**

This override takes effect when goods are deemed to originate in a NAFTA country, but you cannot determine a single country of origin according to the marking rules, even by following the hierarchical method. This tariff preference override designates the country of origin as the last NAFTA country where the goods underwent production, other than by minor processing, as long as there is a signed *Certificate of Origin*.

**The marking rules will determine the specific tariff treatment we will use in allocating either UST or MT for textile, textile articles, and apparel.**

## **Reference material**

*Determination of Country of Origin for the Purposes of Marking Goods (NAFTA Country) Regulations* Schedule I specifies goods that require marking. Schedule II specifies goods that are excluded from the marking regulations and Schedule III provides the specific tariff shift rules used to determine the country of origin.

CCRA Memorandum D11-3-1, *Marking of Imported Goods* lists the goods and indicates the method and manner you must use to mark them.

CCRA Memorandum D11-3-3, *NAFTA Country of Origin "Marking Rules"* contains hierarchical methods of determining the country of origin.

CCRA Memorandum D11-3-4 (proposed) will contain Schedule III, the specific rules of origin. Currently, you can find Schedule III in Canada Gazette, Part II, Vol. 129, No. 7, SO/95-146, dated March 21, 1995.

Appendix 10 contains the list of textiles and apparel that must be marked with the country of origin.

## Drawbacks and duty deferral provisions

On January 1, 1996, goods exported from Canada to the United States became eligible for the duty deferral and drawback provisions of Article 303 of the NAFTA. As of January 1, 2001, these provisions also applied to goods exported to Mexico. The implementation of this article affected the amount of duties that may be refunded by way of drawback. These modifications apply to all goods that are deemed non-originating for the purposes of origin determination and also affect textiles and apparel that are exported under TPL provisions.

Under the NAFTA we have introduced a new method of determining drawback and duty deferral allowances. This new method is called the **lesser-of** concept. When importers submit drawback claims for goods subject to NAFTA, the lesser-of concept may now apply, namely the lesser of

- customs duties paid or payable at the time of import; and
- customs duties paid on the finished product at the time of export to the U.S. or Mexico.

This means that the amount of relief licencees receive may not exceed the duties paid or payable when the materials were imported into Canada, and the customs duties paid to the NAFTA country when the finished product was exported (in Canadian funds).

Importers can claim full drawback on:

- NAFTA originating inputs or materials used in the production of textiles, textile articles, and apparel subsequently exported to the U.S.;
- non-originating imported materials used to produce quilted cotton or man-made piece goods, or furniture moving pads, that are subject to MFN rates of duty when exported to the U.S.; and
- imported materials used in the production of apparel subject to MFN rates of duty when exported to the U.S. (**Note:** The lesser-of formula will apply if the goods are subject to the NAFTA rates of duty on export to the U.S.)

Importers may claim partial drawback on non-originating materials used in the production of textiles or textile articles which are exported to the U.S. or Mexico. The Duty Deferral program will be subject to the same restriction.

If importers have deferred duties on imported goods which are processed and then exported to a NAFTA country, they have to pay the deferred duties no later than 60 days after these manufactured goods are exported.

The importers have to present satisfactory evidence of the amount of customs duties paid to a NAFTA country on the exported goods so that we can verify the drawback or relief entitlements under these programs. This evidence is presented with a drawback claim, or under duty deferral within 60 days of the date the textile items were exported.

## Examples:

When fabric is imported under the Duties Relief Program, the importer owes duties but does not pay them at that time. When the goods are exported to a NAFTA party, the relief would be the lesser of the duties owing on the imported fabric or the duties paid when the end product was exported. If the end product enters the NAFTA party duty free, then the duties that were relieved on the fabric when imported would have to be paid, even though the goods were exported.

When textile goods are sent to a U.S. free trade zone for export to a non-NAFTA party, the exporter can get full relief of duties if the exporter can prove that the goods entered a third country. If the exporter cannot prove this, we consider the goods as having been exported to the U.S. and as no duties were paid, the amount of relief would be nil.

## Other issues

### De minimis

The Agreement provides a **de minimis** provision that prevents goods from losing their eligibility for NAFTA preferential treatment when they contain small amounts of non-originating materials. Under this provision, goods that would otherwise fail to meet a specific rule of origin could still be considered to originate in North America.

If the total weight of the non-North American fibres or yarns does not exceed 7% of the total weight of the component that determines the tariff classification of the goods being exported, they can be determined to qualify to originate, and can be eligible for full NAFTA benefits. This provision applies only to goods of Chapters 50-63.

For example, combed wool yarns (51.07) are used to make fine woven wool fabric (51.12) which is used to make dresses (6204.41).

#### **The specific rule for 6204.41 indicates:**

A change to 6204.41 through 6204.49 from any other chapter, except from heading Nos. 51.06 through 51.13..., provided that the good is both cut and sewn or otherwise assembled in the territory of one or more of the NAFTA countries.”

The combed wool yarn and the fine wool fabric made from it has to qualify as originating materials if the dresses are to qualify. However, using de minimis, if the producer uses a small quantity of non-originating combed wool yarn which is not greater than 7% of the total weight of the component of the dress that determines its tariff classification (i.e., the fine wool fabric), the dresses will be considered originating.

### Apparel of mixed origin fabric

When applying the specific rule of origin to garments of Chapter 61 or 62, you only apply the rule to the component of the garments that determines the tariff classification. This is the material that makes up the largest area of the exterior of the garment. You have to consider the notes of chapter 61, 62 and 63 note when applying the rules.

For example, a shirt of 61.05 with collar and cuffs made of non-originating fabric would qualify as originating if the body of the shirt is made with originating knit fabric.

## Wool apparel

The NAFTA parties have agreed to the following definition of wool apparel:

- apparel in chief weight of wool;
- woven apparel in chief weight of man-made fibres containing 36% or more by weight of wool, or
- knitted or crocheted apparel in chief weight of man-made fibres containing 23% or more by weight of wool.

## Unassembled garments

Fabric which has been cut into the shape of garment parts only, but not further sewn or assembled, is generally classified as parts of garments of HS Subheading Nos. 6117.90, 6212.90, and 6217.90 when all the parts of the garment are not presented together. However, when the garments parts are presented together and maintain the essential character of the complete or finished good, they are considered to be complete goods by virtue of General Rule 2(a) of the HS.

## Fungible materials

If non-originating and originating materials are used, interchangeable for commercial purposes, and essentially identical, to produce goods, an inventory management system must be used to track these fungibles in accordance with Schedule X of D11-5-1, *NAFTA Rules of Origin Regulations*. An inventory method which would track the quantity of non-originating yarn used for any given period would be able to identify the percentage or possible product style that would qualify as originating.

In the shirt example mentioned above, under de minimis the producer has to use an inventory method in accordance with Schedule X to substantiate the percentage of non-originating wool.

## Accumulation

Accumulation allows a producer or exporter to determine the origin using the combined efforts of all producers in the NAFTA territory. We consider the production of goods which have undergone processing by more than one producer in the NAFTA territory, to have been performed by one producer. Accumulation considers the entire transformation that has taken place within the territory. As long as the records can indicate that the combined efforts of all producers in the NAFTA territory have caused the non-originating material to undergo the required change in tariff classification for the final product, we will consider the finished goods originating.

For example, cotton fibre (52.01) is imported and is made into cotton thread (52.05) in Mexico. This cotton thread is made into cotton fabric (52.08) in the U.S. Through accumulation, we consider the production of the thread and fabric to be performed by one producer and the product would qualify as originating.

**Specific rule for cotton thread (52.05) would not allow the use of cotton fibre (52.01)**

A change to heading Nos. 52.01 through 52.07 from any other chapter, except from Heading Nos. 54.01 through 54.05 or 55.01 through 55.07.

**Without applying accumulation, the cotton thread would not qualify as originating, so the fabric would not qualify as originating. However, using accumulation, the specific rule for the cotton fabric (52.08) allows the use of cotton fibre (52.01)**

“A change to heading Nos. 52.08 through 52.12 from any heading No. outside that group, except from heading Nos. 51.06 through 51.10, 52.05 through 52.06, 54.01 through 54.04 or 55.09 through 55.10.”

## Questions and answers

**Question:** If fabric was produced in the United States from originating fibre, sent offshore for printing, and returned to the United States for cutting and sewing into apparel, what would be the tariff treatment when imported into Canada.

**Answer:** The tariff treatment would be MFN as the fabric loses its originating status once it goes offshore for any processing for two reasons:

- **NAFTA Chapter 4, Article 401, general rules of origin, criterion b):** states that non-originating materials used in the production undergo an applicable change in tariff classification as a result of production occurring entirely in the territory. In this case, ink was used and production occurred outside the territory; and
- **Article 411: Transshipment:** states that “...if, subsequent to that production, the good undergoes further production or any other operation outside the territories of the Party, other than unloading, reloading...” In this case, the U.S. fabric was sent offshore for further production or processing and loses its originating status.

**Question:** What would the country of origin be for originating U.S. cotton fabric which is sent to Mexico to be cut and sewn into t-shirts, returned to the U.S. for further processing such as silk screening, and then exported to Canada.

