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Making it Simple

Boosting Canadian competitiveness through selective tariff elimination

BY MIKE MOFFATT

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Abstract

This paper examines the incredibly complicated world of Canada's *Customs Tariff* and the burden it places on Canadian businesses and consumers. We advocate simplification of the tariff system by unilaterally eliminating many import tariffs. Such tariff elimination has the additional benefit of signaling to our trading partners Canada's interest in free trade. However, this paper does not advocate the immediate abolition of all tariffs, as doing so would interfere with Canada's supply management system for dairy and poultry products, cost the treasury several billions of dollars in revenue, and limit our bargaining chips in trade negotiations. Rather, this paper identifies tariffs that generate little revenue for the government and have no obvious business value to Canadian manufacturers or strategic value in trade negotiations and proposes a process for their elimination: setting their rates to zero. Using data from the World Bank, we determine that the federal government could eliminate nearly 90 per cent of remaining tariffs, removing a sizable regulatory burden on Canadian businesses while saving them \$600 million in taxes each year. Alternatively, a more modest cut of \$100 million would eliminate nearly 50 per cent of all tariffs, reduce input costs for manufacturers, while allowing border resources to be shifted to areas of greater government importance such as food safety.

Introduction

Like almost all countries, Canada places taxes on some goods entering the country, known as import tariffs, with the rate of tax varying depending on the type of product and its country of origin. In theory, each tariff should satisfy at least one of three commonly cited purposes:¹

- 1) As a sanction to remedy trade distortions or disputes²
- 2) To raise revenue for the government
- 3) To assist domestic industries

The first of these is only used in exceptional circumstances. For example, in 2014 Canada threatened to place tariffs on American wine, ketchup and orange juice during a dispute over country-of-origin labeling.³

Non-exceptional tariffs, then, should either generate significant levels of government revenue or serve to assist domestic industries. There is a credible argument that tariffs should be rejected even for these purposes, but these two purposes at least offer a coherent rationale for maintaining a tariff. But, as we will see, many tariffs do not fulfill these purposes while imposing significant administrative burden on businesses.

This paper advocates reducing tariff burdens on Canadian businesses and consumers by setting tariff rates to zero on some goods. We examine past trade deals and, using the data in the World Bank's World Integrated Trade Solution, identify tariffs with little obvious strategic value and find that Canada could, using a process similar to past tariff reductions, eliminate⁴ nearly half of its remaining tariffs for a cost to the treasury of \$100 million per year, a tax cut which would go into the pockets of Canadian consumers and businesses.

Furthermore, our businesses will become more productive through reduced regulatory barriers and our manufacturers in the clothing and food sectors (just to name two) will become more competitive through lowered input costs.

Understanding Canada's tariff system

In order to understand the costs that the tariff system places on Canadian businesses and consumers, it is first necessary to understand how the system works.

Like that of over 200 other countries, Canada's tariff system is founded on the World Customs Organization's Harmonized System (HS).⁵ The universal HS is broken down into roughly 5,000 subheadings under the following cascading structure:

- » a two-digit chapter code
- » a four-digit heading code, where the first two digits are the chapter code
- » a six-digit subheading code, where the first four digits are the heading code

For example,

- » Chapter 65 is "Headgear and parts thereof"
- » Heading code 6506 is "Other headgear, whether or not lined or trimmed"
- » Subheading code 6506.10 is "Safety headgear"

Under the HS system, countries have the ability to subdivide the universal six-digit subheadings further according to their needs. Canada subdivides the six-digit subheadings into eight-digit tariff items. Each eight-digit tariff item can have a dozen or more different tariff rates, depending on the country of origin of the product. Canada further subdivides the eight-digit tariff items into ten-digit tariff codes for statistical record keeping purposes. Put all of this together, and you have *Canada's Customs Tariff*, a 1569 page tome containing over 15,000 eight-digit tariff items,⁶ such as 6506.10.10 and 6506.10.90 for helmets (Figure 1):

FIGURE 1

65.06	Other headgear, whether or not lined or trimmed.			
6506.10	Safety headgear			
6506.10.10	-- Football helmets; For firemen; For mountaineering and climbing; Industrial safety helmets; Lead-impregnated or lead-lined, for X-ray operators; Other protective headgear, athletic	Free		LDCT, GPT, UST, MT, MUST, CIAT, CT, CRT, IT, NT, SLT, PT, COLT, JT, PAT, HNT, KRT: Free
30 ----	Welders'		NMB	
40 ----	Protective headgear, athletic		NMB	
90 ----	Other		NMB	
6506.10.90 00	-- Other		NMB	8.5% LDCT, UST, MT, MUST, CIAT, CT, IT, NT, SLT, PT, COLT, JT, PAT, HNT: Free GPT: 5% CRT: 8.5% KRT: 5%

Each of the eight-digit tariff items has a base tariff rate, known as the *Most Favoured Nations* (MFN)⁷ rate along with a set of discounted preferential tariff treatments that Canadian importers can use when importing goods based on the country of origin of that good. The acronyms on the column to the furthest right of the Customs Tariff Schedule of Canada refer to a variety of preferential tariffs. For these helmets, for example, there are a number of preferential tariff treatments that would allow the goods to come in tariff-free including UST (NAFTA United States Tariff), CIAT (Canada-Israel Agreement Tariff) and the LDCT (Least Developed Country Tariff).⁸ Other tariff treatments allow for discounted tariff rates including CRT (Costa Rica Tariff), KRT (Korea Tariff) and GPT (General Preferential Tariff).⁹

If the importer is not claiming preferential tariff treatment,¹⁰ then they are assessed the *MFN* rate, so long as that country is in the Customs Tariff list of 228 beneficiary countries.¹¹ In the preceding example, the MFN rate for tariff item 6506.10.90 is 8.5 per cent, while the MFN rate for 6506.10.10¹² is 0 per cent.¹³ Tariffs can occasionally be in non-percentage terms, such as “pears for processing” (0808.30.10) which has an MFN tariff of “2.12¢/kg but not less than 8%.”¹⁴

In order to claim preferential treatment status, a determination must be made whether the product in question meets the country-of-origin requirement to be applicable for that status. In order to meet the country-of-origin requirement, a product must have “undergone sufficient production”¹⁵ in the exporting country to qualify. The rules are unique to each trade agreement, often complex, and run into the hundreds of pages per agreement. The costs of complying with these rules are not trivial, with Staples and Dawson estimating that “the cost of origin

compliance and the associated fixed costs of origin bureaucracy run as high as five percent of the value of the finished goods.”¹⁶ If the goods qualify, the Canadian importer must have the goods shipped directly from the country of origin and obtain a certificate of origin signed by the exporting company. The importer then must keep the certificate of origin for a period of time, typically five years.¹⁷

Recent changes to the tariff system

Canada's tariff system is constantly evolving through minor changes such as items being added to and deleted from the *Customs Tariff* every year. There have been three major changes to Canada's tariff system over the last decade, however, that have drastically altered how the system works.

CHANGE 1 - TRADE DEALS

Canada has signed seven different trade agreements over the past decade and has concluded negotiations on three more deals, an agreement with the European Union, an agreement with Ukraine, and the Trans-Pacific Partnership (Figure 2).¹⁸

In each of the nine deals where the full text has been released,¹⁹ tariffs on over 90 per cent of items were set to zero, so long as the imported goods meet the country-of-origin requirements in each deal. Many other items, however, were exempt from tariff reduction or elimination or given special quota provisions.²⁰ For every deal except the one with Jordan, not all tariffs were immediately eliminated. In the last seven trade

FIGURE 2

Trading Partner	Brought into Force
European Free Trade Association (EFTA) (Switzerland, Iceland, Norway and Liechtenstein)	July 1, 2009
Peru	August 1, 2009
Colombia	August 15, 2011
Jordan	October 1, 2012
Panama	April 1, 2013
Honduras	October 1, 2014
Korea	January 1, 2015
European Union	TBD
Ukraine	TBD
Trans-Pacific Partnership	TBD

deals²¹ Canada has negotiated, goods have been placed into staging categories, with tariff items in staging category A eliminated immediately, and others eliminated over a period between three and 17 years (See Figure 3).²²

FIGURE 3

Trading Partner	# Items per Staging Category							
	3 YEARS	4 YEARS	5 YEARS	6 YEARS	7 YEARS	8 YEARS	10+ YEARS	EXEMPT/QUOTA
Peru	27				135			113
Colombia	19				144		1	110
Jordan								97
Panama	12		84				6	131
Honduras	156				12			183
Korea	1401		359				27	181
EU		18		12		10		97
TPP		124		71	1		125	102

Each of these trade deals reduces the amount of money Canadians pay to the federal government each year. After full phase-in, Canadians will save between \$100-200 million per year from the trade deal with Korea and \$500-800 million from the trade deal with the EU.²³ These reductions, however, do increase the regulatory burdens placed on companies, as proving that an imported good meets the requirements of a trade agreement is not a trivial task.

CHANGE 2 - REMOVAL OF GPT STATUS FOR 72 COUNTRIES

In Budget 2013, Canada removed 72 countries from the list of recipients of the GPT²⁴ effective January 1st, 2015, though a handful of these countries receive preferential treatment through other means.²⁵ Established in 1974, the GPT allows Canadian importers to bring in products from some medium and lower-developed countries at a reduced rate. While many countries are still on the GPT list, the removal of China, India and 70 other countries increased taxes on importers in the range of \$300-350 million per year.²⁶

CHANGE 3 - UNILATERAL TARIFF ELIMINATION

Baby Clothes and Sporting Goods

In Budget 2013, the federal government eliminated tariffs on a number of sporting good items, including hockey helmets, a move which costs the treasury (but saves importers) an estimated \$76 million each year. The stated goal of the policy was not to reduce regulatory burdens, but rather to see a reduction in consumer prices:

In order to lower prices for Canadian families, Economic Action Plan 2013 proposes to eliminate all tariffs on baby clothing and sports and athletic equipment. The latter includes products such as ice skates, hockey equipment, skis and snowboards,

golf clubs and other equipment to promote physical fitness and healthy living, consistent with past initiatives such as the Children's Fitness Tax Credit.

Altogether, this represents \$76 million in annual tariff relief, and comes with an expectation that wholesalers, distributors and retailers will pass these savings on to consumers. The government, in consultation with the Retail Council of Canada and consumer groups, will monitor the impact of these tariff reductions on Canadian retail prices.²⁷

Whether or not these tariff reductions were passed along to consumers is still an issue of ongoing discussion. The federal government commissioned a study by The Nielsen Company²⁸ to determine the impact of the tariff cut. The Nielsen study found that the tariff savings were largely pocketed by Canadian businesses, though the Retail Council of Canada has identified a number of methodological problems with the study, including the fact that Nielsen lacked data on the price of goods prior to the tariff cut.²⁹ Either way, Canadians benefitted from the tax cut, even if it is unclear how the \$76 million savings per year were split between Canadian businesses and Canadian consumers.

Manufacturing Inputs

In 2007, the Standing Committee on International Trade released a report with 22 trade policy recommendations. Recommendation 18 advocated the elimination of tariffs on manufacturing inputs:

Given the increasing importance of lower-cost imports in the Canadian production of goods that are subsequently exported, the Government of Canada should study the feasibility and the consequences of unilaterally eliminating its remaining industrial tariffs.³⁰

To which the government responded positively:

The Government of Canada agrees. Canadian businesses are increasingly dependent upon imports to produce and provide value-added goods and services. The availability of competitively-priced inputs and capital goods is key to ensuring that our industries remain innovative and competitive in both domestic and foreign markets.

*Advantage Canada, the Government's long-term economic plan, highlights the need to create a competitive business environment that provides Canadian businesses with a tax and entrepreneurial advantage.*³¹

On August 30, 2008 the government provided a list of candidates for unilateral tariff elimination which were “selected on the basis of a number of criteria, including whether the goods covered by these tariff items are used in the production of other goods; whether tariff elimination could reduce the cost of imported machinery and equipment; and whether the proposed tariff eliminations could impact Canadian businesses producing similar or substitutable goods.”³²

The government asked for feedback from interested stakeholder groups on their “support for, or opposition to, the proposed elimination (in particular, detailed information to substantiate any expected adverse impact).”³³

Based on this stakeholder feedback, Budget 2009 eliminated roughly \$80 million per year of tariffs.³⁴ The process would be repeated, with a second candidate list appearing in the September 9, 2009 Canada Gazette³⁵ which was followed by a second round of tariff eliminations in Budget 2010.³⁶ Combined, the 2009 and 2010 federal budgets eliminated tariffs on some equipment and inputs used by manufacturers, a tax cut worth an estimated \$410 million.

Although the tariff eliminations in Budget 2009 were immediate, 377 of the 1535 tariff items eliminated in Budget 2010 were phased in over a 5-year period and did not become fully eliminated until January 1, 2015. The phase-in approach led to a number of items having very low effective tax rates. One example is propylene copolymers, which are used as an input by plastics, foam and auto parts manufacturers. In 2012, the MFN tariff rate on this chemical was 2 per cent, though the vast majority was coming in tariff-free from the United States. That year the federal government collected only \$360,000 in tax revenue on over \$485 million in imports, for an effective tax rate of 0.08 per cent. Given the regulatory burdens these tariffs impose, which we discuss in the next section, placing extremely low (but above zero) effective tax rates on goods does not seem to be a particularly efficient way for the government to collect revenue or spend its time, suggesting the government would have been better off making the tariff cuts effective immediately, as they did in Budget 2009.

Despite the inefficiencies caused by the 5-year tariff phase-out period, there are valuable lessons to be drawn from the two rounds of tariff elimination on manufacturing inputs. The identification of candidates for tariff elimination and subsequent public consultations provide a useful precedent for future rounds of tariff elimination. The goal of eliminating tariffs on manufacturing inputs is a laudable one, as in the words of former Finance Minister Jim Flaherty, it provides “both a short-term boost and a long-term competitive edge for Canadian industry”.³⁷

But this goal of eliminating tariffs on all manufacturing inputs is far from complete. Clothing manufacturers can face significant tariffs when importing raw materials, and a company wishing to use the *Textile Tariff*

Reference for tariff relief can face a 6-8 month waiting time and legal costs of up to \$75,000.³⁸ As well, the complexity of the tariff code may cause manufacturers to pay more tariffs than necessary. One tariff item for used textile articles (6309.00.90.00) faces an MFN tariff of 18 per cent, while the tariff item 6309.00.10.00 “used textile articles for use in the manufacture of wiping rags” allows for tariff-free imports under MFN. A manufacturer with little experience with the *Customs Tariff* could easily pay an 18 per cent tariff when their inputs were eligible for tariff-free status.

Clothing manufacturing is not the only manufacturing subsector still subject to import tariffs. For instance, no tariff elimination took place on animal or vegetable raw materials, which are used as inputs by our food manufacturers.

THE PROBLEMS WITH TARIFFS

The problems with tariffs extend well beyond their negative impacts on the competitiveness of Canadian firms. Canadian firms need to deal with what we call the *toothbrush problem*, the *rule of origin problem*, the *iPod tax problem*, or any number of other problems on which one could affix a catchy label, all of which place substantial compliance costs on firms and reduce their productivity. Selective elimination of tariffs would significantly reduce the administrative burden placed on Canadian firms.

The toothbrush problem – Identifying the correct tariff item

Determining the correct tariff item for a product is not a trivial task. The 2001 *Report of the Auditor General of Canada* revealed that 29 percent of tariff classifications provided by importers were incorrect, with 48 of the 53 companies examined making at least one error in classification.³⁹

Examining the tariff code, it is easy to understand how this could happen. A company importing electric toothbrushes, for example, will find exactly one explicit reference to a “tooth brush” in the *Customs Tariff*, item 9603.21.00, with an MFN rate of 7 per cent (See Figure 4).

However, Customs’ rules for proper classification dictate that an electric toothbrush is accurately classified as an “electro-mechanical domestic appliance” and falls under item 8509.80.90, which has an MFN rate of 0 per cent.⁴⁰

Misclassifications are costly for firms when MFN rates differ between tariff items. Companies that misclassify can either inappropriately pay too much tax (by classifying at the higher rate when the lower one applies) or face a retroactive tax bill when an auditor discovers that they classified at a lower rate when a higher one applies. Disagreements on the proper tariff classification of products are dealt with at the

FIGURE 4

603.21.00 00 --Tooth brushes, including dental-plate brushes	DZN	7%	CCCT, LDCT, UST, MT, MUST, CIAT, CT, CRT, IT, NT, SLT, PT, COLT, JT, PAT, HNT: Free GPT: 5% KRT: 4.5%
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FIGURE 5

85.09	Electro-mechanical domestic appliances, with self-contained electric motor, other than vacuum cleaners of heading 85.08.			
8509.40	-Food grinders and mixers; fruit or vegetable juice extractors			
8509.40.10 00 --	-Grape crushers for domestic purposes	NMB	8%	CCCT, LDCT, GPT, UST, MT, MUST, CIAT, CT, CRT, IT, NT, SLT, PT, COLT, JT, PAT, HNT: Free KRT: 2.5%
8509.40.90 --	-Other		Free	CCCT, LDCT, GPT, UST, MT, MUST, CIAT, CT, CRT, IT, NT, SLT, PT, COLT, JT, PAT, HNT, KRT: Free
20 ----	-Food mixers.....	NMB		
30 ----	-Juice extractors.....	NMB		
90 ----	-Other.....	NMB		
8509.80	-Other appliances			
8509.80.10 00 --	-Ultrasonic vaporizers	NMB	8%	CCCT, LDCT, GPT, UST, MT, MUST, CIAT, CT, CRT, IT, NT, SLT, PT, COLT, JT, PAT, HNT: Free KRT: 2.5%
8509.80.90 --	-Other		Free	CCCT, LDCT, GPT, UST, MT, MUST, CIAT, CT, CRT, IT, NT, SLT, PT, COLT, JT, PAT, HNT, KRT: Free
10 ----	-For food preparation.....	NMB		
20 ----	-For floor or carpet cleaning.....	NMB		
90 ----	-Other.....	NMB		

Canadian International Trade Tribunal (CITT). An examination of past appeals illustrates the absurd world of tariff classifications.

Philips Electronics Ltd. and Les Distributions Saeco Canada Ltée v. CBSA

In this appeal, the CITT was asked to resolve the existential question: *Is an espresso machine a coffee maker?* The Canadian Border Services Agency (CBSA) argued that espresso machines are coffee makers and should fall under tariff classification 8516.71.10, which has a 9 per cent MFN tariff rate. Philips and Saeco argued that since their machines were “domestic appliances that contain three electro-mechanical components (i.e. a bean grinder, a brewing unit/

gearbox and a steam pump/hot water dispenser) and one electro-thermic component (i.e. a water boiler)” they should fall under tariff code 8509.80.90 “other electro-mechanical domestic appliances” which are allowed to enter Canada tariff-free.

The first task for the Tribunal was to determine “whether espresso is the same thing as coffee,” finding that it was. The CITT ultimately determined that 8516.71.10 was the correct classification for these appliances and assessed the companies the 9 per cent MFN tariff rate.⁴¹

Maurice Pincoffs Canada v. CBSA

Should a trampoline enclosure be included in the category of items which are “made-up nets of textile materials” or should it be lumped in with “articles and equipment for general physical exercise, gymnastics or athletics”? In this complex appeal, the CBSA argued for the former, which would place it under tariff item 5608.19.90 with an associated 14 per cent MFN tariff rate. Maurice Pincoffs argued for the latter, placing it under a tariff code 9506.99.90 which allows tariff-free entry to Canada.

The Tribunal agreed with Pincoffs, as these particular items were primarily, if not solely for use with trampolines, and ruled against the CBSA.⁴²

Mattel Canada v. CBSA

What is the proper rate of tariff for Canadians to pay on the *Rainforest Jumperoo*, the *Rainforest Bouncer* and the *Newborn to Toddler Rocker*? The CBSA argued that these items are seats and fall under tariff classifications 9401.71.10 and 9401.80.10 which have associated tariff rates of 8 per cent and 9.5 per cent, respectively. Mattel argued that these items are toys, and should enter the country tariff-free under tariff item 9503.00.90.

To help answer the question, the CBSA brought in Dr. Christopher Fennell, Associate Professor at the University of Ottawa, for his expert opinion on infant cognitive development. In order to be considered a toy, the Tribunal was required to determine if the goods could “be said to amuse infants or children”. Dr. Fennell testified that “. . . past the age of six months, I would be comfortable saying that these objects could provoke amusement at that higher level of smiling and laughing.” Ultimately the CITT sided with Mattel and found “that the goods in issue should be classified in heading No. 95.03

as other toys because they can amuse infants and children, were intentionally designed for this purpose and are accordingly marketed, packaged and advertised as such.” With this decision the *Newborn to Toddler Rocker* is spared from being subject to an import tariff.

Although these examples are humorous, we should not overlook the costs of CITT cases. Companies expend precious time and resources appealing CBSA rulings to the Tribunal and operate under a cloud of uncertainty prior to a decision being rendered. All of the CITT’s revenue comes from the taxpayer either in the form of direct cash transfers or “services provided without charge by other government departments”. In fiscal year 2013-14, the CITT spent \$13.2 million, including \$9.7 million on adjudicating trade cases.⁴³ Unilateral tariff elimination saves the government money in these areas by reducing the number of cases to adjudicate.

Unilateral tariff elimination also reduces the risks faced by importers, as both “tooth brushes” and “electro-mechanical domestic appliances” would have identical tariff rates (zero), so firms would not risk retroactive tax bills. Furthermore, companies would no longer need to expend resources in a tax tribunal to contest questions such as “is an espresso machine a coffee maker”, “should a trampoline enclosure be considered a trampoline accessory” and “could the Rainforest Jumperoo amuse an infant”. Finally, it eliminates the need for companies to determine if a product meets the “sufficient production” requirements for preferential origin certification, which Staples and Dawson estimate costs importers up to five percent of the value of imported goods. There is no need for preferential origin rules when importing under MFN and the CBSA could simply make the tariff classification determinations,

which would go uncontested by Canadian importers since there are no tax implications since the associated MFN tariff rate is zero. There is a great deal of benefit to setting these MFN tariff rates to zero and no obvious public policy reasons why there should be tariffs on these items in the first place.

The Rule of Origin problem – Tariffs are still expensive even under free trade

When importing a product, businesses have a decision to make: do they pay the MFN tariff rate, or (if eligible) do they use a lower preferential tariff rate such as the ones associated with a free trade agreement, for instance the North American Free Trade Agreement (NAFTA). The answer is not always to import under the lower rate, as Kunimoto and Sawchuk explain:

Recent discussions with Canadian exporters and importers revealed that for small shipments and exporters with limited knowledge of NAFTA and small-sized firms are likely to pay MFN duties rather than incur the additional expense of meeting the NAFTA requirements. In addition, firms who could not get sufficient numbers of certificates of origin from their suppliers chose MFN and paid duty rather than claiming NAFTA status.⁴⁴

Beyond the paperwork burden of navigating a complex and often amended 557 page *NAFTA Rules of Origin Regulations*,⁴⁵ obtaining valid certificates of origin, and meeting the extensive record keeping requirement, companies that import under NAFTA face greater post-entry verification risk:

Under NAFTA, the importing country's customs administration can conduct verifications with the exporter or producer to confirm whether goods qualify as originating as certified by the certificate of origin. Verifications are principally conducted

by written questionnaires and verification visits. Additional verification can be done by telephone, facsimile, and information from the supplier as well as on-site audits. Since imports claiming NAFTA status can be subject to post-entry audits while imports from NAFTA members using the most favoured nation (MFN) tariff are not subject to this process, there is a tendency for importers to take more care in meeting NAFTA requirements.⁴⁶

Cadot et. al⁴⁷ examined this issue in the context of Mexican companies importing to the United States, in order to estimate the compliance cost of NAFTA preferential tariffs. They found that for products with non-zero MFN tariff rates, the NAFTA utilization rate was 83 per cent in 2000, meaning that for 17 per cent of imports businesses chose to pay the higher MFN tariff rates than comply with the NAFTA Rules of Origin. Modeling this behaviour, they estimated that the compliance costs to the NAFTA Rules of Origin were equivalent to an additional 1.94 per cent import tariff,⁴⁸ so it is economically rational for businesses to import under MFN rather than use NAFTA so long as the difference between the MFN tariff rate and the NAFTA tariff rate does not exceed 1.94 per cent.

Kunimoto and Sawchuk, using a similar method, calculated the compliance costs of Canadian exports to the United States under NAFTA as equivalent to an additional 1.05 per cent tariff. They believe this lower figure is likely “due to the wider use of information and communication technologies, the greater maturity of Canadian and American firms, and the Canada – U.S. FTA experience by firms engaged in trade on the northern border compared to their Mexican counterparts.”

Using data from the World Bank, we estimate that in 2013 Canada imported over \$100 billion U.S.

worth of goods made in the United States that are eligible for tariff-free status under NAFTA but the MFN rate was above zero, forcing companies to comply with the NAFTA Rules of Origin or pay a tariff. If all of the importers chose to use NAFTA, their total compliance costs would be over \$1 billion per year using the Kunimoto and Sawchuk estimates.

And this is not a NAFTA specific problem. every trade deal Canada is a party to has extensive rules of origin requirements. These compliance costs disappear, however, if Canada simply sets the MFN rate on these goods to zero.

The iPod tax problem – On the use and misuse of overrides

Often, identifying the proper tariff code and obtaining a country-of-origin certificate⁴⁹ is not sufficient, and importers can utilize additional provisions in chapters 98 and 99 of the *Customs Tariff* in order to obtain a lower rate. A well-known example is tariff item 9948.00.00, which allows for the duty free importation of articles for use in computers and a handful of other electronic devices.⁵⁰ An importer bringing one of these products into the country would first classify the product under the rules of the *Customs Tariff* (e.g. 8519.81.99 for some MP3 players, which has an MFN rate of 5 per cent) then use the 9948.00.00 provision as an override allowing the company to bring in the products duty free.

The complexity of the 9948.00.00 item came to light during 2013's iPod tax dispute, where a set of electronics importers were retroactively assessed \$16 million in back tariffs on the import of televisions and MP3 players as the CBSA had determined that the products did not meet the requirements of the 9948.00.00 tariff and that importers lacked the necessary end-use certificates proving that these goods would be

used in computers. The importers alleged that the CBSA “intended all along to tell importers they could import various electronic goods into Canada duty free, using Tariff 9948 while at the same time planning to deny the tariff relief later and collect the duty retroactively.” Furthermore, they added that “[i]n some cases the CBSA expressly told importers that they did not need end-use certificates.”⁵¹ The electronics importers case was strengthened when the Press Secretary for the Minister of Finance stated that iPods and other music devices have a “special and long-standing tariff-free exemption”. Through documents we obtained in an Access to Information request it was discovered that the CBSA, however, considered Finance’s argument to be “perpetuating a fraud”.⁵² The iPod tax issue was resolved when the government settled the dispute by issuing a \$27 million refund, which included both past taxes paid and interest, to electronics importers.