**Answer:** You would use the marking rules to determine the tariff treatment. As MUST does not exist for textiles and apparel, the goods will be either U.S. or Mexican. The second marking rule for goods of both Chapters 61 and 62 reads: “A change to a substantially or fully assembled good of Chapter [61 or 62] from any other chapter...”. As such, the country of origin for marking purposes would be Mexico as the t-shirt was made in Mexico. MT would be the tariff treatment. **Note:** If the fabric had been sent to South America for processing into t-shirts, MFN would apply.

**Question:** Can worn clothing qualify as originating goods?

**Answer:** It would be highly unlikely for an exporter to actually certify that the worn clothing would qualify as originating goods. Marking on goods does not, in itself, constitute origin for tariff treatment purposes. The supplier would have to certify that the goods do in fact originate. As these are used goods, it would seem unlikely that the actual manufacturer would attest or certify that the particular goods originate.

## **Need more information?**

You can get more information from any customs office listed in Appendix 14 or from:

Origin Policy Unit  
Origin and Valuation Policy Division  
Trade Policy and Interpretation Directorate  
Customs Branch  
Canada Customs and Revenue Agency  
Ottawa ON K1A 0L5

You will also find more information sources listed in Appendix 14.

## Appendix 1 – Glossary of terms

### **Bleaching**

A process of whitening fibres, yarns, or fabrics by the chemical destruction of the colouring matter, including the use of UV. For the purposes of the Harmonized System bleached also includes dyed white, or treatment with a white dressing. It also includes a mixture of bleached and unbleached fibres or yarns.

### **Coated fabrics\***

Fabrics impregnated, coated, covered, or laminated with plastic, rubber, or other materials.

### **Fabric**

A cloth that is woven, knitted, braided, netted, felted, or pleated, or is a bonded web made from any textile fibre or combination of textile fibres.

### **Felt\***

Usually obtained by superimposing, one on the other, a number of layers of textile fibres, moistened, and subjected to heavy pressure and rubbing, beating, needling, or air or water jetting.

### **Fibre**

A unit of matter, either natural or man-made, which forms the basic element of yarns; a fibre has a length at least 100 times its diameter or width. Mineral fibres such as asbestos and other inorganic fibres such as steel, carbon, and glass, are not considered textile fibres for the purposes of the Harmonized System. Natural fibres includes animal or vegetable and man-made fibres include synthetic or artificial.

### **Examples**

**animal** – wool, other animal hair (goat, cashmere, mohair, angora, alpaca, llama, camel, rabbit) and silk

**vegetable** – cotton, flax, ramie, jute, abaca, and sisal, etc.

**synthetic** – acrylic modacrylic, polypropylene, polyester, polyethylene, polyurethane, nylon, and other polyamides, etc.

**artificial** – rayon and acetate, etc.; includes cellulosic fibres, protein fibres, and alginate fibres

### **Filament**

A fibre of an indefinite or continuous length.

### **Jacquard**

A system of weaving or knitting which, because of a pattern-making mechanism of great versatility, permits the production of woven or knitted designs of considerable size.

### **Knit**

Fabric which is produced by a series of interlinking loops. There are two types of knitted fabrics, warp knits and weft knits.

### **Mercerization**

The treatment of cotton yarn or fabric to improve the lustre.

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\* The definition provided according to the Harmonized System may differ from the industry definition.

## **Minor Processing\*\***

Minor processing, in respect of goods, means “...

- (i) textile decorative processes incidental to the production of textile goods, other than apparel, such as edge pinking, whipping, folding and rolling fringing and fringe knotting, piping, bordering, minor embroidery, hemstitching, embossing, dyeing and printing, or
- (j) ornamental or finishing operations incidental to apparel assembly and designed to enhance the marketing appeal or the ease of care of the goods, such as embroidery, hemstitching and sewn appliqué work, stone or acid washing, printing and piece dyeing, preshrinking and permanent pressing, and the attachment of accessories, notions, trimmings and findings; the treatment of cotton yarn or fabric to improve the lustre.”

## **Nonwovens\***

A sheet or web A sheet or web of predominantly textile fibres oriented directionally or randomly and bonded.

## **Simple Assembly\*\***

Simple Assembly means the fitting together of five or fewer parts, all of which are foreign parts, other than screws, bolts or other fasteners, by bolting, gluing, soldering, sewing or any other means without more than minor processing.

## **Spinning**

The process of making yarn by any of several methods The term spinning (a misnomer) also includes the production of man-made fibres consisting of the extrusion of melted polymer or polymer solution through fine orifices in a plate called a spinnerette.

## **Square meters equivalent (SME)**

The unit of measurement that results from the application of the conversion factors set out in Schedule 3.1.3 to a primary unit of measure such as unit, dozen, or kilogram. This is a definition found in the NAFTA and does not apply to the Harmonized System.

## **Staple fibre**

Term used to indicate definite length of fibres, natural or man-made. Staples fibres are usually 25mm to 180mm.

## **Tufting**

The process by which yarn is inserted, by means of a system of needles and hooks, into a pre-existing ground fabric so as to form loops or, if the hooks are combined with a cutting device, tufts of cut pile.

## **Weaving**

The method of interlacing two yarns or similar materials, (e.g., rovings, monofilaments or strip) so that they cross each other at right angles to produce a woven fabric. The three basic weaves are the plain, twill and satin.

- **plain weave:** the simplest and most commonly used weave (includes basket weave)

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\* The definition provided according to the Harmonized System may differ from the industry definition.

\*\* Canada Gazette, Part II, Vol.129, No. 20, SOR/95-447, dated September 13, 1995)

- **twill weave:** characterized by diagonal lines of ribbing formed by the stepped nature of the interlacing points, forming ridges, and giving the impression that the weave is diagonal (e.g., used for denim)
- **satin weave:** the face of the fabric is formed almost completely of warp or filling floats produced in the repeat of the weave producing a characteristic shiny or smooth finish to the fabric

### Wool apparel

Apparel in chief weight of wool; woven apparel in chief weight of man-made fibres containing 36% or more by weight of wool, or knitted or crocheted apparel in chief weight of man-made fibres containing 23% or more by weight of wool. This is a definition found in the NAFTA and does not apply to the Harmonized System.

### Yarn numbering systems

A standard measure of the yarn size or fineness of yarns. There are two methods of measurement, the indirect and the direct system.

**Indirect system:** the lower numbers mean the heavier or thicker yarns while the higher numbers refer to the finer-sized yarns.

- **cotton count** is based on the number of 840 yard lengths (hanks) per pound
- **wool count** uses two systems: the **cut** system uses a constant of 300 yards and the **run** system uses a constant of 1600 yards
- **worsted count** has a constant of 560 yards

**Direct system:** the lower numbers refer to the finer-sized yarns while the higher numbers refers to the heavier or thicker yarns.

- **deniers** is the weight, in grams, of 9,000 metres of yarn
- **decitex** is the weight, in grams, of 10,000 metres of yarn
- **tex** is the weight, in grams, of 1,000 metres of yarn

### Yarn or thread\*

A continuous strand of textile fibres falling into two basic classes:

- **spun yarn** – staple fibres usually held together with a twist (by spinning), or
- **filament yarn** – held together with or without a twist.

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\* The definition provided according to the Harmonized System may differ from the industry definition.

## Appendix 2 – Apparel encompassing single transformation

This principle requires that, for the following goods, only the final stage of apparel manufacturing be carried out in the territory:

1. apparel, knitted or woven, made from woven silk or woven flax fabrics
2. apparel, not knitted or crocheted (classified in HS Chapter 62) from:
  - velveteen fabrics of subheading No. 5801.23, containing 85% or more by weight of cotton;
  - corduroy fabrics of subheading No. 5801.22, containing 85% or more by weight of cotton and containing more than 7.5 wales per centimetre;
  - fabrics of subheading No. 5111.11 or 5111.19, if hand-woven, with a loom width of less than 76 cm, woven in the United Kingdom in accordance with the rules and regulations of the Harris Tweed Association, Ltd., and so certified by the association;
  - fabrics of subheading No. 5112.30, weighing not more than 340 grams per square metre, containing wool, not less than 20% by weight of fine animal hair and not less than 15% by weight of man-made staple fibres; or
  - batiste fabrics of subheading No. 5513.11 or 5513.21, of square construction, of single yarns exceeding 76 metric count, containing between 60 and 70 warp ends and filling picks per square centimetre, of a weight not exceeding 110 grams per square metre.
3. men's or boys' shirts (HS 6205.20-6205.30) of certain materials and characteristics defined in the specific rule, i.e., unbleached, cotton fabric, plain weave, containing 85% or more or 85% or less by weight of cotton, and weighing not more than 100 g/m or 200 g/m squared
4. men's and boys' nightshirts and pyjamas (HS 6107.21), and women's and girls' briefs and panties (HS 6108.21) or nightdresses and pyjamas (HS 6108.31) made of circular knitted fabric, solely of cotton yarns measuring less than 100 decitex per single yarn, i.e., exceeding 100 metric number per single yarn (HS 6002.92.10)
5. brassieres (HS 6212.10)