The dispute between Finance, the CBSA and electronics importers could have been avoided entirely if the various tariff rates on consumer electronics had been zero. Placing import tariffs on these goods serves no apparent public policy purpose beyond a tax on Canadians to raise revenue for the government (which it did not retain due to the final interpretation of 9948).

Do the benefits of tariffs outweigh their costs?

While we have examined the costs of tariffs, and the high farce that sometimes accompanies them,⁵³ we should not ignore the potential benefits of tariffs, which could include raising significant levels of government revenue or serving to assist domestic industries. The latter assistance can come in the form of direct protectionism, by setting tariff rates so high they deter imports, such as those Canada places on dairy and poultry imports.⁵⁴

The purpose of tariffs may be more subtle than simple protectionism. For example, some may be useful as bargaining chips in trade negotiations in order to obtain tariff reductions from our trading partners for our major exporters.⁵⁵

Determining which tariffs serve to assist domestic industries is difficult, though we propose a method for this later in the paper. The revenue side is much more straightforward, with most tariffs appearing to fail the revenue test. While import tariffs and complying with free trade agreements pose significant regulatory burdens on firms, this report finds that the majority of the tariffs Canada assesses at the six-digit tariff subheading level raise less than \$100,000 each per year. This is a particularly inefficient way for the federal government to obtain tax revenue.

Using the World Bank's World Integrated Trade Solution⁵⁶ (WITS), we can estimate how much revenue Canada collected from each six-digit commodity group in 2013. During that year, Canada collected revenue from an estimated 1578 different six-digit commodity groups. Over 72 per cent of six-digit commodity groups generated less than \$1 million US dollars each, and nearly 90 per cent of six-digit commodity groups generated less than \$5 million each (See Figure 6).⁵⁷

Many of the very low tariff items were due to the phase-in of the tariff elimination of manufacturing inputs in Budget 2010. These, however, account for only a minority of all tariff items. There is still significant room to reduce regulatory barriers when nearly 15 per cent of six-digit commodity groups generate less than \$1 million of revenue combined, covering \$765 million worth of imports in 2013.

Not surprisingly, there have been calls to radically overhaul the entire tariff system. A Canadian Council of Chief Executives simulation by Ciruiak and Xiao found that a complete elimination of tariffs would cost the Canadian federal government \$4 billion in revenue per year, but increase our GDP by \$20 billion each year. Ciruiak and Xiao advocate for complete abolition of all tariffs, stating:

FIGURE 6

TARIFF GROUP	# OF ITEMS	TOTAL IMPORTS	TOTAL REVENUE
\$1-\$10,000 collected per six-digit group	230	\$765 million	\$1 million
\$10,000-\$100,000 collected per six-digit group	356	\$6.4 billion	\$16 million
\$100,000-\$1 million collected per six-digit group	555	\$32 billion	\$216 million
\$1 million - \$5 million collected per six-digit group	163	\$40 billion	\$602 million
Over \$5 million collected per six-digit group	274	\$408 billion	\$3.4 billion

The simulations suggest that Canada's selective approach to trade liberalization is holding Canada back and reducing our economy's long-term growth potential. Unilateral tariff elimination would propel us forward toward a more productive and technologically advanced industrial base, raising Canada's attractiveness as an investment destination and the overall standard of living.⁵⁸

Even if one wanted to, there are at least three practical difficulties with complete tariff elimination. First, it would require reforming Canada's protectionist supply management system. Second, at \$4 billion per year, the cost of complete tariff elimination may be too high for the federal government. Finally, the federal government may wish to retain some tariffs as bargaining chips in trade negotiations.

Our proposal

We advocate for significant reform through the partial elimination of tariffs. Using data from the World Bank to determine the amount of revenue each six-digit tariff subheading brings in each year, we identify tariffs the government could eliminate at reasonable cost. We also examine past trade deals to identify tariffs that the federal government may consider strategic in nature that they can keep in reserve for trade negotiations.

At a cost of less than \$100 million, the federal government can continue the trend they set with the elimination of tariffs on sporting equipment and manufacturing inputs, and eliminate over half of the remaining six-digit subheading-level tariffs. For a cost of \$600 million, the government could go further and unilaterally eliminate 90 per cent of tariffs by setting their rates to zero, dramatically reducing regulatory burdens for Canadian firms.⁵⁹

Canada has been aggressively pursuing free trade agreements over the last decade. Since 2010 Canada has signed deals with Colombia, Jordan, Panama, Honduras and Korea. Canada is also expected to complete the Trans-Pacific Partnership along with separate deals with the European Union and Ukraine.

These deals have a number of important components, including lowering the tariffs Canada places on goods from these countries. While these trade agreements are beneficial to both Canada's exporters and importers, they have had the unintended consequence of making Canada's *Customs Tariff* more difficult to navigate and have imposed significant regulatory burdens on Canada's importers. These regulatory burdens limit the ability of small and medium-sized companies to take advantage of Canada's trade deals, putting them at a competitive disadvantage. Unilateral tariff elimination can be seen as a corrective measure in dealing with these unintended side effects from free trade agreements.

Which tariffs to keep and which to eliminate

We have seen that the Canadian tariff system is needlessly complicated and in many cases raises little-to-no revenue for the government. Despite this, we do not suggest that all tariffs be unilaterally eliminated, for three reasons:

- 1) Some tariffs may have strategic value and protect domestic industry, such as those that backstop Canada's supply management system of dairy and poultry. While there is a case to be made for reform of the supply management system in dairy and poultry,⁶⁰ it is a much larger issue than simple tariff elimination and raises significant stakeholder issues and, as such, will not be examined here.
- 2) A handful of six-digit tariff subheadings generate a significant amount of revenue for the federal government, making them expensive for the government to abolish. In 2013, two tariff subheadings relating to automobiles (8703.23 and 8703.24) combined raised more than \$500 million for the government.
- 3) Beyond supply management, some tariffs may be useful as bargaining chips during trade negotiations, as the existing tariff disadvantages exporters from countries we have not signed trade agreements with relative to domestic producers and exporters from countries where we have an active trade agreement. The need to keep some tariffs for this purpose is controversial among economists, but we will consider it in this paper.⁶¹

Identifying tariffs associated with supply managed goods is straight forward. In the next section, we create groups for non-supply

managed tariffs based on the revenue they are expected to generate and their strategic importance.

IDENTIFYING TARIFFS WITH POTENTIAL STRATEGIC VALUE

Beyond revenue collection, the federal government may wish to retain tariff items that serve a strategic purpose. That purpose could be to protect domestic industry, or it could be that our trading partners would value their elimination and therefore have value in a negotiation. However, given that there are over 15,000 eight-digit tariff items in the tariff code, it is not a straight forward task to determine which tariff items may have strategic value.

One way to estimate which tariffs have strategic value is to examine past trade negotiations. When Canada signs a free trade agreement with a country, all tariffs are not eliminated immediately upon the agreement coming into force. Rather tariff items are split into staging categories, where tariffs are eliminated over a period of years. For example, the Canada-Korea Free Trade Agreement breaks tariff elimination down into six staging categories (Figure 7).

FIGURE 7

Staging Category	Tariff Elimination
A	Immediate elimination
B	Removed in 3 equal stages
C	Removed in 5 equal stages
D	Removed in 10 equal stages
E	Exempt from tariff elimination
F	Removed in 11 equal stages

Almost all tariffs are eliminated in Canada's trade deals, with staging category E mainly comprised of tariffs related to supply management.

In order to determine which tariffs may have strategic value, this paper takes into consideration the staging categories from the seven trade deals that Canada concluded between 2003 and 2014.⁶² These trade deals present a nice mix of developed and developing countries, to identify which tariffs may have strategic value to Canada.

Identifying tariff items to eliminate

To eliminate tariffs that bring in little revenue and have little obvious strategic value, they must first be identified. By using the data in the World Bank's WITS, we estimate the amount of revenue the Canadian federal government collected in 2013 (the last year for which data is available) for each six-digit tariff subheading by individual country of origin. Unfortunately, this does not give us the revenue generated for each 8-digit tariff code, but does allow us to estimate how much revenue the federal government would have foregone had the tariff for an entire six-digit tariff subheading been zero in 2013.

In order to estimate how much revenue the government would forego if the tariff were set to zero today, we need to account for all of the ways the tariff system has changed since then. By taking the most recent database provided by the CBSA,⁶³ we identify all 8-digit tariff codes with non-zero tariffs in 2015.⁶⁴ Using that list and the 2013 revenue data provided by the World Bank, we adjust our revenue forecasts to account for the following:

- » Canada-Korea Free Trade Agreement (CKFTA)
- » Canada-European Union: Comprehensive Economic and Trade Agreement (CETA)
- » Removal of GPT status to 72-countries

Once we complete these adjustments, we obtain an estimate of how much revenue the government would collect from each six-digit tariff subheading, assuming imports of each good at 2013 levels.⁶⁵ Then the tariffs are divided into five different revenue groups, from smallest to largest (See Figure 8).

FIGURE 8

Revenue Group	Number of Tariff Items	Revenue Estimate
GROUP 1: \$0-\$100,000	641	\$15 million
GROUP 2: \$100,000-\$1 million	411	\$151 million
GROUP 3: \$1 million-\$5 million	201	\$438 million
GROUP 4: \$5 million-\$25 million	90	\$955 million
GROUP 5: \$25 million+	20	\$940 million
Commodity Groups Exempt from Tariff Elimination	62	n/a ⁶⁶

Note that half of the six-digit tariff subheadings fall into Group 1, which could be eliminated at an estimated cost of \$15 million. However, we also need to consider the strategic nature of each of the tariffs. We use the staging categories from Canada’s trade deals with Peru, Colombia, Jordan, Panama, Honduras, Korea and the European Union,⁶⁷ and break the tariff subheadings into four protection groups, based on their cumulative phase-in years. For example, a tariff subheading that has immediate tariff elimination in five deals as well as a four-year phase-in with the EU and a three-year phase-in with Korea has a cumulative phase-in of seven years.

Our protection groups are as shown in Figure 9.

FIGURE 9

Protection Group	Number of Tariff Items	Revenue Estimate
Group A: Not protected in any deal	438	\$154 million
Group B: Cumulative phase-in of 1-5 years	794	\$1.753 billion
Group C: Cumulative phase-in of 6-9 years	75	\$111 million
Group D: Cumulative phase-in of 10+ years	56	\$482 million
Commodity Groups Exempt from Tariff Elimination	62	n/a

With this data, we can then place each six-digit tariff subheading into one of 20 Revenue/Protection Group pairs. At 254 items, the third largest Revenue/Protection Group Pair is B1, comprised of items that raise less than \$100,000 and had a cumulative phase-in of 1-5 years. The number of tariff subheadings (excluding commodity groups exempt from tariff elimination) and the total revenue for each pair is listed in Figures 10 and 11.

FIGURE 10

Number of Six-Digit Commodity Groups per Revenue/Protection Pair				
	GROUP A	GROUP B	GROUP C	GROUP D
Group 1	331	254	38	18
Group 2	77	298	18	18
Group 3	24	153	14	10
Group 4	5	78	4	3
Group 5	1	11	1	7

FIGURE 11

Revenue from Six-Digit Commodity Groups per Revenue/Protection Pair (Millions USD)				
	GROUP A	GROUP B	GROUP C	GROUP D
Group 1	6.2	7.4	1.2	0.4
Group 2	25.8	112.4	6.5	6.9
Group 3	46.1	338.3	25.2	28.1
Group 4	47.1	811.1	37.3	59.6
Group 5	28.5	483.8	40.9	387.1

FIGURE 12

Tariff Elimination Cost	Groups to Eliminate	Number of Tariff Subheadings	As a % of 1425 Tariff Subheadings
First \$100 million	A1, A2, A3, B1, C1	724	50.8%
Next \$100 million	B2	298	20.9%
Next \$300 million	B3	153	10.7%
Next \$100 million	A4, C2, C3, D1, D2	73	5.1%

The correlation between which tariffs generate revenue and which tariffs are considered strategic (using this method) is rather weak, so a government wishing to cut tariffs has a decision to make: focus on eliminating the tariffs that generate the least revenue, or focus on tariffs with the least strategic value. One sensible solution is to do both as seen in Figure 12.

The federal government could phase in tariff elimination over time, through a series of \$100 million cuts. After just the first cut, over half of the existing tariff items would be eliminated. By the final cut, that figure would reach nearly 90 per cent. The tariffs that would be eliminated include those shown in Figure 13.⁶⁸

Particular priority should be placed on eliminating tariffs that impede economic development, as was done with the tariff elimination on manufacturing inputs. For example, Section 6 of the *Customs Tariff* contains 11 chapters of “Products of the Chemical or Allied Industries” including a number of chemicals used in industrial processes. For an estimated cost of \$9.5 million, the government could eliminate all but three tariff subheadings in the chapter,⁶⁹ which represent 8.1 per cent of the active tariff subheadings in the entire *Customs Tariff*. Similarly, for an estimated \$75 million, the government could eliminate all of the 105 active tariffs in Section 15 of the *Customs Tariff*, “Base Metals and Articles of Base Metal”, which include a number

FIGURE 13

Elimination Group	Tariff Group	Item Examples
First \$100 million	A1	Thermostats, Musical Boxes, Cameras
	A2	Dog and cat food, Clothes hangers, Sunglasses
	A3	Candles, Surgical gloves, Ball point pens
	B1	Sewing thread, Ski suits, Table linen
	C1	Parachutes, Nectarines, Active yeasts
Next \$100 million	B2	Shampoo, Yarn, Screwdrivers
Next \$300 million	B3	Life jackets, Electric blankets, Umbrellas
Next \$100 million	A4	Vacuum cleaners, Leather apparel, Tableware
	C2	Peaches, Dried onions, Plastic bags
	C3	School supplies, Footwear, Polymer bags
	D1	Twine, Used tires, Rafts
	D2	Chewing gum, Headgear, Typewriter ribbons

of metal tools. While important, the two rounds of tariff elimination on manufacturing inputs did not eliminate tariffs on every input used to “produce and provide value-added goods and services”.

The process we would advocate for tariff removal works as follows. The government should first identify the dollar amount of tariffs that it wishes to eliminate. It should then identify a candidate set of tariff items for elimination that collectively bring in significantly more revenue (say 50 per cent more) than the amount sought (e.g. if the goal is to eliminate \$100 million worth of tariffs, the candidate list should roughly make up \$150 million worth of tariffs). As with the manufacturing input tariff elimination, the government should then post the candidate list through the publication of a notice in the *Canada Gazette* and obtain feedback from stakeholders on their “support for, or opposition to, the proposed elimination (in particular, detailed information to substantiate any expected adverse impact).” This step is important, as the Department of Finance must take into consideration possible adverse effects particular tariff changes could have on Canadian businesses. Based on this feedback, the government would then reduce the candidate list to a final list for tariff elimination, which would then be revealed in the next budget.

For example, if the process were to start this year, it would work as follows:

- » April-July 2016: The Department of Finance develops a candidate list for tariff elimination.
- » August 2016: The candidate list is published in the *Canada Gazette* with a note that interested parties should submit their views by September 30, 2016.
- » September 2016: Views are collected by the government.

» Spring 2017: Tariff elimination appears in *Budget 2017*. These eliminations can either go into effect immediately, or at a later date (e.g. July 1, 2017 or January 1, 2018).

Tariffs pose serious regulatory burdens on Canadian businesses and place small and medium-sized businesses at a competitive disadvantage. While some tariffs are necessary for the purposes of remedying trade disputes, raising revenues for the government and assisting domestic industry, many of the tariffs currently levied by the federal government do not meet any of these three purposes. Economists will often argue that Canada should simply eliminate all of its remaining tariffs and a case can be made that this would be good economic policy. But there are a variety of stakeholder-related as well as fiscal and political reasons that make such an approach impractical and unlikely. In fact, such a position distracts us away from a much more realistic and effective strategy.

Using data from the World Bank and examining past trade deals, we identify a set of tariffs that collect little revenue and have little apparent strategic value. Using this information, we find that the federal government could eliminate nearly half of all six-digit tariff subheadings at a cost of \$100 million to the treasury, or eliminate nearly 90 per cent at a cost of \$600 million. Canada could eliminate these tariffs with little fiscal, political or stakeholder difficulty. Such an approach would be immediately helpful to business, would support economic growth, may trigger a reciprocal response from our trading partners and would likely bring down the cost of some goods. This is the path that Canada should take immediately.

Appendix

6-DIGIT TARIFF ITEMS IN EACH REVENUE/PROTECTION GROUP

Group A1 – 331 Items

6-Digit Code	Description
010512	Live domestic turkeys, weighing <= 185 g
020110	Carcases or half-carcases of bovine animals, fresh
020120	Fresh or chilled bovine cuts, with bone in (excl.
020210	Frozen bovine carcasses and half-carcases
020441	Frozen sheep carcasses and half-carcases (excl. lam
020442	Frozen cuts of sheep, with bone in (excl. carcasses
020443	Frozen boneless cuts of sheep
020742	Frozen domestic ducks, not cut in pieces
030520	Fish livers and roes, dried, smoked, salted or in
030612	Frozen lobsters "Homarus spp.", even smoked, wheth
030621	Rock lobster and other sea crawfish "Palinurus spp
030622	Lobsters "Homarus spp.", even smoked, whether in s
030629	Crustaceans, even smoked, fit for human consumptio
030760	Snails, live, fresh, chilled, frozen, salted, drie
030799	Molluscs, fit for human consumption, even in shell
060110	Bulbs, tubers, tuberous roots, corms, crowns and r
060120	Bulbs, tubers, tuberous roots, corms, crowns and r
060240	Roses, whether or not grafted
060312	Fresh cut carnations and buds, of a kind suitable
060313	Fresh cut orchids and buds, of a kind suitable for
060314	Fresh cut chrysanthemums and buds, of a kind suita
060390	Dried, dyed, bleached, impregnated or otherwise pr
070110	Seed potatoes
070190	Fresh or chilled potatoes (excl. seed)
070410	Fresh or chilled cauliflowers and headed broccoli
070420	Brussels sprouts, fresh or chilled
070490	Fresh or chilled cabbages, kohlrabi, kale and simi
070511	Fresh or chilled cabbage lettuce
070519	Fresh or chilled lettuce (excl. cabbage lettuce)
070610	Fresh or chilled carrots and turnips
070690	Fresh or chilled salad beetroot, salsify, celeriac
070700	Cucumbers and gherkins, fresh or chilled
070920	Fresh or chilled asparagus
070940	Fresh or chilled celery (excl. celeriac)
070951	Fresh or chilled mushrooms of the genus "Agaricus"
070959	Fresh or chilled edible mushrooms and truffles (ex
071310	Dried, shelled peas "Pisum sativum", whether or no
071331	Dried, shelled beans of species "Vigna mungo [L.]
071332	Dried, shelled small red "Adzuki" beans "Phaseolus
071333	Dried, shelled kidney beans "Phaseolus vulgaris",
071339	Dried, shelled beans "Vigna and Phaseolus", whethe
071350	Dried, shelled broad beans "Vicia faba var. major"
090412	Pepper of the genus Piper, crushed or ground
090620	Crushed or ground cinnamon and cinnamon-tree flowe

091091	Mixtures of different types of spices
091099	Spices (excl. pepper of the genus Piper, fruit of
110422	Hulled, pearled, sliced, kibbled or otherwise work
110423	Hulled, pearled, sliced, kibbled or otherwise work
110820	Inulin
120930	Seeds of herbaceous plants cultivated mainly for f
120991	Vegetable seeds, for sowing
120999	Seeds, fruits and spores, for sowing (excl. legumi
121299	Fruit stones and kernels and other vegetable produ
121410	Alfalfa meal and pellets
150300	Lard stearin, lard oil, oleostearin, oleo-oil and
150600	Other animal fats and oils and their fractions, wh
150810	Crude groundnut oil
151110	Crude palm oil
151221	Crude cotton-seed oil
151311	Crude coconut oil
151319	Coconut oil and its fractions, whether or not refi
151321	Crude palm kernel and babassu oil
151610	Animal fats and oils and their fractions, partly o
151620	Vegetable fats and oils and their fractions, partl
200811	Groundnuts, prepared or preserved (excl. preserved
200819	Nuts and other seeds, incl. mixtures, prepared or
210230	Prepared baking powders
220840	Rum and other spirits obtained by distilling ferme
220850	Gin and Geneva
220870	Liqueurs and cordials
220900	Vinegar, fermented vinegar and substitutes for vin
230320	Beet-pulp, bagasse and other waste of sugar manufa
240210	Cigars, cheroots and cigarillos containing tobacco
250100	Salts, incl. table salt and denatured salt, and pu
270300	Peat, incl. peat litter, whether or not agglomerat
271112	Propane, liquefied
271210	Petroleum jelly
300670	Gel preparations designed to be used in human or
320810	Paints and varnishes, incl. enamels and lacquers,
320820	Paints and varnishes, incl. enamels and lacquers,
320890	Paints and varnishes based, incl. enamels and lacq
320910	Paints and varnishes, incl. enamels and lacquers,
320990	Paints and varnishes, incl. enamels and lacquers,
321000	Paints and varnishes, incl. enamels, lacquers and
321100	Prepared driers
321310	Sets of artist's, student's or signboard painter's
321390	Artist's, student's or signboard painter's colours
321410	Glaziers' putty, grafting putty, resin cements, ca
321490	Non-refractory surfacing preparations for facades,
330119	Essential oils of citrus fruit, whether or not ter
330124	Oils of peppermint "Mentha piperita", whether or n
330130	Resinoids
340211	Anionic organic surface-active agents, whether or
340212	Cationic organic surface-active agents, whether or
340213	Non-ionic organic surface-active agents, whether o
340219	Organic surface-active agents, whether or not put

340290	Surface-active preparations, washing preparations,
340311	Textile lubricant preparations and preparations of
340319	Lubricant preparations, incl. cutting-oil preparat
340391	Textile lubricant preparations and preparations of
340399	Lubricant preparations, incl. cutting-oil preparat
340420	Poly"oxyethylene" [polyethylene glycol] waxes
340490	Artificial waxes and prepared waxes (excl. poly"ox
340510	Polishes, creams and similar preparations, for foo
340520	Polishes, creams and similar preparations, for the
340530	Polishes and similar preparations for coachwork, w
340540	Scouring pastes and powders and other scouring pre
340590	Glass or metal polishes, whether or not in the for
350699	Glues, prepared, and other prepared adhesives, n.e
360100	Propellent powders
360200	Prepared explosives (excl. propellent powders)
360300	Safety fuses; detonating fuses; percussion or deto
360410	Fireworks
360490	Signalling flares, rain rockets, fog signals and o
360500	Matches (excl. pyrotechnic articles of heading 360
360610	Liquid or liquefied-gas fuels in containers of a k
360690	Ferro-cerium and other pyrophoric alloys in all fo
370120	Instant print film in the flat, sensitised, unexpo
370130	Photographic plates and film in the flat, sensitis
370191	Photographic plates and film in the flat, sensitis
370199	Photographic plates and film in the flat for monoc
370231	Photographic film "incl. instant print film", in r
370232	Photographic film "incl. instant print film", in r
370239	Photographic film "incl. instant print film", sens
370241	Photographic film "incl. instant print film", sens
370242	Photographic film "incl. instant print film", sens
370243	Photographic film "incl. instant print film", sens
370244	Photographic film "incl. instant print film"m, sen
370252	Photographic film, sensitised, in rolls, unexposed
370253	Photographic film, sensitised, in rolls, unexposed
370254	Photographic film, sensitised, in rolls, unexposed
370310	Photographic paper, paperboard and textiles, sensi
370320	Photographic paper, paperboard and textiles, sensi
370390	Photographic paper, paperboard and textiles, sensi
370400	Photographic plates, film, paper, paperboard and t
370510	Photographic plates and film, exposed and develop
370590	Photographic plates and film, exposed and develop
370610	Cinematographic film, exposed and developed, wheth
370690	Cinematographic film, exposed and developed, wheth
370710	Sensitising emulsions "for photographic uses"
380850	Goods of heading 3808 containing one or more of th
380891	Insecticides (excl. goods of subheading 3808.50)
380892	Fungicides (excl. goods of subheading 3808.50)
380894	Disinfectants (excl. goods of subheading 3808.50)
380899	Rodenticides and other plant protection products p
381900	Hydraulic brake fluids and other prepared liquids
382000	Anti-freezing preparations and prepared de-icing f
382510	Municipal waste

382520	Sewage sludge
382541	Waste organic solvents, halogenated
382549	Waste organic solvents, non-halogenated
382550	Wastes of metal pickling liquors, of hydraulic flu
382561	Wastes from chemical or allied industries, mainly
382569	Wastes from chemical or allied industries (excl. w
382590	Residual products of the chemical or allied indust
400700	Vulcanised rubber thread and cord (excl. ungimped
401490	Hygienic or pharmaceutical articles, incl. teats,
401692	Erasers, of vulcanised rubber (excl. hard rubber),
401694	Boat or dock fenders, whether or not inflatable, o
401695	Inflatable mattresses and cushions and other infla
401700	Hard rubber, e.g. ebonite, in all forms, incl. was
420600	Articles of gut, goldbeater's skin, bladders or te
430230	Tanned or dressed whole furskins and pieces or cut
440210	Bamboo charcoal, incl. shell or nut charcoal, whet
440290	Wood charcoal, incl. shell or nut charcoal, whethe
440929	Wood, incl. strips and friezes for parquet floorin
441192	Fibreboard of wood or other ligneous materials, wh
441510	Cases, boxes, crates, drums and similar packings,
441700	Tools, tool bodies, tool handles, broom or brush b
441810	Windows, French windows and their frames, of wood
441840	Wooden shuttering for concrete constructional work
441860	Posts and beams, of wood
441871	Flooring panels for mosaic floors, assembled, of w
441872	Flooring panels, multilayer, assembled, of wood (e
441879	Flooring panels, assembled, of wood (excl. multila
441890	Builders' joinery and carpentry, of wood, incl. ce
460121	Mats, matting and screens of bamboo plaiting mater
460122	Mats, matting and screens, of rattan plaiting mate
460129	Mats, matting and screens, of vegetable plaiting m
460192	Plaits and similar products, of bamboo plaiting ma
460193	Plaits and similar products, of rattan plaiting ma
460194	Plaits and similar products of vegetable plaiting
460199	Plaiting materials, plaits and similar products of
670100	Skins and other parts of birds with their feathers
680100	Setts, curbstones and flagstones, of natural stone
680221	Marble, travertine and alabaster articles thereof,
680229	Monumental or building stone and articles thereof,
680292	Calcareous stone, in any form (excl. marble, trave
680710	Articles of asphalt or of similar materials, e.g.
680790	Articles of asphalt or of similar materials, e.g.
680800	Panels, boards, tiles, blocks and similar articles
680911	Boards, sheets, panels, tiles and similar articles
680919	Boards, sheets, panels, tiles and similar articles
680990	Articles of plaster or of compositions based on pl
681011	Building blocks and bricks of cement, concrete or
681091	Prefabricated structural components for building o
681099	Articles of cement, concrete or artificial stone,
681140	Articles of asbestos-cement, cellulose fibre-cemen
681181	Corrugated sheets of cellulose fibre-cement or the
681182	Sheets, panels, paving, tiles and similar articles