## Appendix 3 – Classification change required for HS chapters 50-60

### HS Chapters 50-55

Product	Tariff classification	Allowable non-originating input from any other...	Except from
<b>Fibres and filaments</b>			
silk	50.01-50.03	Chapter	
wool, fine or coarse animal hair, horsehair	51.01-51.05	Chapter	
cotton	52.01-52.03	Chapter	Headings 54.01-54.05, 55.01-55.07
other vegetable textile fibres	53.01-53.05	Chapter	
man-made staple fibres	55.01-55.07	Chapter	Headings 52.01-52.03, 54.01-54.05
<b>Yarn and thread</b>			
silk	50.04-50.06	Heading	Headings 50.04-50.06
wool, fine or coarse animal hair, horsehair	51.06-51.10	Heading	Headings 51.06-51.10
cotton	52.04-52.07	Chapter	Headings 54.01-54.05, 55.01-55.07
other vegetable textile fibres, paper yarn	53.06-53.08	Heading	Headings 53.06-53.08
man-made filaments	54.01-54.06	Chapter	Headings 52.01-52.03, 55.01-55.07
man-made staple fibres	55.01-55.07	Chapter	Headings 52.01-52.03, 54.01-54.05
<b>Woven fabrics</b>			
silk	50.07	Heading	
wool, fine or coarse animal hair, horsehair, and woven fabric	51.11-51.13	Heading	Headings 51.11-51.13, 51.06-51.10, 52.05-52.06, 54.01-54.04, 55.09-55.10
cotton	52.08-52.12	Heading	Headings 52.08-52.12, 51.06-51.10, 52.05-52.06, 54.01-54.04, 55.09-55.10
woven fabrics of flax	53.09	Heading	Headings 53.07-53.08
other vegetable fibre fabrics, and fabrics of paper yarn	53.10-53.11	Heading	Headings 53.10-53.11, 53.07-53.08

Product	Tariff classification	Allowable non-originating input from any other...	Except from
man-made filaments	54.07-54.08	Chapter	Headings 51.06-51.10, 52.05-52.06, 55.09-55.10  <b>Note:</b> Tariff items 5407.61.11 and 5407.61.19 also allow a change from 5407.43.10 or 5402.52.10
man-made staple fibres	55.12-55.16	Heading	Headings 55.12-55.16, 51.06-51.10, 52.05-52.06, 54.01-54.04, 55.09-55.10

## HS chapters 56-60

Textile	Tariff classification	Allowable non-originating input from any other...	Except from
<b>Knitted or crocheted fabrics</b>			
silk, wool, cotton, other vegetable fibre, man-made fibres	60.01-60.02	Chapter	Headings 51.06-51.13, 53.07-53.08, 53.10-53.11 Chapters 52, 54, 55
<b>Wadding or special woven fabrics</b>			
wadding, felt and non-wovens, special yarns, twine, cordage, ropes, cables and articles thereof	56.01-56.09	Chapter	Headings 51.06-51.13, 52.04-52.12, 53.07-53.08, 53.10-53.11  Chapters 54, 55
special woven fabrics, tufted textile fabrics, lace, tapestries, trimming, embroidery	58.01-58.11	Chapter	Headings 51.06-51.13, 52.04-52.12, 53.07-53.08, 53.10-53.11  Chapters 54, 55
<b>Carpets and other textile floor coverings</b>			
man-made and natural textile carpets and other floor coverings	57.01 – 57.05	Chapter	Headings 51.06-51.13, 52.04-52.12, 53.08, 53.11, 55.08-55.16  Chapter 54
<b>Impregnated, coated, covered, or laminated textile fibres, textile articles of a kind suitable for industrial use</b>			
textile fabrics coated with gum or amylaceous substances	59.01	Chapter	Headings 51.11-51.13, 52.08-52.12, 53.10-53.11, 54.07-54.08, 55.12-55.16

<b>Textile</b>	<b>Tariff classification</b>	<b>Allowable non-originating input from any other...</b>	<b>Except from</b>
tire cord fabric	59.02	Heading	Headings 51.06-51.13, 52.04-52.12, 53.06-53.11  Chapters 54, 55
textile fabrics linoleum textile wall coverings rubberized textile fabrics painted canvas, studio back cloths textile wicks, gas mantles	59.03 59.04 59.05 59.06 59.07 59.08	Chapter	Headings 51.11-51.13, 52.08-52.12, 53.10-53.11, 54.07-54.08, 55.12-55.16
hosepiping and similar tubing	59.09	Chapter	Headings 51.11-51.13, 52.08-52.12, 53.10-53.11, 55.12-55.16  Chapter 54
transmission or conveyor belts	59.10	Heading	Headings 51.06-51.13, 52.04-52.12, 53.07-53.08, 53.10-53.11  Chapters 54, 55
for technical uses	59.11	Chapter	Headings 51.11-51.13, 52.08-52.12, 53.10-53.11, 54.07-54.08, 55.12-55.16

## Appendix 4 – Classification change required for HS Chapters 61-63

### HS Chapter 61 – change to Chapter 61 from any other chapter

#### Applicable principle – yarn forward

- except from Headings 51.06-51.13, 52.04-52.12, 53.07-53.08, 53.10-53.11, Chapter 54, or Headings 55.08-55.16, or 60.01-60.02
- provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the parties
- visible lining rule: lining must meet specific fabric forward principle to qualify for NAFTA preferential treatment. (Refer also to Note 1, Chapter 61, Annex 401.)
- applicable to the component that determines the tariff classification of the goods as outlined in Note 2, Chapter 61, Annex 401

**Exception:** Subheadings 6107.21, 6108.21 and 6108.31, designated by an asterisk (\*), incorporate exceptions due to short supply fabric of tariff item 6002.92.10 (circular knit, wholly of cotton yarns).

Tariff classification	Garment description	Visible lining rule applies
6101.10 – 6101.90	men’s or boys’ overcoats, capes, car-coats, cloaks, anoraks (including ski- jackets), wind-cheaters, and similar articles	yes <b>Exception 6101.90</b>
6102.10 – 6102.90	women’s or girls’ overcoats, capes, car coats, cloaks, anoraks (including ski-jackets), wind-cheaters, and similar articles	yes <b>Exception 6102.90</b>
6103.11 – 6103.19	men’s or boys’ suits	yes <b>Exception 6103.19.90</b>
6103.21 – 6103.29	men’s or boys’ ensembles	no <b>Exception part of ensemble classified under 6101 or 6103</b>
6103.31 – 6103.39	men’s or boys’ jackets and blazers	yes <b>Exception 6103.39.90</b>
6103.41 – 6103.49	men’s and boys’ trousers, bib and brace overalls, breeches, and shorts	no
6104.11 – 6104.19	women’s or girls’ suits	yes <b>Exception 6104.19.90</b>
6104.21 – 6104.29	women’s or girls’ ensembles	no <b>Exception part of ensemble classified under 6101 or 6103</b>
6104.31 – 6104.39	women’s or girls’ jackets and blazers	yes <b>Exception 6104.39.90</b>
6104.41 – 6104.49	women’s and girls’ dresses	no

<b>Tariff classification</b>	<b>Garment description</b>	<b>Visible lining rule applies</b>
6104.51 – 6104.59	women's and girls' skirts and divided skirts	yes <b>Exception 6104.59.90</b>
6104.61 – 6104.69	women's and girls' trousers, bib and brace overalls, breeches, and shorts	no
61.05 – 61.06	men's and boys' shirts and women's and girls' blouses	no
6107.11 – 6107.19	men's and boys' underpants and briefs	no
6107.21-6107.99, 6107.21*	men's and boys' night-shirts and pyjamas	no
6108.11 – 6108.19	women's and girls' slips and petticoats	no
6108.21 – 6108.29, 6108.21*	women's and girls' briefs and panties	no
6108.31 – 6108.39, 6108.31*	women's and girls' night-dresses and pyjamas	no
6108.91 – 6108.99	women's and girls' negligees, bathrobes dressing gowns, and similar articles	no
61.09 – 61.11	t-shirts, singlets, and other vests, jerseys, pullovers, cardigans, waist coats and similar articles, babies garments, and clothing accessories	no
6112.11-6112.19	track suits	no
6112.20	ski suits (visible lining rule applies to portion worn on the upper body)	yes
6112.31 – 6112.49	men's or boys', and women's or girls' swimwear	no
61.13 – 61.17	other garments made up of knitted or crocheted fabrics of Headings 59.03, 59.06, 59.07 including pantyhose, socks, stockings, footwear without applied soles, gloves, mittens, shawls, scarves, ties, and other made-up clothing accessories	no

## HS Chapter 62 – change to Chapter 62 from any other chapter

### Applicable principle – yarn forward

- except from : Headings 51.06-51.13, 52.04-52.12, 53.07-53.08, 53.10-53.11, Chapter 54, or Headings 55.08-55.16, 58.01-58.02, or 60.01-60.02
- provided that the good is both cut (or knit to shape) and sewn or otherwise assembled in the territory of one or more of the parties
- visible lining rule: lining must meet specific fabric forward principle to qualify for NAFTA preferential treatment. (Also refer to Note 1, Chapter 62, Annex 401)
- applicable to the component that determines the tariff classification of the goods as outlined in Note 3, Chapter 62, Annex 401.

**Exception:** short supply fabric: 5111.11 and 5111.19, 5112.30, 5208.21-5208.59 (except for 5208.23,.33,.43,.53 – cotton twill weaves) 5210.21 & 5210.31, 5407.81-5407.83, 5513.11 5513.21 5801.22 and 5801.23. (Also refer to Note 2, Chapter 62, Annex 401.)