681189	Articles of cellulose fibre-cement or the like, no
681520	Articles of peat (excl. textile products from peat
690410	Building bricks (excl. those of siliceous fossil m
690490	Ceramic flooring blocks, support or filler tiles a
690510	Roofing tiles
690590	Ceramic chimney pots, cowls, chimney liners, archi
690710	Unglazed ceramic tiles, mosaic cubes and similar a
690790	Unglazed ceramic flags and paving, hearth or wall
690810	Glazed ceramic tiles, mosaic cubes and similar art
690911	Ceramic wares for laboratory, chemical or other te
690912	Ceramic articles having a hardness equivalent to >
690919	Ceramic wares for chemical or other technical uses
690990	Ceramic troughs, tubs and similar receptacles of a
691110	Tableware and kitchenware, of porcelain or china (
691190	Household and toilet articles, of porcelain or chi
691310	Statuettes and other ornamental articles of porcel
691390	Statuettes and other ornamental ceramic articles,
691410	Ceramic articles of porcelain or china, n.e.s.
702000	Articles of glass, n.e.s.
711411	Articles of goldsmiths' or silversmiths' wares or
711419	Articles of goldsmiths' or silversmiths' wares or
711420	Articles of goldsmiths' or silversmiths' wares and
711711	Cuff links and studs, of base metal, whether or no
711810	Coin (excl. legal tender, gold coins, medals, jewe
731600	Anchors, grapnels and parts thereof, of iron or st
732211	Radiators for central heating, non-electrically he
732219	Radiators for central heating, non-electrically he
732421	Baths of cast iron, whether or not enamelled
732429	Baths of steel sheet
741810	Table, kitchen or other household articles and par
741820	Sanitary ware and parts thereof, of copper (excl.
741910	Chain and parts thereof, of copper (excl. watch ch
741991	Articles of copper, cast, moulded, stamped or forg
750890	Articles of nickel, n.e.s.
800700	Articles of tin, n.e.s.
820160	Hedge shears, two-handed pruning shears and simila
820310	Files, rasps and similar hand tools of base metal
820560	Blowlamps and the like (excl. gas-powered blowlamp
821000	Hand-operated mechanical devices, of base metal, w
830150	Clasps and frames with clasps, incorporating locks
830510	Fittings for loose-leaf binders or files, of base
840729	Spark-ignition reciprocating or rotary engines, fo
841311	Pumps fitted or designed to be fitted with a measu
841319	Pumps for liquids, fitted or designed to be fitted
841581	Air conditioning machines incorporating a refriger
841919	Instantaneous or storage water heaters, non-electr
842310	Personal weighing machines, incl. baby scales; hou
845290	Furniture, bases and covers for sewing machines an
847681	Automatic goods-vending machines incorporating hea
850819	Vacuum cleaners, incl. dry cleaners and wet vacuum
850860	Vacuum cleaners, incl. dry cleaners and wet vacuum
850870	Parts of vacuum cleaners, dry cleaners and wet vac

850990	Parts of electromechanical domestic appliances, wi
851390	Parts of portable electrical lamps designed to fun
851621	Electric storage heating radiators, for space-heat
851633	Electric hand-drying apparatus
851672	Electric toasters, for domestic use
851769	Apparatus for the transmission or reception of voi
851830	Headphones and earphones, whether or not combined
851840	Audio-frequency electric amplifiers
851920	Sound recording or sound reproducing apparatus, op
851930	Turntables "record-decks"
851989	Sound recording or sound reproducing apparatus (ex
852712	Pocket-size radiocassette players [dimensions <= 1
852713	Radio-broadcast receivers capable of operating wit
852791	Radio-broadcast receivers, for mains operation onl
852792	Radio-broadcast receivers, for mains operation onl
852799	Radio-broadcast receivers, for mains operation onl
852849	Cathode-ray tube monitors, not incorporating telev
852873	Reception apparatus for television, black and whit
853080	Electrical signalling, safety or traffic control e
860730	Hooks and other coupling devices, buffers, and par
870911	Electrical vehicles not fitted with lifting or han
871620	Self-loading or self-unloading trailers and semi-t
880100	Balloons and dirigibles; gliders, hang gliders and
880260	Spacecraft, incl. satellites, and suborbital and s
900140	Spectacle lenses of glass
900150	Spectacle lenses of materials other than glass
900190	Lenses, prisms, mirrors and other optical elements
900219	Objective lenses (excl. for cameras, projectors or
900220	Filters, optical, being parts of or fittings for i
900311	Frames and mountings for spectacles, goggles or th
900390	Parts of frames and mountings for spectacles, gogg
900580	Monoculars, astronomical and other optical telesco
900590	Parts and accessories, incl. mountings, for binocu
900630	Cameras specially designed for underwater use, for
900652	Cameras for roll film of a width of < 35 mm (excl.
900653	Cameras for roll film of a width of 35 mm (excl. i
900659	Cameras for roll film of a width of > 35 mm or for
900669	Photographic flashlights and flashlight apparatus
900691	Parts and accessories for photographic cameras, n.
900699	Parts and accessories for photographic flashlights
900720	Cinematographic projectors
900792	Parts and accessories for cinematographic projecto
900890	Parts and accessories for image projectors, photog
901050	Apparatus and equipment for photographic or cinema
901410	Direction finding compasses
901480	Navigational instruments and apparatus (excl. for
901530	Levels
901580	Instruments and appliances used in geodesy, topogr
901720	Drawing, marking-out and mathematical calculating
902511	Thermometers, liquid-filled, for direct reading, n
902580	Hydrometers, areometers and similar floating instr
902890	Parts and accessories for gas, liquid or electrici

903210	Thermostats
910690	Time of day recording apparatus and apparatus for
911310	Watch straps, watch bands and watch bracelets, and
920190	Harpsichords and other keyboard stringed instrumen
920810	Musical boxes
920890	Fairground organs, mechanical street organs, mecha
920930	Musical instrument strings
920991	Parts and accessories for pianos, n.e.s.
920992	Parts and accessories for string musical instrumen
930120	Rocket launchers; flame-throwers; grenade launcher
930190	Military weapons, incl. sub-machine guns (excl. ar
930200	Revolvers and pistols (excl. those of heading 9303
930310	Muzzle-loading firearms, neither designed nor suit
930390	Firearms and similar devices which operate by the
930510	Parts and accessories for revolvers or pistols, n.
930591	Parts and accessories of military weapons of headi
930599	Parts and accessories for weapons and the like of
930621	Cartridges for smooth-barrelled shotguns
930630	Cartridges for smooth-barrelled shotguns, revolver
930700	Swords, cutlasses, bayonets, lances and similar ar
940120	Seats for motor vehicles
940151	Seats of bamboo or rattan
940159	Seats of cane, osier or similar materials (excl. o
950659	Badminton and similar rackets, whether or not stru
961000	Slates and boards, with writing or drawing surface
970110	Paintings, e.g. oil paintings, watercolours and pa
970190	Collages and similar decorative plaques

Group A2 – 77 Items

6-Digit Code	Description
020220	Frozen bovine cuts, with bone in (excl. carcasses a
030611	Frozen rock lobster and other sea crawfish "Palinu
030614	Frozen crabs, even smoked, whether in shell or not
030619	Frozen crustaceans, even smoked, fit for human con
030624	Crabs, even smoked, whether in shell or not, live,
030729	Scallops, incl. queen scallops, of the genera Pect
030739	Mussels "Mytilus spp., Perna spp.", smoked, frozen
041000	Turtles' eggs, birds' nests and other edible produ
060290	Live plants, incl. their roots, and mushroom spawn
060319	Fresh cut flowers and buds, of a kind suitable for
070200	Tomatoes, fresh or chilled
070310	Fresh or chilled onions and shallots
070810	Fresh or chilled peas "Pisum sativum", shelled or
070820	Fresh or chilled beans "Vigna spp., Phaseolus spp.
070960	Fresh or chilled fruits of the genus Capsicum or P
160411	Prepared or preserved salmon, whole or in pieces (
230910	Dog or cat food, put up for retail sale
271012	Light oils and preparations, of petroleum or bitum
340220	Surface-active preparations, washing preparations,
350610	Products suitable for use as glues or adhesives pu

350691	Adhesives based on polymers of heading 3901 to 391
370790	Preparation of chemicals for photographic uses, in
380893	Herbicides, anti-sprouting products and plant-grow
392220	Lavatory seats and covers, of plastics
392290	Bidets, lavatory pans, flushing cisterns and simil
392310	Boxes, cases, crates and similar articles for the
401390	Inner tubes, of rubber (excl. those of a kind used
401410	Sheath contraceptives, of vulcanised rubber (excl.
401610	Articles of cellular rubber, n.e.s.
441400	Wooden frames for paintings, photographs, mirrors
441900	Tableware and kitchenware, of wood (excl. interior
442010	Statuettes and other ornaments, of wood (excl. woo
442110	Clothes hangers of wood
460211	Basketwork, wickerwork and other articles, made di
460212	Basketwork, wickerwork and other articles, made di
460219	Basketwork, wickerwork and other articles, made di
460290	Basketwork, wickerwork and other articles, made di
670210	Artificial flowers, foliage and fruit and parts th
680210	Tiles, cubes and other processed articles of natur
680223	Granite and articles thereof, simply cut or sawn,
680299	Monumental or building stone, in any form, polishe
680300	Worked slate and articles of slate or of agglomera
681019	Tiles, flagstones, bricks and similar articles, of
681599	Articles of stone or other mineral substances, n.e
691010	Ceramic sinks, washbasins, washbasin pedestals, ba
691090	Ceramic sinks, washbasins, washbasin pedestals, ba
691490	Ceramic articles, n.e.s. (excl. of porcelain or ch
711610	Articles of natural or cultured pearls, n.e.s.
711620	Articles of precious or semi-precious stones "natu
741999	Articles of copper, n.e.s.
790700	Articles of zinc, n.e.s.
820590	Anvils; portable forges; hand- or pedal-operated g
821194	Blades of base metal for table knives, pocket kniv
830250	Hat-racks, hat-pegs, brackets and similar fixtures
841460	Hoods incorporating a fan, whether or not fitted w
845011	Fully-automatic household or laundry-type washing
847989	Machines and mechanical appliances, n.e.s.
852190	Video recording or reproducing apparatus, whether
852869	Projectors, not incorporating television reception
853922	Filament lamps of a power <= 200 W and for a volta
870893	Clutches and parts thereof, for tractors, motor ve
870895	Safety airbags with inflator system and parts ther
871491	Frames and forks, and parts thereof, for cycles, n
900290	Lenses, prisms, mirrors and other optical elements
900410	Sunglasses
900490	Spectacles, goggles and the like, corrective, prot
901730	Micrometers, callipers and gauges (excl. gauges wi
910700	Time switches with clock or watch movement or with
920590	Wind musical instruments (excl. brass-wind instrum
920600	Percussion musical instruments, e.g. drums, xyloph
920790	Accordions and musical instruments without keyboar
930320	Sporting, hunting or target-shooting shotguns, wit

930330	Sporting, hunting and target-shooting shotguns wit
930400	Spring, air or gas guns and pistols, truncheons an
940410	Mattress supports for bed frames (excl. spring int
960329	Shaving brushes, hair brushes, nail brushes, eyela
961519	Combs, hair-slides and the like (excl. of hard rub

Group A3 – 24 Items

6-Digit Code	Description
020130	Fresh or chilled bovine meat, boneless
060311	Fresh cut roses and buds, of a kind suitable for b
240120	Tobacco, partly or wholly stemmed or stripped, oth
340600	Candles, tapers and the like
392640	Statuettes and other ornamental articles, of plast
401511	Surgical gloves, of vulcanised rubber (excl. finge
401693	Gaskets, washers and other seals, of vulcanised ru
442090	Wood marquetry and inlaid wood; caskets and cases
442190	Other articles of wood, n.e.s.
680291	Marble, travertine and alabaster, in any form (exc
680293	Granite, in any form, polished, decorated or other
732510	Articles of iron or steel, of non-malleable cast i
820790	Interchangeable tools for hand tools, whether or n
830241	Base metal mountings and fittings suitable for bui
852859	Monitors, not incorporating television reception a
852871	Reception apparatus for television, whether or not
900211	Objective lenses for cameras, projectors or photog
940140	Seats, convertible into beds (excl. garden seats a
940179	Seats, with metal frames (excl. upholstered, swive
940180	Seats, n.e.s.
940370	Furniture of plastics (excl. medical, dental, surg
940530	Electric lighting sets of a kind used for Christma
960810	Ball-point pens
960820	Felt-tipped and other porous-tipped pens and marke

Group A4 – 5 Items

6-Digit Code	Description
020230	Frozen, boneless meat of bovine animals
420310	Articles of apparel, of leather or composition lea
732393	Table, kitchen or other household articles, and pa
761510	Table, kitchen or other household articles and par
850811	Vacuum cleaners, incl. dry cleaners and wet vacuum

Group A5 – 1 Item

6-Digit Code	Description
870840	Gear boxes and parts thereof, for tractors, motor

Group B1 – 254 Items

6-Digit Code	Description
071021	Shelled or unshelled peas "Pisum sativum", uncooked
071040	Sweetcorn, uncooked or cooked by steaming or by boiling
071159	Mushrooms and truffles, provisionally preserved, except
071190	Vegetables and mixtures of vegetables provisionally preserved
081210	Cherries, provisionally preserved, e.g. by sulphur
110220	Maize "corn" flour
110311	Groats and meal of wheat
110320	Cereal pellets
110429	Grains of cereals, hulled, pearled, sliced, kibbled
110430	Germ of cereals, whole, rolled, flaked or ground
110510	Flour, meal and powder of potatoes
110520	Flakes, granules and pellets of potatoes
110610	Flour, meal and powder of peas, beans, lentils and
110811	Wheat starch
110819	Starch (excl. wheat, maize, potato and manioc)
110900	Wheat gluten, whether or not dried
120810	Soya bean flour and meal
120890	Flours and meal of oil seeds or oleaginous fruit (except
150410	Fish-liver oils and their fractions, whether or not
150420	Fats and oils of fish and their fractions, whether or not
150430	Fats and oils and their fractions of marine mammals
150710	Crude soya-bean oil, whether or not degummed
150790	Soya-bean oil and its fractions, whether or not refined
150890	Groundnut oil and its fractions, whether or not refined
151211	Crude sunflower-seed or safflower oil
151229	Cotton-seed oil and its fractions, whether or not
151411	Low erucic acid rapeseed or colza oil "fixed oil which
151419	Low erucic acid rapeseed or colza oil "fixed oil which
151491	High erucic acid rapeseed or colza oil "fixed oil which
151499	High erucic acid rapeseed or colza oil "fixed oil which
151511	Crude linseed oil
151519	Linseed oil and fractions thereof, whether or not
151521	Crude maize oil
151529	Maize oil and fractions thereof, whether or not refined
151800	Animal or vegetable fats and oils and their fractions
160210	Homogenised prepared meat, offal or blood, put up
160239	Prepared or preserved meat or meat offal of ducks,
160241	Hams of swine and cuts thereof, prepared or preserved
160242	Prepared or preserved shoulders and cuts thereof,
160249	Prepared or preserved meat and offal of swine, including
160290	Prepared or preserved meat, offal or blood (excl. of
160300	Extracts and juices of meat, fish or crustaceans,
160412	Prepared or preserved herrings, whole or in pieces
160416	Prepared or preserved anchovies, whole or in pieces
160530	Lobster, prepared or preserved (excl. smoked)
160540	Crustaceans, prepared or preserved (excl. smoked,
180610	Cocoa powder, sweetened
180631	Chocolate and other preparations containing cocoa,

180632	Chocolate and other preparations containing cocoa,
190211	Uncooked pasta, not stuffed or otherwise prepared,
190240	Couscous, whether or not prepared
190420	Prepared foods obtained from unroasted cereal flak
190430	Bulgur wheat in the form of worked grains, obtaine
190510	Crispbread
190520	Gingerbread and the like, whether or not containin
200390	Mushrooms and truffles, prepared or preserved othe
200551	Shelled beans "Vigna spp., Phaseolus spp.", prepar
200559	Unshelled beans "Vigna spp., Phaseolus spp.", prep
200560	Asparagus, prepared or preserved otherwise than by
200791	Citrus fruit jams, jellies, marmalades, purées or
210330	Mustard flour and meal, whether or not prepared, a
210420	Food preparations consisting of finely homogenised
220190	Ordinary natural water, not containing added sugar
220720	Denatured ethyl alcohol and other spirits of any s
230120	Flours, meals and pellets of fish or crustaceans,
230230	Bran, sharps and other residues of wheat, whether
240110	Tobacco, unstemmed or unstripped
240130	Tobacco refuse
271119	Gaseous hydrocarbons, liquefied, n.e.s. (excl. nat
320611	Pigments and preparations based on titanium dioxid
330290	Mixtures of odoriferous substances and mixtures, i
330300	Perfumes and toilet waters (excl. aftershave lotio
330520	Preparations for permanent waving or straightening
330530	Hair lacquers
330710	Shaving preparations, incl. pre-shave and aftersha
330720	Personal deodorants and antiperspirants
330741	Agarbatti and other odoriferous preparations which
340120	Soap in the form of flakes, granules, powder, past
350220	Milk albumin "lactalbumin", incl. concentrates of
350290	Albumins, albuminates and other albumin derivative
350520	Glues based on starches, dextrans or other modifie
392510	Reservoirs, tanks, vats and similar containers, of
401310	Inner tubes, of rubber, of a kind used on motor ca
420340	Clothing accessories of leather or composition lea
430400	Artificial fur and articles thereof (excl. gloves
520420	Cotton sewing thread, put up for retail sale
520710	Cotton yarn containing >= 85% cotton by weight, pu
521223	Woven fabrics of cotton, containing predominantly,
540600	Man-made filament yarn, put up for retail sale (ex
560122	Wadding of man-made fibres and articles thereof (e
570239	Carpets and other floor coverings, of vegetable te
570250	Carpets and other textile floor coverings, woven,
570410	Floor tiles, of felt, not tufted or flocked, with
580500	Hand-woven tapestries of the type Gobelin, Flander
590410	Linoleum, whether or not cut to shape
590490	Floor coverings consisting of a coating or coverin
590500	Textile wallcoverings
590700	Impregnated, coated or covered textile fabrics; pa
590800	Textile wicks, woven, plaited or knitted, for lamp
590900	Textile hosepiping and similar textile tubing, whe

610310	Men's or boys' suits of textile materials, knitted
610329	Men's or boys' ensembles of textile materials (exc
610331	Men's or boys' jackets and blazers of wool or fine
610341	Men's or boys' trousers, bib and brace overalls, b
610413	Women's or girls' suits of synthetic fibres, knitt
610419	Women's or girls' suits of textile materials, knit
610429	Women's or girls' ensembles of textile materials (
610451	Women's or girls' skirts and divided skirts of woo
610729	Men's or boys' nightshirts and pyjamas of textile
610819	Women's or girls' slips and petticoats of textile
611219	Track-suits of textile materials, knitted or croch
611220	Ski-suits, knitted or crocheted
611239	Men's or boys' swimwear of textile materials, knit
611790	Parts of garments or clothing accessories, knitted
620219	Women's or girls' overcoats, raincoats, car coats,
620329	Men's or boys' ensembles of textile materials (exc
620411	Women's or girls' suits of wool or fine animal hai
620412	Women's or girls' suits of cotton (excl. knitted o
620419	Women's or girls' suits of textile materials (excl
620421	Women's or girls' ensembles of wool or fine animal
620429	Women's or girls' ensembles of textile materials (
620620	Women's or girls' blouses, shirts and shirt-blouse
620729	Men's or boys' nightshirts and pyjamas of textile
620811	Women's or girls' slips and petticoats of man-made
620819	Women's or girls' slips and petticoats of textile
620829	Women's or girls' nightdresses and pyjamas of text
620899	Women's or girls' singlets and other vests, briefs
621320	Handkerchiefs of cotton, of which no side exceeds
621390	Handkerchiefs of textile materials, of which no si
621590	Ties, bow ties and cravats of textile materials (e
630229	Printed bedlinen of textile materials (excl. cotto
630240	Table linen, knitted or crocheted
630319	Curtains, incl. drapes, and interior blinds, curta
630411	Knitted or crocheted bedspreads (excl. bedlinen, q
630510	Sacks and bags, for the packing of goods, of jute
630590	Sacks and bags, for the packing of goods, of texti
630800	Sets consisting of woven fabric and yarn, whether
670411	Complete wigs of synthetic textile materials
670419	False beards, eyebrows and eyelashes, switches and
670420	Wigs, false beards, eyebrows and eyelashes, switch
670490	Wigs, false beards, eyebrows and eyelashes, switch
681320	Friction material and articles thereof, e.g. sheet
711320	Articles of jewellery and parts thereof, of base m
730230	Switch blades, crossing frogs, point rods and othe
731990	Knitting needles, bodkins, crochet hooks, embroide
732112	Appliances for baking, frying, grilling and cookin
732310	Iron or steel wool; pot scourers and scouring or p
761290	Casks, drums, cans, boxes and similar containers,
761520	Sanitary ware and parts thereof, of aluminium (exc
761691	Cloth, grill, netting and fencing, of aluminium wi
820130	Mattocks, picks, hoes and rakes, with working part
820510	Hand-operated drilling, threading or tapping hand

821195	Handles of base metal for table knives, pocket kni
821210	Non-electric razors of base metal
821220	Safety razor blades of base metal, incl. razor bla
821490	Hair clippers, butchers' or kitchen cleavers and o
821510	Sets of spoons, forks or other articles of heading
821591	Spoons, forks, ladles, skimmers, cake-servers, fis
830170	Keys presented separately for padlocks, locks, cla
830260	Automatic door closers of base metal
830610	Bells, gongs and the like, non-electric, of base m
830621	Statuettes and other ornaments, of base metal, pla
841829	Household refrigerators, absorption-type
841830	Freezers of the chest type, of a capacity <= 800 l
841891	Furniture designed to receive refrigerating or fre
842410	Fire extinguishers, whether or not charged
845012	Household or laundry-type washing machines, with b
845019	Household or laundry-type washing machines, of a d
845130	Ironing machines and presses, incl. fusing presses
845140	Machines for washing, bleaching or dyeing textile
847621	Automatic beverage-vending machines incorporating
847689	Automatic goods-vending machines, without heating
850630	Mercuric oxide cells and batteries (excl. spent)
850640	Silver oxide cells and batteries (excl. spent)
850660	Air-zinc cells and batteries (excl. spent)
850740	Nickel-iron accumulators (excl. spent)
850940	Domestic food grinders and mixers and fruit or veg
850980	Electromechanical domestic appliances, with self-c
851610	Electric instantaneous or storage water heaters an
851821	Single loudspeakers, mounted in their enclosures
851822	Multiple loudspeakers, mounted in the same enclosu
851829	Loudspeakers, without enclosure
851981	Sound recording or sound reproducing apparatus, us
852321	Cards incorporating a magnetic stripe for the reco
852359	Semiconductor media, unrecorded, for the recording
852380	Media for the recording of sound or of other pheno
853661	Lamp holders for a voltage <= 1.000 V
853939	Discharge lamps (excl. flourescent, hot cathode la
853990	Parts of electric filament or discharge lamps, sea
860120	Rail locomotives powered by electric accumulators
860210	Diesel-electric locomotives
860290	Rail locomotives (excl. those powered from an exte
860310	Self-propelled railway or tramway coaches, vans an
860390	Self-propelled railway or tramway coaches, vans an
860400	Railway or tramway maintenance or service vehicles
860500	Railway or tramway passenger coaches, luggage vans
860610	Railway or tramway tank wagons and the like (excl.
860630	Railway or tramway self-discharging goods vans and
860691	Railway or tramway goods vans and wagons, covered
860692	Railway or tramway goods vans and wagons, open, wi
860699	Railway or tramway goods vans and wagons (excl. th
860721	Air brakes and parts thereof for railway or tramwa
860729	Brakes (other than air brakes), and parts thereof,
860799	Parts of rolling stock of heading 8603, 8604, 8605

860800	Railway or tramway track fixtures and fittings (ex
870110	Pedestrian-controlled agricultural tractors and si
870120	Road tractors for semi-trailers
870490	Motor vehicles for the transport of goods, with en
870520	Mobile drilling derricks
870530	Fire fighting vehicles (excl. vehicles for transpo
870540	Concrete-mixer lorries
870590	Special purpose motor vehicles (other than those p
870600	Chassis fitted with engines, for tractors, motor v
870710	Bodies for motor cars and other motor vehicles pri
870790	Bodies for tractors, motor vehicles for the transp
870821	Safety seat belts for motor vehicles
870919	Works trucks, self-propelled, not fitted with lift
871610	Trailers and semi-trailers of the caravan type, fo
871631	Tanker trailers and tanker semi-trailers, not desi
871640	Trailers and semi-trailers, not designed for runni
890391	Sailboats and yachts, with or without auxiliary mo
890399	Vessels for pleasure or sports; rowing boats (excl
890710	Inflatable rafts
901710	Drafting tables and machines, whether or not autom
910119	Wrist-watches of precious metal or of metal clad w
910129	Wrist-watches of precious metal or of metal clad w
910191	Pocket-watches and the like, incl. stop-watches, o
910199	Pocket-watches and the like, incl. stop-watches, o
910291	Pocket-watches and the like, incl. stop-watches, e
910299	Pocket-watches and the like, incl. stop-watches, w
910310	Clocks with watch movements, electrically operated
910390	Clocks with watch movements (excl. electrically op
910591	Clocks, electrically operated (excl. wrist-watches
910599	Clocks (excl. electrically operated, wrist-watches
911320	Watch straps, watch bands and watch bracelets, and
920994	Parts and accessories for musical instruments, the
920999	Parts and accessories for musical instruments "e.g
930690	Bombs, grenades, torpedos, mines, missiles, and ot
940381	Furniture of bamboo or rattan (excl. seats and med
950710	Fishing rods
950730	Fishing reels
960190	Worked bone, tortoiseshell, horn, antlers, coral,
960200	Worked vegetable or mineral carving material and a
960310	Brooms and brushes, consisting of twigs or other v
960400	Hand sieves and hand riddles (excl. colanders)
960711	Slide fasteners fitted with chain scoops of base m
960850	Sets of articles from two or more of the following
960860	Refills for ball-point pens, comprising the ball-p
960891	Pen nibs and nib points
960899	Parts of ball-point pens, felt-tipped and other po
960920	Pencil leads, black or coloured
961220	Ink-pads, whether or not inked, with or without bo
961390	Parts of lighters, n.e.s.
961610	Scent sprays and similar toilet sprays, and mounts