Tariff classification	Garment description	Apply visible lining rule
6201.11-6201.19	men's or boys' overcoats, capes, cloaks, and similar articles	yes <b>Exception 6201.19</b>
6201.91-6201.99	men's or boys' anoraks,(incl. Ski-jackets) wind-cheaters, wind-jackets, and similar articles.	yes <b>Exception 6201.99</b>
6202.11-6202.19	women's or girls' overcoats, raincoats, car-coats, capes, cloaks, and similar articles	yes <b>Exception 6202.19</b>
6202.91-6202.99	women's or girls' anoraks,(incl. Ski-jackets) wind-cheaters, wind-jackets, and similar articles	yes <b>Exception 6202.99</b>
6203.11-6203.19	men's or boys' suits	yes <b>Exception 6203.19.90</b>
6203.21-6203.29	men's and boys' ensembles	no <b>Exception part of ensemble classified under 6201 or 6203</b>
6203.31-6203.39	men's or boys' jackets and blazers	yes <b>Exception 6203.39.90</b>
6203.41 – 6203.49	men's and boys' trousers, bibs and brace overalls, breeches and shorts	no
6204.11 – 6204.19	women's or girls' suits	yes <b>Exception 6204.19.90</b>
6204.21 – 6204.29	women's or girls' suits	no <b>Exception part of ensemble classified under 6202 or 6204</b>

<b>Tariff classification</b>	<b>Garment description</b>	<b>Apply visible lining rule</b>
6204.31 – 6204.39	women's and girls' jackets and blazers	yes <b>Exception 6204.39.90</b>
6204.41 – 6204.49	women's or girls' dresses	no
6204.51 – 6204.59	women's or girls' skirts and divided skirts	yes <b>Exception 6204.59.90</b>
6204.61 – 6204.69	women's or girls' trousers, bib and brace overalls, breeches, and shorts	no
6205.1	men's or boys' shirts (wool)	no
6205.20-6205.90	men's or boys' shirts (cotton or man-made fibres)*	no
62.06-62.10	women's or girls' blouses, shirts and shirt blouses, slips and petticoats, men's or boys' singlets, vests, underpants, briefs, night-shirts, pyjamas, bathrobes, dressing gowns, and similar articles, babies garments and clothing accessories, garments made-up of fabrics of Headings 56.02, 56.03, 59.03, 59.06, 59.07	no
62.11 – 6211.12	men's or boys', and women's or girls' swimwear	no
6211.20	ski suits	no <b>Exception items described under 6101, 6102, 6201 and 6202</b>
6211.31 – 6211.49	men's or boys' and women's or girls' other garments	no
6212.10	brassieres (from any other chapter)	no
6212.20 – 6212.90	girdles and panty girdles, corselettes	no
62.13 – 62.17	handkerchiefs, shawls, scarves, mufflers, mantillas, veils, ties, bow ties, cravats, gloves, mittens, mitts, other made-up clothing accessories; parts of garments or clothing, accessories other than those of Heading 62.12	no

## HS Chapter 63 – change to Chapter 63 from any other chapter

### Applicable principle – yarn forward

- except from: Headings 51.06-51.13, 52.04-52.12, 53.07-53.08, 53.10-53.11, Chapter 54-55, or Headings 58.01-58.02, or 60.01-60.02
- provided that the good is both cut (or knit to shape) or otherwise assembled in the territory of one or more of the parties.
- applicable to the component that determines the tariff classification of the good as outlined in the Note, Chapter 63, Annex 401

**Exception:** \*6303.92.10 – a change in class from 5402.43.10 or 5402.52.10 or from any other Chapter (exceptions noted above)

Tariff classification	Description
63.01 – 63.02	blankets, bed and table linen
63.03	curtains (including drapes) and interior blinds, curtain or bed valences
6303.92.10*	curtains (including drapes) and interior blinds, curtain or bed valences
63.04 – 63.10	other furnishing articles such as:
63.04	bedspreads
63.05	sacks and bags of a kind used for the packing of goods
63.06	tarpaulins, awnings and sun blinds, sails, camping goods
63.07	other made-up articles
63.08	sets for making up into rugs, tapestries, table cloths or similar textile articles
63.09	worn clothing and other worn articles
63.10	used or new rags, scrap twine, cordage, rope, etc.

## Appendix 5 – Description or non-originating inputs of HS Chapters 61-63

Change from Chapter/Heading	Description of non-originating inputs into the manufacturing process (i.e. these items <i>do not</i> meet the tariff change requirements)	Change to Chapter
51.06	yarn of carded wool not for retail sale	61, 62, 63
51.07	yarn of combed wool not for retail sale	61, 62, 63
51.08	yarn of combed or carded fine animal hair not for retail sale	61, 62, 63
51.09	yarn of wool or fine animal hair for retail sale	61, 62, 63
51.10	yarn of coarse animal hair or horsehair	61, 62, 63
51.11	woven fabric 85% or more of carded wool or fine animal hair, or less than 85% carded wool or fine animal hair mixed mainly or solely with man-made filaments or staple fibres, nes	61, 62, 63
51.12	woven fabric 85% or more combed wool or fine animal hair, or less than 85% combed wool or fine animal hair mixed mainly or solely with man-made filaments or staple fibres, nes	61, 62, 63
51.13	woven fabric of coarse animal hair or horsehair	61, 62, 63
52.04	cotton sewing thread	61, 62, 63
52.05	cotton yarn (other than sewing thread), 85% or more cotton, single or multiple, combed or uncombed, not for retail sale, nes (see Agreement for decitex content)	61, 62, 63
52.06	cotton yarn (other than sewing thread), less than 85% cotton, single or multiple, uncombed or combed, not for retail sale, nes, (see Agreement for decitex content)	61, 62, 63
52.07	cotton yarn (other than sewing thread), 85% or more by weight of cotton, for retail sale	61, 62, 63
52.08	woven fabrics of cotton containing 85% or more of cotton and weighing 200 g/m <sup>2</sup> or less, unbleached or bleached, dyed, yarn dyed, or printed, nes, (see Agreement for combinations)	61, 62, 63
52.09	woven fabrics of cotton containing 85% or more cotton, weighing more than 200g/m <sup>2</sup> , bleached or unbleached or dyed, yarn dyed, or printed, nes, (see Agreement for combinations)	61, 62, 63
52.10	woven fabrics of cotton fabric containing less than 85% cotton mixed mainly or solely with man-made fibre, weighing 200g/m <sup>2</sup> or less, bleached or unbleached, dyed, yarn dyed or printed, nes, (see Agreement for combinations)	61, 62, 63
52.11	woven fabrics of cotton fabric containing less than 85% cotton mixed mainly or solely with man-made fibre, weighing more than 200g/m <sup>2</sup> , bleached or unbleached, dyed, yarn dyed, or printed, nes, (see Agreement for combinations)	61, 62, 63
52.12	other woven fabric of cotton, 200g/m <sup>2</sup> or less by weight, bleached or unbleached, dyed, yarn dyed, printed, or yarns of different colors, nes, (see Agreement for combinations)	61, 62, 63
53.07	flax yarn, single or multiple	61, 62, 63
53.08	yarn of jute or other textile bast fibres, single or multiple (of Heading 53.03)	61, 62, 63
53.10	woven fabric of jute or other textile bast fibres, unbleached or other than unbleached	61, 62, 63
53.11	woven fabric of other vegetable textile fibres or of paper yarn(of Heading 53.03)	61, 62, 63
54	sewing thread of man-made filaments, synthetic and artificial filament yarn, and woven fabric	61, 62, 63

<b>Change from Chapter/Heading</b>	<b>Description of non-originating inputs into the manufacturing process (i.e. these items <i>do not</i> meet the tariff change requirements)</b>	<b>Change to Chapter</b>
55	synthetic and artificial filament tow, staple fibres, yarns and woven fabrics	63
55.08	sewing thread of man-made synthetic or artificial staple fibres	61,62
55.09	yarn (other than sewing thread), of nylon, polyester, acrylic, modacrylic, or other synthetic staple fibres (single or multiple), or of polyester, acrylic, or other synthetic staple fibres (may be mixed with artificial staple fibre, wool, fine animal hair, or cotton) not for retail sale, nes	61,62
55.10	yarn (other than sewing thread) of artificial staple fibres (single or multiple), or of artificial staple fibres (that may have been mixed with wool, fine animal hair, or cotton not for retail sale, nes	61,62
55.11	yarn (other than sewing thread) of synthetic staple or artificial fibres for retail sale, nes	61,62
55.12	woven fabrics containing 85% or more polyester, acrylic, or other synthetic staple fibres, unbleached, bleached, or other	61,62
55.13	woven fabrics containing less than 85% by weight of synthetic staple fibres, mixed mainly or solely with cotton of a weight 170g/m <sup>2</sup> or less	61,62
55.14	woven fabrics containing less than 85% by weight of synthetic staple fibres, mixed mainly or solely with cotton of a weight more than 170g/m <sup>2</sup>	61,62
55.15	other woven fabrics (polyester, acrylic, or modacrylic), other synthetic staple fibres mixed mainly or solely with man-made filaments, wool, fine animal hair, or nes	61,62
55.16	woven fabrics of artificial staple fibres 85% or more artificial staple fibre by weight, or mixed mainly or solely with man-made filaments, wool, fine animal hair, or cotton	61, 62
58.01	woven pile or chenille fabrics other than fabrics of Heading 58.02 or 58.06, of wool or fine animal hair, cotton, or man-made fibres	62, 63
58.02	terry towelling and similar woven terry fabric of cotton, other than narrow fabric of Heading 58.06; tufted textile fabrics other than products of Heading 57.03	62, 63
60.01	long pile, looped pile, pile knitted or crocheted fabric or textile fabric, of cotton or man-made fibres, or other textile materials, nes (see Agreement for combinations)	61, 62, 63
60.02	other knitted or crocheted textile fabric (e.g. elastomeric yarn, rubber thread, warp knitted fabric (of wool, fine animal hair, cotton, man-made fibres, or other materials), knitted or crocheted fabric (of wool, fine animal hair, cotton, man-made fibres, or other materials) or nes	61, 62, 63