Group B2 – 298 Items

6-Digit Code	Description
071022	Shelled or unshelled beans "Vigna spp., Phaseolus
071090	Mixtures of vegetables, uncooked or cooked by stea
071490	Arrowroot, salep, Jerusalem artichokes and similar
110100	Wheat or meslin flour
110290	Cereal flours (excl. wheat, meslin and maize)
110319	Groats and meal of cereals (excl. wheat and maize)
110419	Rolled or flaked grains of cereals (excl. oats)
151219	Sunflower-seed or safflower oil and their fraction
151329	Palm kernel and babassu oil and their fractions, w
151550	Sesame oil and its fractions, whether or not refin
151590	Fixed vegetable fats and oils and their fractions,
160250	Prepared or preserved meat or offal of bovine anim
160413	Prepared or preserved sardines, sardinella and bri
160415	Prepared or preserved mackerel, whole or in pieces
160419	Prepared or preserved fish, whole or in pieces (ex
160420	Prepared or preserved fish (excl. whole or in piec
160510	Crab, prepared or preserved (excl. smoked)
180500	Cocoa powder, not containing added sugar or other
190220	Pasta, stuffed with meat or other substances, whet
190410	Prepared foods obtained by swelling or roasting ce
190490	Cereals (excl. maize [corn]) in grain or flake for
190531	Sweet biscuits
190532	Waffles and wafers
190540	Rusks, toasted bread and similar toasted products
200110	Cucumbers and gherkins, prepared or preserved by v
200190	Vegetables, fruit, nuts and other edible parts of
200490	Vegetables and mixtures of vegetables, prepared or
200570	Olives, prepared or preserved otherwise than by vi
200600	Vegetables, fruit, nuts, fruit-peel and other edib
200799	Jams, jellies, marmalades, purées or pastes of fru
200990	Mixtures of fruit juices, incl. grape must, and ve
210310	Soya sauce
210410	Soups and broths and preparations therefor
210610	Protein concentrates and textured protein substanc
220210	Waters, incl. mineral and aerated, with added suga
220421	Wine of fresh grapes, incl. fortified wines, and g
220600	Cider, perry, mead and other fermented beverages a
230240	Bran, sharps and other residues of cereals, whethe
271019	Medium oils and preparations, of petroleum or bitu
330410	Lip make-up preparations
330420	Eye make-up preparations
330430	Manicure or pedicure preparations
330491	Make-up or skin care powders, incl. baby powders,
330499	Beauty or make-up preparations and preparations fo
330510	Shampoos
330590	Preparations for use on the hair (excl. shampoos,
330610	Dentifrices, incl. those used by dental practition
330620	Yarn used to clean between the teeth "dental floss

330690	Preparations for oral or dental hygiene, incl. den
330730	Perfumed bath salts and other bath and shower prep
330749	Preparations for perfuming or deodorising rooms, i
330790	Depilatories and other perfumery, toilet or cosmet
340111	Soap and organic surface-active products and prepa
340119	Soap and organic surface-active products and prepa
340130	Organic surface-active products and preparations f
340700	Modelling pastes, incl. those put up for children'
350300	Gelatin, whether or not in square or rectangular s
350510	Dextrins and other modified starches, e.g. pregela
391732	Flexible tubes, pipes and hoses of plastics, not r
391733	Flexible tubes, pipes and hoses of plastics, not r
391739	Flexible tubes, pipes and hoses, of plastics, rein
391890	Floor coverings of plastics, whether or not self-a
391910	Self-adhesive plates, sheets, film, foil, tape, st
392210	Baths, shower-baths, sinks and washbasins, of plas
392330	Carboys, bottles, flasks and similar articles for
392350	Stoppers, lids, caps and other closures, of plasti
392520	Doors, windows and their frames and thresholds for
392530	Shutters, blinds, incl. Venetian blinds, and simil
392590	Building elements for the manufacture of floors, w
401161	Pneumatic tyres, new, of rubber, having a "herring
401162	Pneumatic tyres, new, of rubber, having a "herring
401163	Pneumatic tyres, new, of rubber, having a "herring
401169	Pneumatic tyres, new, of rubber, having a "herring
401192	Pneumatic tyres, of rubber, new, of a kind used on
401193	Pneumatic tyres, new, of rubber, of a kind used on
401590	Articles of apparel and clothing accessories, for
420211	Trunks, suitcases, vanity cases, executive-cases,
420219	Trunks, suitcases, vanity cases, executive-cases,
420229	Handbags, whether or not with shoulder strap, incl
420239	Wallets, purses, key-cases, cigarette-cases, tobac
430390	Articles of furskin (excl. articles of apparel, cl
551120	Yarn containing predominantly, but < 85% synthetic
560121	Wadding of cotton and articles thereof (excl. sani
560811	Made-up knotted fishing nets of man-made textile m
560819	Knotted netting of twine, cordage, ropes or cables
560890	Knotted netting of twine, cordage, ropes or cables
570110	Carpets and other textile floor coverings, of wool
570190	Carpets and other textile floor coverings, of text
570210	Kelem, Schumacks, Karamanie and similar hand-woven
570231	Carpets and other floor coverings, of wool or fine
570232	Carpets and other floor coverings, of man-made tex
570241	Carpets and other floor coverings, of wool or fine
570249	Carpets and other floor coverings, of vegetable te
570291	Carpets and other floor coverings, of wool or fine
570292	Carpets and other floor coverings, of man-made tex
570299	Carpets and other floor coverings, of vegetable te
570310	Carpets and other floor coverings, of wool or fine
570320	Carpets and other floor coverings, of nylon or oth
570390	Carpet tiles of vegetable textile materials or coa
570490	Carpets and other floor coverings, of felt, not tu

590190	Tracing cloth; prepared painting canvas; buckram a
610190	Overcoats, car coats, capes, cloaks, anoraks, incl
610210	Women's or girls' overcoats, car coats, capes, clo
610290	Women's or girls' overcoats, car coats, capes, clo
610322	Men's or boys' ensembles of cotton, knitted or cro
610323	Men's or boys' ensembles of synthetic fibres, knit
610332	Men's or boys' jackets and blazers of cotton, knit
610333	Men's or boys' jackets and blazers of synthetic fi
610339	Men's or boys' jackets and blazers of textile mate
610349	Men's or boys' trousers, bib and brace overalls, b
610422	Women's or girls' ensembles of cotton, knitted or
610423	Women's or girls' ensembles of synthetic fibres, k
610431	Women's or girls' jackets and blazers of wool or f
610439	Women's or girls' jackets and blazers of textile m
610441	Women's or girls' dresses of wool or fine animal h
610449	Women's or girls' dresses of textile materials, kn
610461	Women's or girls' trousers, bib and brace overalls
610590	Men's or boys' shirts of textile materials, knitte
610690	Women's or girls' blouses, shirts and shirt-blouse
610719	Men's or boys' underpants and briefs of other text
610791	Men's or boys' bathrobes, dressing gowns and simil
610799	Men's or boys' bathrobes, dressing gowns and simil
610811	Women's or girls' slips and petticoats of man-made
610829	Women's or girls' briefs and panties of textile ma
610839	Women's or girls' nightdresses and pyjamas of text
610899	Women's or girls' négligés, bathrobes, dressing go
611019	Jerseys, pullovers, cardigans, waistcoats and simi
611211	Track-suits of cotton, knitted or crocheted
611212	Track-suits of synthetic fibres, knitted or croche
611231	Men's or boys' swimwear of synthetic fibres, knitt
611249	Women's or girls' swimwear of textile materials, k
611490	Special garments for professional, sporting or oth
611510	Graduated compression hosiery [e.g., stockings for
611522	Pantyhose and tights of synthetic fibres, knitted
611529	Pantyhose and tights of textile materials, knitted
611530	Women's full-length or knee-length hosiery, knitte
611594	Full-length or knee-length stockings, socks and ot
611691	Gloves, mittens and mitts, of wool or fine animal
611692	Gloves, mittens and mitts, of cotton, knitted or c
611699	Gloves, mittens and mitts, of textile materials, k
620112	Men's or boys' overcoats, raincoats, car coats, ca
620119	Men's or boys' overcoats, raincoats, car coats, ca
620199	Men's or boys' anoraks, incl. ski jackets, windche
620291	Women's or girls' anoraks, incl. ski jackets, wind
620299	Women's or girls' anoraks, incl. ski jackets, wind
620319	Men's or boys' suits of textile materials (excl. o
620322	Men's or boys' ensembles of cotton (excl. knitted
620323	Men's or boys' ensembles of synthetic fibres (excl
620339	Men's or boys' jackets and blazers of textile mate
620349	Men's or boys' trousers, bib and brace overalls, b
620413	Women's or girls' suits of synthetic fibres (excl.
620422	Women's or girls' ensembles of cotton (excl. knitt

620423	Women's or girls' ensembles of synthetic fibres (e
620431	Women's or girls' jackets and blazers of wool or f
620441	Women's or girls' dresses of wool or fine animal h
620451	Women's or girls' skirts and divided skirts of woo
620461	Women's or girls' trousers, bib and brace overalls
620690	Women's or girls' blouses, shirts and shirt-blouse
620711	Men's or boys' underpants and briefs of cotton (ex
620719	Men's or boys' underpants and briefs of textile ma
620721	Men's or boys' nightshirts and pyjamas of cotton (
620722	Men's or boys' nightshirts and pyjamas of man-made
620791	Men's or boys' singlets and other vests, bathrobes
620799	Men's or boys' singlets and other vests, bathrobes
620891	Women's or girls' singlets and other vests, briefs
621112	Women's or girls' swimwear (excl. knitted or croch
621120	Ski suits (excl. knitted or crocheted)
621139	Men's or boys' tracksuits and other garments, n.e.
621220	Girdles and panty girdles of all types of textile
621230	Corselettes of all types of textile materials, whe
621410	Shawls, scarves, mufflers, mantillas, veils and si
621420	Shawls, scarves, mufflers, mantillas, veils and si
621490	Shawls, scarves, mufflers, mantillas, veils and si
621520	Ties, bow ties and cravats of man-made fibres (exc
630120	Blankets and travelling rugs of wool or fine anima
630190	Blankets and travelling rugs of textile materials
630239	Bedlinen of textile materials (excl. of cotton and
630259	Table linen of textile materials (excl. of cotton
630299	Toilet linen and kitchen linen of textile material
630312	Curtains, incl. drapes, and interior blinds, curta
630399	Curtains, incl. drapes, and interior blinds, curta
630419	Bedspreads of all types of textile materials (excl
630499	Articles for interior furnishing, of textile mater
630619	Tarpaulins, awnings and sunblinds of textile mater
630629	Tents of textile materials (excl. of synthetic fib
630630	Sails for boats, sailboards or landcraft, of texti
630640	Pneumatic mattresses of textile materials
650691	Bathing caps, hoods and other headgear, whether or
660191	Umbrellas having a telescopic shaft (excl. toy umb
660199	Umbrellas and sun umbrellas, incl. walking-stick u
660200	Walking sticks, seat-sticks, whips, riding-crops a
670290	Artificial flowers, foliage and fruit and parts th
681381	Brake linings and pads, with a basis of mineral su
730729	Tube or pipe fittings of stainless steel (excl. ca
731520	Skid chain for motor vehicles, of iron or steel
732119	Appliances for baking, frying, grilling and cookin
732181	Stoves, heaters, grates, fires, wash boilers, braz
732182	Stoves, heaters, grates, fires, wash boilers, braz
732189	Stoves, heaters, grates, fires, wash boilers, braz
732290	Air heaters and hot-air distributors, incl. distri
732391	Table, kitchen or other household articles, and pa
732392	Table, kitchen or other household articles, and pa
732394	Table, kitchen or other household articles, and pa
732490	Sanitary ware, incl. parts thereof (excl. cans, bo

732599	Cast articles of iron or steel, n.e.s. (excl. arti
732619	Articles of iron or steel, forged or stamped, but
761210	Collapsible tubular containers, of aluminium
820110	Spades and shovels, with working parts of base met
820140	Axes, billhooks and similar hewing tools, with wor
820190	Scythes, sickles, hay knives, timber wedges and ot
820210	Handsaws, with working parts of base metal (excl.
820330	Metal-cutting shears and similar hand tools, of ba
820340	Pipe-cutters, bolt croppers, perforating punches a
820412	Hand-operated spanners and wrenches, incl. torque
820520	Hammers and sledge hammers with working parts of b
820530	Planes, chisels, gouges and similar cutting tools
820540	Hand-operated screwdrivers
820551	Household hand tools, non-mechanical, with working
820570	Vices, clamps and the like (excl. accessories for
820600	Sets of two or more tools of heading 8202 to 8205,
821110	Sets of assorted articles of knives of heading 821
821191	Table knives having fixed blades of base metal, in
821192	Knives with fixed blades of base metal (excl. stra
821193	Knives having other than fixed blades, incl. pruni
821300	Scissors, tailors' shears and similar shears, and
821410	Paperknives, letter openers, erasing knives, penci
821420	Manicure or pedicure sets and instruments, incl. n
830140	Locks of base metal (excl. padlocks and locks for
830300	Armoured or reinforced safes, strongboxes and door
830400	Filing cabinets, card-index cabinets, paper trays,
830520	Staples in strips, of base metal
830590	Office articles such as letter clips, letter corne
830630	Photograph, picture or similar frames, of base met
831000	Sign-plates, nameplates, address-plates and simila
841582	Air conditioning machines incorporating a refriger
841840	Freezers of the upright type, of a capacity <= 900
841850	Furniture "chests, cabinets, display counters, sho
841869	Refrigerating or freezing equipment (excl. refrige
842211	Dishwashing machines of the household type
845121	Drying machines, of a dry linen capacity <= 10 kg
850610	Manganese dioxide cells and batteries (excl. spent
850650	Lithium cells and batteries (excl. spent)
850680	Primary cells and primary batteries, electric (exc
850730	Nickel-cadmium accumulators (excl. spent)
850780	Electric accumulators (excl. spent and lead-acid,
851020	Hair clippers with self-contained electric motor
851210	Electric lighting or visual signalling equipment o
851230	Electrical sound signalling equipment for cycles o
851240	Electrical windscreen wipers, defrosters and demis
851850	Electric sound amplifier sets
852329	Magnetic media for the recording of sound or of ot
853110	Burglar or fire alarms and similar apparatus
853910	Sealed beam lamp units
853929	Filament lamps, electric (excl. tungsten halogen l
853932	Mercury or sodium vapour lamps; metal halide lamps
853941	Arc lamps