## Appendix 6 – Examples of short supply fabrics requiring single transformation to originate (cut and sewn or otherwise assembled in the NAFTA territory)

Short supply fabrics	Description	For items of
5111.11, 5111.19	woven fabrics 85% or more by weight of carded wool or fine animal hair, if hand woven with a loom width of less than 76cm, woven in the United Kingdom in accordance with the rules and regulations of the Harris Tweed Association Ltd., and so certified by the association	Chapter 62 – apparel not knitted or crocheted
5112.30	woven fabrics of combed wool or fine animal hair, 340g/m <sup>2</sup> by weight or less, containing wool, 20% by weight or more fine animal hair and 15% by weight or more of man-made staple fibres	Chapter 62 – apparel not knitted or crocheted
5208.21, 5208.22, 5208.29, 5208.31, 5208.32, 5208.39, 5208.41, 5208.42, 5208.49, 5208.51, 5208.52, 5208.59	woven fabrics of cotton, 85% or more by weight of cotton, weighing 200g/m <sup>2</sup> or less, which may be bleached, piece dyed, yarn dyed, or printed of average yarn number more than 135 metric	Sub-headings 6205.20 and 6205.30* – for men's and boys' shirts of cotton and man-made fibres of HS
5210.21, 5210.31	woven fabrics of cotton, less than 85% by weight of cotton, mixed mainly with man-made fibres, weighing 200g/m <sup>2</sup> or less, plain weave, bleached or dyed, not of square construction, more than 70 warp ends and filling picks/cm <sup>2</sup> , of average yarn number more than 70 metric	Sub-headings 6205.20 and 6205.30* – for men's and boys' shirts of cotton and man-made fibres of HS
5801.22	cut corduroy fabrics containing 85% or more by weight of cotton and containing more than 7.5 wales per centimetre	Chapter 62 – apparel not knitted or crocheted
5801.23	velveteen weft pile fabrics containing 85% or more by weight of cotton	Chapter 62 – apparel not knitted or crocheted
5407.81, 5407.82, 5407.83	woven fabrics containing less than 85% by weight of synthetic filaments, mixed mainly or solely with cotton, which may be bleached or unbleached, piece dyed or yarn dyed, less than 170g/m <sup>2</sup> by weight, having a dobby weave created by a dobby attachment	Sub-headings 6205.20 and 6205.30* – for men's and boys' shirts of cotton and man-made fibres of HS
5513.11, 5513.21	batiste fabrics of square construction, of single yarns exceeding 76 metric count, containing between 60 and 70 warp ends and filling picks per square centimeter, of a weight not exceeding 110 grams per square meter	Chapter 62 – apparel not knitted or crocheted  Sub-headings 6205.20 and 6205.30* – for men's and boys' shirts of cotton and man-made fibres of HS
6002.92.10	circular knitted fabric, solely of cotton yarns measuring less than 100 decitex per single yarn (i.e., more than 100 metric number per single yarn)	Chapter 61 Sub-headings 6107.21 – men's and boys' nightshirts and pyjamas  6108.21 – women's and girls briefs and panties  6108.31 – women's and girls nightdresses and pyjamas

\* 6205.20 and 6205.30 – men's or boys' shirts of cotton or man-made fibres shall be considered to originate, if they are both cut and assembled in the territory of one or more of the parties and if the fabric of the outer shell, exclusive of collars or cuffs, is wholly of one or more of the fabrics noted

## Appendix 7 – Canada – Mexico tariff phase out schedule as at January 1, 2001

Canadian duties on the following items originating in Mexico for HS Chapters 61-62 will be phased out on January 1, 2003, unless otherwise notified.

Heading	Canadian tariff item	Heading	Canadian tariff item	Heading	Canadian tariff item	Heading	Canadian tariff item
61.01	6101.10.00	61.04	6104.32.00	61.08	6108.21.00	61.15	6115.19.00
	6101.20.00		6104.33.00		6108.22.90		6115.20.00
	6101.30.00		6104.39.10		6108.29.00		6115.91.00
	6101.90.00		6104.39.90		6108.31.00		6115.92.00
61.02	6102.10.00		6104.41.00		6108.32.00		6115.93.00
	6102.20.00		6104.42.00		6108.39.00		6115.99.00
	6102.30.00		6104.43.00		6108.91.00	61.16	6116.10.00
	6102.90.00		6104.44.00		6108.92.00		6116.91.00
61.03	6103.11.00		6104.49.00		6108.99.00		6116.92.00
	6103.12.00		6104.51.00	61.09	6109.10.00		6116.93.00
	6103.19.10		6104.52.00		6109.90.00		6116.99.00
	6103.19.90		6104.53.00	61.10	6110.10.00	61.17	6117.10.90
	6103.21.00		6104.59.10		6110.10.90		6117.20.00
	6103.22.00		6104.59.90		6110.20.00		6117.80.10
	6103.23.00		6104.61.00		6110.30.00		6117.80.90
	6103.29.00		6104.62.00		6110.90.00		6117.90.20
	6103.31.00		6104.63.00	61.11	6111.10.00		6117.90.90
	6103.32.00		6104.69.00		6111.20.00	62.01	6201.11.00
	6103.33.00	61.05	6105.10.00		6111.30.00		6201.12.00
	6103.39.10		6105.20.00		6111.90.00		6201.13.00
	6103.39.90		6105.90.00	61.12	6112.11.00		6201.19.00
	6103.41.00	61.06	6106.10.00		6112.12.00		6201.91.00
	6103.42.00		6106.20.00		6112.19.00		6201.92.10
	6103.43.00		6106.90.00		6112.20.00		6201.92.90
	6103.49.00	61.07	6107.11.90		6112.31.00		6201.93.00
61.04	6104.11.00		6107.12.90		6112.39.00		6201.99.00
	6104.12.00		6107.19.00		6112.41.00	62.02	6202.11.00
	6104.13.00		6107.21.00		6112.49.00		6202.12.00
	6104.19.10		6107.22.00	61.13	6113.00.90		6202.13.00
	6104.19.90		6107.29.00	61.14	6114.10.00		6202.19.00
	6104.21.00		6107.91.00		6114.20.00		6202.91.00
	6104.22.00		6107.92.00		6114.30.00		6202.92.00
	6104.23.00		6107.99.00		6114.90.00		6202.93.00
	6104.29.00	61.08	6108.11.00	61.15	6115.11.00		6202.99.00
	6104.31.00		6108.19.00		6115.12.00	62.03	6203.11.00

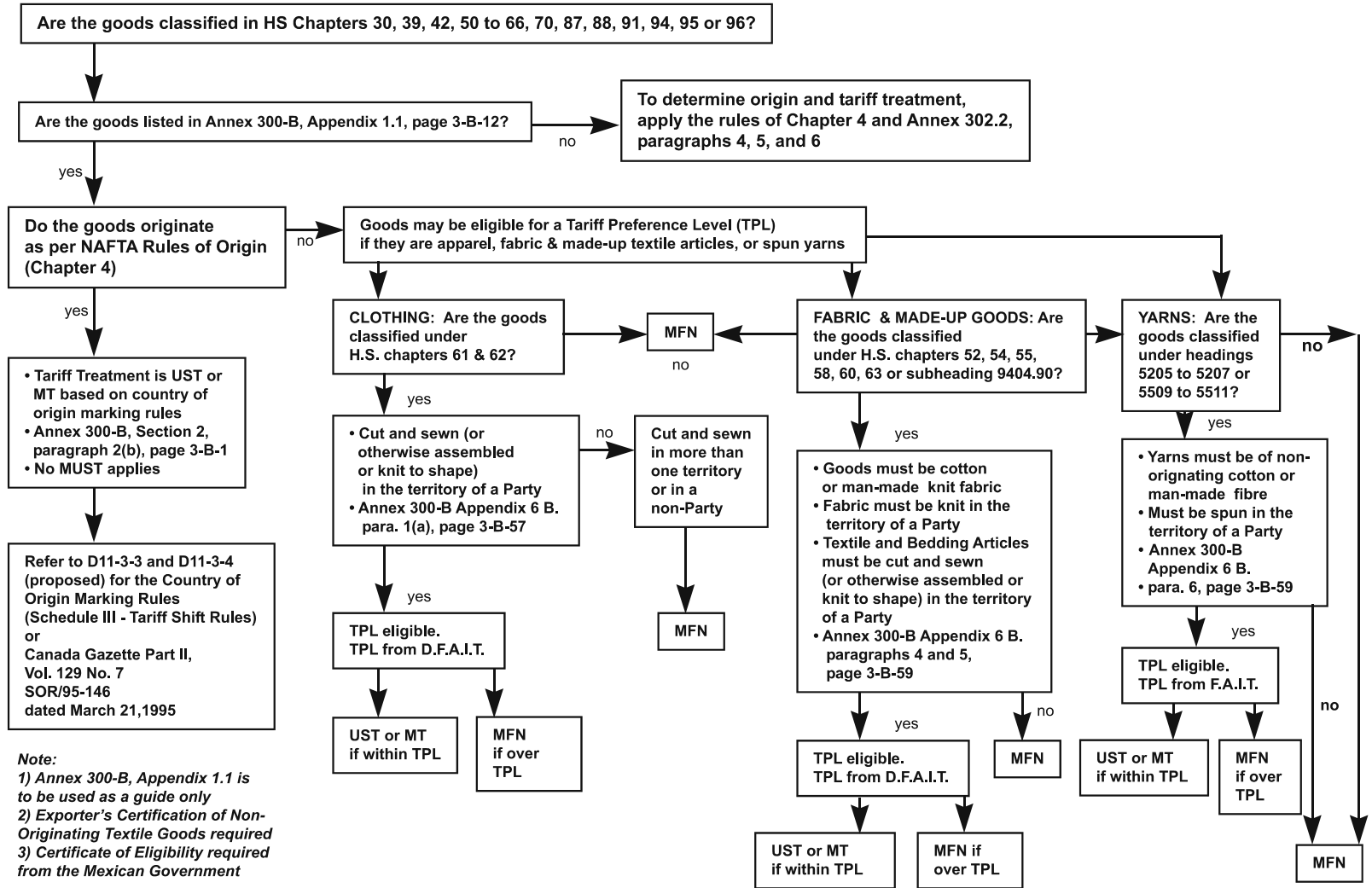
Heading	Canadian tariff item	Heading	Canadian tariff item	Heading	Canadian tariff item	Heading	Canadian tariff item
62.03	6203.12.00	62.04	6204.59.10	62.10	6210.40.90		
	6203.19.10		6204.59.90		6210.50.90		
	6203.19.90		6204.61.00	62.11	6211.11.00		
	6203.21.00		6204.62.00		6211.12.90		
	6203.22.00		6204.63.00		6211.20.00		
	6203.23.00		6204.69.00		6211.31.00		
	6203.29.00	62.05	6205.10.00		6211.32.00		
	6203.31.00		6205.20.00		6211.33.10		
	6203.32.00		6205.30.00		6211.33.90		
	6203.33.00		6205.90.00		6211.39.00		
	6203.39.10	62.06	6206.10.00		6211.41.00		
	6203.39.90		6206.20.00		6211.42.00		
	6203.41.00		6206.30.00		6211.43.20		
	6203.42.00		6206.40.00		6211.43.90		
	6203.43.00		6206.90.00		6211.49.20		
	6203.49.00	62.07	6207.11.00		6211.49.90		
62.04	6204.11.00		6207.19.00	62.12	6212.10.00		
	6204.12.00		6207.21.00		6212.20.00		
	6204.13.00		6207.22.00		6212.30.00		
	6204.19.10		6207.29.00		6212.90.00		
	6204.19.90		6207.91.00	62.13	6213.90.00		
	6204.21.00		6207.92.00	62.14	6214.20.90		
	6204.22.00		6207.99.00		6214.30.90		
	6204.23.00	62.08	6208.11.00		6214.40.00		
	6204.29.00		6208.19.00		6214.90.00		
	6204.31.00		6208.21.00	62.15	6215.10.00		
	6204.32.00		6208.22.00		6215.20.00		
	6204.33.00		6208.29.00		6215.90.00		
	6204.39.10		6208.91.00	62.16	6216.00.00		
	6204.39.90		6208.92.00	62.17	6217.10.10		
	6204.41.00		6208.99.00		6217.10.90		
	6204.42.00	62.09	6209.10.00		6217.90.90		
	6204.43.00		6209.20.00				
	6204.44.00		6209.30.00				
	6204.49.00		6209.90.00				
	6204.51.00	62.10	6210.10.90				
	6204.52.00		6210.20.00				
	6204.53.00		6210.30.00				

## Appendix 8 – Examples of goods benefiting from tariff preference levels (TPLs)

Class	Description	Process	From	Exception
<b>Yarn</b>				
52.05-52.07	cotton yarns	spun in the territory from non-originating fibres	52.01-52.03	
55.09-55.11	man made yarns	spun in the territory from non-originating fibres	55.01-55.07	
<b>Fabric and made-up goods (Note: From the United States, only Chapter 60 goods qualify for TPLs)</b>				
52-55  58, 60 and 63  9404.90	cotton or man-made fibre fabrics or made-up goods	woven or knit in the territory from non-originating yarn or knit from yarn  spun of non-originating fibres that are finished or cut and sewn or otherwise assembled  fabrics of the following subheadings and produced or obtained outside the NAFTA territory	5208.11-5208.29, 5209.11-52.09.29, 5210.11-5210.29, 5212.11, 5212.12, 5212.21, 5212.22, 5407.41, 5407.51, 5407.71, 5407.81, 5407.91, 5408.21, 5512.21, 5512.91, 5513.11-5513.19, 5514.11-5514.19, 5516.11, 5516.21, 5516.31, 5516.41, 5516.91	goods containing 36% or more by weight of wool or fine animal hair
<b>Apparel</b>				
61,62	cotton or man-made fibre apparel or wool apparel	cut and sewn or otherwise assembled in a NAFTA territory from non-originating yarn or fabric and meets other applicable conditions		

# Appendix 9 – NAFTA treatments for textiles and apparel goods imported from the United States and Mexico

## NAFTA Tariff Treatments for Textiles and Apparel Goods Imported from Mexico





## **Appendix 10 – Textiles and apparel to be marked with country of origin**

1. Wearing apparel made wholly or substantially of natural or synthetic textile fibres
2. Knitted garments
3. Pillow slips and sheets made of cotton
4. Brassieres, corselettes, garter belts, girdles, and lacing corsets
5. Raincoats and rainwear made of plastic
6. Hats including berets, bonnets, caps and hats, hoods and shapes made of fur felt, wool felt, and wool and fur felt.
7. Gloves made partially or wholly of leather
8. Athletic gloves and mitts, including baseball and hockey gloves and mitts
9. Fabrics braided or woven, containing rubber yarns, not exceeding 12 inches in width, boot and shoe laces
10. Boots, shoes and slippers
11. Handbags and purses, except handbags and purses made of beads, metal mesh, or similar material.
12. Blankets
13. Bath mats, towels, and washcloths, knitted or woven
14. Ironing board covers and pads
15. Umbrellas
16. Gift wrappings, the following: bindings, braids, ribbons, tapes, ties, and trimmings, made chiefly or wholly of textile fibres
17. Tents
18. Sails
19. Camping goods
20. Life jackets
21. Life Belts
22. Parachutes

## Appendix 11 – Classification change required for HS Chapters 50-60 for the purposes of marking goods

### HS Chapters 50-55

Description	Tariff classification	Allowable non-originating input from any other...	Except from
<b>Fibres and filaments</b>			
silk	50.01-50.03	Chapter	
wool, fine or coarse animal hair, horsehair yarn, and woven fabric	51.01-51.05	Chapter	
cotton	52.01-52.03	Chapter	
other vegetable textile fibres	53.01-53.05	Chapter	
man-made staple fibres	55.01-55.07	Chapter	Headings 54.01-54.05
<b>Yarn and thread</b>			
silk	50.04-50.06	Heading	Headings 50.04-50.06
wool, fine or coarse animal hair; horsehair	51.06-51.10	Heading	Headings 51.06-51.10
cotton	52.04-52.07	Heading	Headings 52.04-52.07
other vegetable textile fibres; paper yarn	53.06-53.08	Heading	Headings 53.06-53.08
man-made filaments	54.01-54.06	Chapter	
man-made staple fibres	55.08-55.11	Heading	Headings 55.08-55.11
<b>Woven fabrics</b>			
silk	50.07	Heading	
wool, fine or coarse animal hair, horsehair yarn, and woven fabric	51.11-51.13	Heading	Headings 51.11-51.13
cotton	52.08-52.12	Heading	Headings 52.08-52.12
other vegetable textile fibres; paper yarn, and woven fabrics of paper yarn	53.09-53.11	Heading	Headings 53.09-53.11
man-made filaments	54.07-54.08	Heading	Headings 54.07-54.08
man-made staple fibres	55.12-55.16	Heading	Headings 55.12-55.16

## HS chapters 56-60

Textile	Tariff classification	Allowable non-originating input from any other...	Except from
<b>Knitted or crocheted fabrics</b>			
silk, cotton, other vegetable fibre, man made fibres 1. regular 2. impregnated, coated, covered, or laminated with rubber, plastics, or other materials provided that impregnation, coating, covering, or lamination is 20% or more by weight	60.01	Heading 60.01 only	
wool, cotton, man-made fibres	60.02	Heading	
<b>Wadding, felt and non-wovens, special yarns, twine, cordage, ropes, cables, and articles thereof</b>			
wadding of textile materials, articles thereof, textile fibres	56.01	Heading	
felt, non-wovens, rubber thread and cord, textile yarn, metallized yarn	56.02-56.05	Heading	Headings 56.02-56.05
gimped, chenille, loop wale yarns	56.06	Heading	Headings 50.04-50.05, 51.06-51.08, 52.04-52.06, 53.06-53.08, 54.01-54.05, 55.08-55.10
twine, cordage, ropes, cables 1. cannot be plaited, braided, or covered or sheathed with rubber or plastics 2. regular	56.07	Heading  Heading	Headings 50.04-50.05, 51.06-51.08, 51.10, 52.04-52.06, 53.06-53.08, 54.01-54.05, 55.08-55.10
knotted netting of twine, cordage, or rope, nets	56.08	Heading	Heading 58.04
articles of yarn, twine, cordage, rope, or cables not elsewhere specified or included	56.09	Heading	Headings 50.04-50.05, 51.06-51.08, 51.10, 52.04-52.06, 53.06-53.08, 54.01-54.05, 55.08-55.10, 56.04-56.07
<b>Special woven fabrics, tufted textile fabrics, lace, tapestries, trimming, embroidery</b> (Note: expression similar good means similar article)			
woven pile and chenille fabrics, terry towelling, tufted textile fabrics	58.01-58.02	Heading	Headings 58.01-58.02
gauze, tulle and other net fabrics, lace, tapestries	58.03-58.05	Heading	Headings 58.03-58.05
woven pile and chenille fabrics, other woven fabrics	5806.10-5806.39	Heading	Headings: 50.07, 51.11-51.13, 52.08-52.12, 53.09-53.11, 54.07-54.08, 55.12-55.16, 58.01
fabrics of warp without weft	5806.40	Heading	

<b>Textile</b>	<b>Tariff classification</b>	<b>Allowable non-originating input from any other...</b>	<b>Except from</b>	
1. labels and similar articles	58.07	Heading	Headings 50.07, 51.11-51.13, 52.08-52.12, 53.09-53.11, 54.07-54.08, 55.12-55.16, or Subheadings 5806.10-5806.39 Subheading: 6307.90	
2. badges and similar articles		Heading		
braids in the piece	5808.10	Heading		
1. ornamental trimmings	5808.90	Heading	Headings 50.04-50.05, 51.06-51.09, 52.04-52.06, 53.06-53.08, 54.01-54.05, 55.08-55.10, 56.04-56.06	
2. tassels, pompons, and similar articles		Heading		
woven fabrics of metal thread and metallized yarn	58.09	Heading		
embroidery	58.10	Chapter	Headings 50.07, 51.11-51.13, 52.08-52.12, 53.09-53.11, 54.07-54.08, 55.12-55.16, 56.02-56.03, 58.01, 58.04, 58.06 or 60.01-60.02	
1. regular				Heading
2. provided that production constitutes more than minor embroidery along selvage				
quilted textile products	58.11	Heading	Heading: 50.07, 51.11-51.13, 52.08-52.12, 53.09-53.11, 54.07-54.08, 55.12-55.16, 56.01-56.03, 58.06, 58.09-58.10, 60.02 or Subheading 6307.90	
<b>carpets and other textile floor coverings</b>				
man-made and natural textile carpets, and other floor coverings	57.01 – 57.05	Chapter		
<b>Impregnated, coated, covered, or laminated textile fibres, textile articles of a kind suitable for industrial use</b>				
textile fabrics coated with gum or amylaceous substances, tire cord fabric	59.01-59.02	Heading		
textile fabrics	59.03	Heading	Headings 50.07, 51.11-51.13, 52.08-52.12, 53.09-53.11, 54.07-54.08, 55.12-55.16, 58.03, Subheading 5806.10-5806.39, Heading 58.08 or 60.02	
1. regular				Heading
2. provided that impregnation, coating, covering, or lamination is more than 15% by weight of good				Heading
3. same as (2) but more than 20% by weight of good		Heading		
linoleum, textile wall coverings, rubberized textile fabrics	59.04 – 59.06	Heading		

<b>Textile</b>	<b>Tariff classification</b>	<b>Allowable non-originating input from any other...</b>	<b>Except from</b>
textile fabrics, painted canvas, studio back cloths (See 59.03 for the three breakdowns and same exclusions)	59.07	Heading	
textile wicks, gas mantles, hosepiping and similar tubing, transmission or conveyor belts	59.08-59.10	Heading	
textile products and articles for technical uses	59.11	Heading	Headings 56.02-56.03

## Appendix 12 – Classification change required for HS Chapters 61-63 for the purposes of marking goods

### HS Chapter 61-62

**Note 1:** For purposes of these chapters **substantial assembly** means the sewing together or other assembly of all the major garment parts of a good of this chapter; or six or more garments parts of a good of this chapter.

**Note 2:** For the purposes of each chapter, **major garment parts** means integral components of a garment, but does not include parts such as collars, cuffs, waistbands, plackets, pockets, linings, paddings, or accessories.

A change to garments parts of this chapter from any other chapter, except from subheading 6307.90.

A change to any good of this chapter, other than garment parts, from any other chapter; or

A change to any good of this chapter, other than garments parts, from garments parts of this chapter, whether or not there is also a change from any other chapter, provided that the change is the result of substantial assembly.

Tariff classification	Description	Allowable non-originating input from any other..	Exceptions
61.07-61.17	articles of apparel and clothing accessories, knitted or crocheted  1. a change to garment parts of this chapter  2. a change to goods of this chapter, other than garment parts  3. a change to goods of this chapter, other than garment parts, from garment parts of this chapter	Chapter  Chapter  Chapter	Subheading 6307.90
62.01-62.17	articles of apparel and clothing accessories, not knitted or crocheted  1. a change to garment parts of this chapter  2. a change to goods of this chapter, other than garment parts  3. a change to goods of this chapter, other than garment parts, from garment parts of this chapter	Chapter  Chapter  Chapter	Subheading 6307.90

## HS Chapter 63

**Note 1:** The country of origin of goods of Heading 63.09 shall be the country in which the goods are last collected and packaged for shipment.

**Note 2:** The country of origin of a worn-out article of Heading 63.10 shall be the country in which the goods are last collected and packaged for shipment.

Tariff classification	Description	Allowable non-originating input from any other..	Exceptions
6301.10	electric blankets	Heading	
6301.20-6301.90	blankets and travelling rugs	Heading	Headings 50.07, 51.11-51.13, 52.08- 52.12, 53.09- 53.11, 54.07-54.08, 55.12-55.16, 56.03, 58.01-58.02, 58.09- 58.10, 59.03, 59.07, 60.01-60.02
63.02	bed linen, table linens, toilet linen and kitchen linen  1. a change to a quilted good provided that both the cutting of the top and bottom fabrics and the assembly of the quilted good are performed entirely in one country  2. a change to a non-quilted good, provided that the production includes cutting and hemming all sides and a significant sewing or other assembly operation with respect to the good	Heading  Heading	Subheading 6307.90
63.03	curtains (including drapes) and interior blinds, curtain or bed valences see (1) in 63.02 above  1. a change to a curtain, drape, curtain valance, or bed valance, provided that the production includes cutting and hemming all sides and a significant sewing or other assembly operation with respect to the good  2. a change to any good	Heading Heading  Heading	Subheading 6307.90  Headings 50.07, 51.11-51.13, 52.08-52.12, 53.09- 53.11, 54.07-54.08, 55.12-55.16, 56.02-56.03, 58.01-58.04, 58.06, 58.09-58.10, 59.03, 59.06-59.07, 60.01-60.02

<b>Tariff classification</b>	<b>Description</b>	<b>Allowable non-originating input from any other..</b>	<b>Exceptions</b>
63.04	bedspreads 1. see (1) in 63.02 above 2. a change to a pillow cover or pillow sham 3. a change to any good	Heading Heading Heading	Subheading 6307.90  Headings 50.07, 51.11-51.13, 52.08-52.12, 53.09- 53.11, 54.07-54.08, 55.12-55.16, 56.02-56.03, 58.01-58.04, 58.06, 58.09-58.10, 59.03, 59.06-59.07, 60.01-60.02
63.05	sacks and bags of a kind used for the packing of goods	Heading	Headings:50.07, 51.11-51.13, 52.08-52.12, 53.09- 53.11, 54.07-54.08, 55.12-55.16, 56.02-56.03, 58.01, 58.04, 58.06, 58.09-58.11, 59.03, 59.06-59.07, 60.01-60.02
6306.11-6306.19	tarpaulins, awnings, and sunblinds 1. a change to a tarpaulin or sunblind  2. a change to an awning	Heading  Chapter	Headings:50.07, 51.11-51.13, 52.08-52.12, 53.09- 53.11, 54.07-54.08, 55.12-55.16, 56.03, 58.01-58.02, 58.09-58.11, 59.03, 59.06-59.07, 60.01-60.02
6306.21-6306.49	tents, sails, and pneumatic mattresses	Chapter	
6306.91-6306.99	other, tarpaulins, awnings, and sunblinds, tents; sails for boats, sail-boards, or land-craft, camping goods provided that the production includes more than cutting and hemming the goods	Heading	Subheading: 6307.90
6307.10	floor-cloths, dish-cloths, dusters, and similar cleaning cloths	Heading	Headings:50.07, 51.11-51.13, 52.08-52.12, 53.09- 53.11, 54.07-54.08, 55.12-55.16, 56.02-56.03, 58.01-58.04, 58.06, 58.09-58.11, 59.03, 59.07, 60.01-60.02
6307.20	life-jackets and life belts	Heading	
6307.90	other, other made up articles, including dress patterns provided that the production includes cutting and a significant sewing or other assembly operation	Heading	
63.08	sets for making up into rugs, tapestries, table cloths, or similar textile articles provided that fabric or yarn meets the tariff shift rule applicable if fabric or yarn were classified alone	Heading	

Tariff classification	Description	Allowable non-originating input from any other..	Exceptions
63.10	used or new rags, scrap twine, cordage, rope, cables, and worn out articles of twine, cordage, etc. provided that production includes more than cutting and hemming	Heading	

## Appendix 13 – Determination of country of origin for the purposes of marking

Excerpt from CCRA Memorandum D11-3-3, *NAFTA Country of Origin “Marking Rules”*

4. (1) The country of origin of goods is the country in which
  - (a) the goods are wholly obtained or produced;
  - (b) the goods are produced exclusively from domestic materials;
  - (c) each of the foreign materials incorporated into the goods undergoes an applicable change in tariff classification [Schedule III] and satisfies any other applicable requirements of these Regulations; or
  - (d) a good is considered to originate under a Chapter Note set out in Schedule III.
- (2) For the purpose of paragraph (1)(a), goods are wholly obtained or produced in a country if the goods are
  - (a) mineral goods extracted in that country;
  - (b) vegetables or other goods harvested in that country;
  - (c) live animals born and raised in that country;
  - (d) goods obtained from hunting, trapping or fishing in that country;
  - (e) fish, shellfish or other marine life taken from the sea by vessels registered or recorded with that country and flying its flag;
  - (f) goods produced on board factory ships from goods referred to in paragraph (e), where the factory ship is registered or recorded with that country and is flying its flag;
  - (g) goods taken by that country or by a person of that country, from or beneath the seabed outside territorial waters, where that country has the right to exploit that seabed;
  - (h) goods taken from outer space, where the goods are obtained by that country or by a person of that country
  - (i) waste and scrap derived from: (i) production in that country, or (ii) used goods collected in that country, where those used goods are fit only for the recovery of raw materials; or
  - (j) goods produced in that country exclusively from goods referred to in any of paragraphs (a) to (i), or from derivatives of such goods, at any stage of production.
5. (1) Except in the case of goods that are described in Schedule I to the Act as a set or are classified as a set pursuant to Rule 3 of the General Rules, where the country of origin of goods cannot be determined under section 4, the country or countries of origin of the goods shall be the country or countries of origin of the single material that imparts the essential character of the goods.
- (2) Where the single material that imparts the essential character of the goods is a fungible material and has been commingled so that direct physical identification of the country or countries of origin of each fungible material is not practical, the country or countries of origin of that material shall be determined, at the choice of the importer of the goods, under subsection (1) or on the basis of an inventory management method set out in Part I of Schedule X to the NAFTA Rules of Origin Regulations.
- (3) The single material that imparts the essential character of a complete or finished television receiver of any of subheading Nos. 8528.10 through 8528.20 shall be determined in accordance with the Note to Chapter 85 set out in Schedule III, if that Note is applicable.
6. Where the country or countries of origin of goods cannot be determined under section 4 or 5 and the goods are described in Schedule I to the Act as a set or mixture, or are classified as a set or mixture or as composite goods pursuant to Rule 3 of the General Rules, the country or countries of origin of the goods shall be the

country or countries of origin of all the materials that merit equal consideration as imparting the essential character of the goods.

7. Where the country or countries of origin of goods cannot be determined under any of sections 4 to 6, the country or countries of origin of the goods shall be
  - (a) if the goods are produced by only minor processing, the country or countries of origin of all the materials that merit equal consideration as imparting the essential character of the goods;
  - (b) if the production of the goods is by simple assembly and the parts that merit equal consideration as imparting the essential character of the goods have the same country of origin, the country of origin of those parts; or
  - (c) in any other case, the last country in which the goods underwent production.

Also refer to Memorandum D11-3-3 outlining definitions and various provisions as they apply to the marking regulations.

# Appendix 14 – Resources

## Contacts

### Canada Customs & Revenue Agency

NAFTA General Information  
Automated Customs Information Service (ACIS)

(613) 941-0965 or 1-800-661-6121  
1-800-461-9999

#### Customs offices

##### Atlantic Region

PO Box 3080  
Halifax South Postal Station  
1557 Hollis Street  
Halifax NS B3J 3G6

Telephone: (902) 426-7982  
Facsimile: (902) 426-2768

##### Quebec Region

PO Box 2267  
130 rue Dalhousie  
Québec QC G1K 7P6

Telephone: (418) 648-3401  
Facsimile: (418) 648-3040

400 Place d'Youville  
Montréal QC H2Y 2C2

Telephone: (514) 286-7879  
Facsimile: (514) 283-7500

##### Northern Ontario Region

333 Laurier Avenue West  
Ottawa ON K1A 0L9

Telephone: (613) 991-0537  
Facsimile: (613) 952-7149

##### Southern Ontario Region

PO Box 2989  
26 Arrowsmith Road  
Hamilton ON L8N 3V8

Telephone: (905) 308-8605  
Facsimile: (905) 308-8616

PO 1655  
170 Edinborough  
Windsor ON N9A 7G7

Telephone: (519) 257-6355  
Facsimile: (510) 257-6444

PO Box 5548  
451 Talbot Street  
London ON N6A 4R3

Telephone: (519) 645-5843  
Facsimile: (519) 645-5819

PO Box 10, Station A  
1 Front Street West  
Toronto ON M5W 1A3

Telephone: (905) 874-3276  
Facsimile: (905) 454-2437

##### Prairie Region:

Federal Building  
269 Main Street  
Winnipeg MB R3C 1B3

Telephone: (204) 983-4714  
Facsimile: (204) 983-6635

Bay 32  
3303 – 34th Avenue, N.E.  
Calgary AB T1Y 6X2

Telephone: (403) 292-4315  
Facsimile: (403) 292-4200

##### Pacific Region

333 Dunsmuir Street  
Vancouver BC V6B 5R4

Telephone: (604) 666-6753  
Facsimile: (604) 666-2212

## **United States Department of Commerce**

Office of Textiles & Apparel

202-482-5078

1-800-872-8723 (not available in Canada)

## **Mexican Embassy, Washington**

Ministry of Commerce and Industrial Development,

202-728-1700

## **Publications**

### **North American Free Trade Agreement.**

#### **Areas of particular interest**

Chapter 3 Annex 300-B: Textiles and Apparel Goods

Article 311: Country of Origin Marking

Chapter 4 Article 401: Rules of Origin – Originating Goods

Annex 401: Specific Rules of Origin (Section XI

Chapter 5 Section A: Certification of Origin

### **Canada Customs & Revenue Agency**

#### ***Guide to Importing Commercial Goods***

#### **Canada Customs and Revenue Agency Memoranda**

D11-3-1 Marking of Imported Goods

D11-3-2 Marking Determination/Re-determination of Goods Imported from a NAFTA Country

D11-3-3 NAFTA Country of Origin “Marking Rules”

D11-3-4 Country of Origin Marking Rules (Proposed)

D11-4-2 Proof of Origin

D11-4-14 Certification of Origin

D11-4-16 Advance Rulings

D11-4-20 Free Trade Agreement Origin Verification Procedures

D11-4-22 Tariff Preference Levels

D11-4-18 Uniform Regulations – Chapters Three & Five of NAFTA

D11-4-19 Regulations Respecting the Determination of When Goods are Entitled to the Benefit of the United States Tariff, Mexico Tariff or Mexico-United States Tariff

D11-5-1 NAFTA Rules of Origin Regulations

D11-5-2 NAFTA Rules of Origin Regulations Amendments to Schedule I – Specific Rules of Origin

#### **Canada Customs and Revenue Agency Notices**

N-236 Rates of Duty on Certain Woven Fabrics

N-237 Scheduled Tariff Rate Reductions August 1, 1998

N-238 Certain Machine Tufted Carpeting

N-240 Amendments to the Customs Tariff

N-242 NAFTA Rates Amendments to the Customs Tariff (Accelerated reduction order – Mexican tariff – August 17, 1998)

N-843 New Country of Origin Marking Program

N-908 Certificate of Origin Guidelines

## **Web sites**

### **Canada Customs & Revenue Agency**

[www.ccra-adrc.gc.ca](http://www.ccra-adrc.gc.ca)

### **Foreign Affairs and International Trade**

[www.dfait-maeci.gc.ca](http://www.dfait-maeci.gc.ca)

Export & Import Controls Bureau, Textiles & Clothing Section:

[www.dfait-maeci.gc.ca/~eicb/textile/textiles-e.htm](http://www.dfait-maeci.gc.ca/~eicb/textile/textiles-e.htm)

### **Industry Canada**

[www.ic.gc.ca](http://www.ic.gc.ca) and [www.strategis.ic.gc.ca/cp](http://www.strategis.ic.gc.ca/cp)

### **U.S. Customs**

[www.customs.treas.gov](http://www.customs.treas.gov)

### **US Department of Commerce**

[otexa.ita.doc.gov](http://otexa.ita.doc.gov)

### **Mexico Secretaría de Economía web site**

[www.secofi.gob.mx](http://www.secofi.gob.mx)

### **NAFTA trilateral web site**

[www.nafta-customs.org](http://www.nafta-customs.org)

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### **United States**

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### **Mexico**

Instituto Nacional de Capacitación Fiscal

Allende Sur No. 8, Col. Centro

Querétaro, Qro. 76000, Mexico

Telephone: 14-28-86, 12-60-93, 14-33-51

Facsimile: 12-54-53

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