853949	Ultraviolet or infra-red lamps
860719	Axles, for electrical purposes, and wheels and par
870510	Crane lorries (excl. breakdown lorries)
871499	Parts and accessories, for bicycles, n.e.s.
871639	Trailers and semi-trailers for the transport of go
871690	Parts of trailers and semi-trailers and other vehi
890310	Inflatable vessels for pleasure or sports
901780	Instruments for measuring length, for use in the h
910111	Wrist-watches of precious metal or of metal clad w
910212	Wrist-watches, whether or not incorporating a stop
910219	Wrist-watches, whether or not incorporating a stop
910221	Wrist-watches, whether or not incorporating a stop
910229	Wrist-watches, whether or not incorporating a stop
910511	Alarm clocks, electrically operated
910519	Alarm clocks (excl. electrically operated)
910521	Wall clocks, electrically operated
910529	Wall clocks (excl. electrically operated)
920120	Grand pianos
920290	Guitars, harps and other string musical instrument
920710	Keyboard instruments, the sound of which is produc
940389	Furniture of other mareials, including cane, osier
940421	Mattresses of cellular rubber or plastics, whether
940560	Illuminated signs, illuminated nameplates and the
950670	Ice skates and roller skates, incl. skating boots
950790	Line fishing tackle n.e.s; fish landing nets, butt
960321	Tooth brushes, incl. dental-plate brushes
960330	Artists' brushes, writing brushes and similar brus
960340	Paint, distemper, varnish or similar brushes, pain
960500	Travel sets for personal toilet, sewing or shoe or
960719	Slide fasteners (excl. fitted with chain scoops of
960840	Propelling or sliding pencils
960910	Pencils and crayons, with leads encased in a rigid
960990	Pencils, pastels, drawing charcoals, writing or dr
961100	Hand-operated date, sealing or numbering stamps, a
961310	Pocket lighters, gas fuelled, non-refillable
961320	Pocket lighters, gas fuelled, refillable
961380	Lighters (excl. gas fuelled pocket lighters, and f
961400	Smoking pipes, incl. pipe bowls, cigar or cigarett
961511	Combs, hair-slides and the like of hard rubber or
961590	Hairpins, curling pins, curling grips, hair-curler
961620	Powder puffs and pads for the application of cosme
961800	Tailors' dummies and other lay figures, automata a

Group B3 – 153 Items

6-Digit Code	Description
151190	Palm oil and its fractions, whether or not refined
190219	Uncooked pasta, not stuffed or otherwise prepared,
190230	Pasta, cooked or otherwise prepared (excl. stuffed
190590	Bread, pastry, cakes, biscuits and other bakers' w
200310	Mushrooms of the genus "Agaricus", prepared or pre
210390	Preparations for sauces and prepared sauces; mixed
391810	Floor coverings, whether or not self-adhesive, in
392390	Articles for the conveyance or packaging of goods,
392620	Articles of apparel and clothing accessories produ
401199	Pneumatic tyres, new, of rubber (excl. having a "h
401691	Floor coverings and mats, of vulcanised rubber (ex
401699	Articles of vulcanised rubber (excl. hard rubber),
420100	Saddlery and harness for any animal, incl. traces,
420231	Wallets, purses, key-pouches, cigarette-cases, tob
420291	Travelling-bags, insulated food or beverage bags,
420299	Travelling-bags, shopping or tool bags, jewellery
420330	Belts and bandoliers, of leather or composition le
430310	Articles of apparel and clothing accessories of fu
551110	Yarn containing >= 85% synthetic staple fibres by
560900	Articles of yarn, strip or the like of heading 540
570242	Carpets and other floor coverings, of man-made tex
570330	Carpets and other floor coverings, of man-made tex
570500	Carpets and other textile floor coverings, whether
610342	Men's or boys' trousers, bib and brace overalls, b
610432	Women's or girls' jackets and blazers of cotton, k
610433	Women's or girls' jackets and blazers of synthetic
610452	Women's or girls' skirts and divided skirts of cot
610453	Women's or girls' skirts and divided skirts of syn
610459	Women's or girls' skirts and divided skirts of tex
610469	Women's or girls' trousers, bib and brace overalls
610610	Women's or girls' blouses, shirts and shirt-blouse
610712	Men's or boys' underpants and briefs of man-made f
610721	Men's or boys' nightshirts and pyjamas of cotton,
610722	Men's or boys' nightshirts and pyjamas of man-made
610831	Women's or girls' nightdresses and pyjamas of cott
610891	Women's or girls' négligés, bathrobes, dressing go
610892	Women's or girls' négligés, bathrobes, dressing go
611012	Jerseys, pullovers, cardigans, waistcoats and simi
611090	Jerseys, pullovers, cardigans, waistcoats and simi
611300	Garments, knitted or crocheted, rubberised or impr
611521	Pantyhose and tights of synthetic fibres, knitted
611599	Full-length or knee-length stockings, socks and ot
611710	Shawls, scarves, mufflers, mantillas, veils and th
611780	Ties, bow ties, cravats and other made-up clothing
620111	Men's or boys' overcoats, raincoats, car coats, ca
620113	Men's or boys' overcoats, raincoats, car coats, ca
620191	Men's or boys' anoraks, incl. ski jackets, windche
620192	Men's or boys' anoraks, windcheaters, wind jackets

620211	Women's or girls' overcoats, raincoats, car coats,
620212	Women's or girls' overcoats, raincoats, car coats,
620311	Men's or boys' suits of wool or fine animal hair (
620312	Men's or boys' suits of synthetic fibres (excl. kn
620331	Men's or boys' jackets and blazers of wool or fine
620332	Men's or boys' jackets and blazers of cotton (excl
620333	Men's or boys' jackets and blazers of synthetic fi
620341	Men's or boys' trousers, bib and brace overalls, b
620432	Women's or girls' jackets and blazers of cotton (e
620439	Women's or girls' jackets and blazers of textile m
620444	Women's or girls' dresses of artificial fibres (ex
620449	Women's or girls' dresses of textile materials (ex
620452	Women's or girls' skirts and divided skirts of cot
620453	Women's or girls' skirts and divided skirts of syn
620459	Women's or girls' skirts and divided skirts of tex
620530	Men's or boys' shirts of man-made fibres (excl. kn
620590	Men's or boys' shirts of textile materials (excl.
620610	Women's or girls' blouses, shirts and shirt-blouse
620821	Women's or girls' nightdresses and pyjamas of cott
620822	Women's or girls' nightdresses and pyjamas of man-
620892	Women's or girls' singlets and other vests, briefs
621010	Garments made up of felt or nonwovens, whether or
621020	Garments of the type described in subheading 6201,
621030	Garments of the type described in subheading 6202,
621111	Men's or boys' swimwear (excl. knitted or crochete
621132	Men's or boys' tracksuits and other garments, n.e.
621133	Men's or boys' tracksuits and other garments, n.e.
621142	Women's or girls' tracksuits and other garments, n
621149	Women's or girls' tracksuits and other garments, n
621290	Corsets, braces, garters, suspenders and similar a
621430	Shawls, scarves, mufflers, mantillas, veils and si
621440	Shawls, scarves, mufflers, mantillas, veils and si
621510	Ties, bow ties and cravats of silk or silk waste (
621710	Made-up clothing accessories, of all types of text
630110	Electric blankets of all types of textile material
630130	Blankets and travelling rugs of cotton (excl. elec
630210	Bedlinen, knitted or crocheted
630222	Printed bedlinen of man-made fibres (excl. knitted
630251	Table linen of cotton (excl. knitted or crocheted)
630253	Table linen of man-made fibres (excl. knitted or c
630291	Toilet linen and kitchen linen of cotton (excl. of
630293	Toilet linen and kitchen linen of man-made fibres
630391	Curtains, incl. drapes, and interior blinds, curta
630491	Articles for interior furnishing, knitted or croch
630492	Articles for interior furnishing, of cotton (excl.
630493	Articles for interior furnishing, of synthetic fib
630612	Tarpaulins, awnings and sunblinds of synthetic fib
630622	Tents of synthetic fibres (excl. umbrella and play
630710	Floorcloths, dishcloths, dusters and similar clean
630720	Life jackets and life belts, of all types of texti
640319	Sports footwear, with outer soles of rubber, plast
650610	Safety headgear, whether or not lined or trimmed

660110	Garden or similar umbrellas (excl. beach tents)
691200	Tableware, kitchenware, other household articles a
711311	Articles of jewellery and parts thereof, of silver
711719	Imitation jewellery, of base metal, whether or not
711790	Imitation jewellery (excl. jewellery, of base meta
732190	Parts of domestic appliances non-electrically heat
732399	Table, kitchen or other household articles, and pa
732410	Sinks and washbasins, of stainless steel
732620	Articles of iron or steel wire, n.e.s.
761010	Doors, windows and their frames and thresholds for
761090	Structures and parts of structures, of aluminium,
761699	Articles of aluminium, n.e.s.
820320	Pliers, incl. cutting pliers, pincers and tweezers
820411	Hand-operated spanners and wrenches, incl. torque
820420	Interchangeable spanner sockets, with or without h
820559	Hand tools, incl. glaziers' diamonds, of base meta
821520	Sets consisting of one or more knives of heading 8
821599	Spoons, forks, ladles, skimmers, cake-servers, fis
830110	Padlocks of base metal
830230	Base metal mountings, fittings and similar article
830629	Statuettes and other ornaments, of base metal, not
841451	Table, floor, wall, window, ceiling or roof fans,
841810	Combined refrigerator-freezers, with separate exte
841821	Household refrigerators, compression-type
841911	Instantaneous gas water heaters (excl. boilers or
850720	Lead acid accumulators (excl. spent and starter ba
851310	Portable electrical lamps designed to function by
851632	Electro-thermic hairdressing apparatus (excl. hair
851660	Electric ovens, cookers, cooking plates and boilin
851679	Electro-thermic appliances, for domestic use (excl
852351	Solid-state, non-volatile data storage devices for
853921	Tungsten halogen filament lamps (excl. sealed beam
853931	Discharge lamps, fluorescent, hot cathode
860900	Containers, incl. containers for the transport of
870190	Tractors (excl. those of heading 8709, pedestrian-
870810	Bumpers and parts thereof for tractors, motor vehi
870891	Radiators and parts thereof, for tractors, motor v
870892	Silencers "mufflers" and exhaust pipes, and parts
870894	Steering wheels, steering columns and steering box
871500	Baby carriages and parts thereof, n.e.s.
871680	Vehicles pushed or drawn by hand and other vehicle
890392	Motor boats and motor yachts, for pleasure or spor
910211	Wrist-watches, whether or not incorporating a stop
940130	Swivel seats with variable height adjustments (exc
940169	Seats, with wooden frames (excl. upholstered)
940171	Upholstered seats, with metal frames (excl. seats
940340	Wooden furniture for kitchens (excl. seats)
940429	Mattresses, fitted with springs or stuffed or inte
940520	Electric table, desk, bedside or floor-standing la
940550	Non-electrical lamps and lighting fittings, n.e.s.
940600	Prefabricated buildings, whether or not complete o
960390	Mops and leather dusters; prepared knots and tufts
961700	Vacuum flasks and other vacuum vessels, and parts

Group B4 – 78 Items

6-Digit Code	Description
160414	Prepared or preserved tunas, skipjack and Atlantic
392410	Tableware and kitchenware, of plastics
392490	Household articles and toilet articles, of plastic
401120	New pneumatic tyres, of rubber, of a kind used for
401194	Pneumatic tyres, new, of rubber, of a kind used on
401519	Gloves, mittens and mitts, of vulcanised rubber (e
420212	Trunks, suitcases, vanity cases, executive-cases,
420221	Handbags, whether or not with shoulder straps, inc
420222	Handbags, whether or not with shoulder straps, inc
420292	Travelling-bags, insulated food or beverage bags,
420329	Gloves, mittens and mitts, of leather or compositi
610120	Overcoats, car coats, capes, cloaks, anoraks, incl
610130	Overcoats, car coats, capes, cloaks, anoraks, incl
610220	Women's or girls' overcoats, car coats, capes, clo
610230	Women's or girls' overcoats, car coats, capes, clo
610343	Men's or boys' trousers, bib and brace overalls, b
610442	Women's or girls' dresses of cotton, knitted or cr
610443	Women's or girls' dresses of synthetic fibres, kni
610444	Women's or girls' dresses of artificial fibres, kn
610462	Women's or girls' trousers, bib and brace overalls
610463	Women's or girls' trousers, bib and brace overalls
610510	Men's or boys' shirts of cotton, knitted or croche
610520	Men's or boys' shirts of man-made fibres, knitted
610620	Women's or girls' blouses, shirts and shirt-blouse
610711	Men's or boys' underpants and briefs of cotton, kn
610821	Women's or girls' briefs and panties of cotton, kn
610822	Women's or girls' briefs and panties of man-made f
610832	Women's or girls' nightdresses and pyjamas of man-
611011	Jerseys, pullovers, cardigans, waistcoats and simi
611241	Women's or girls' swimwear of synthetic fibres, kn
611420	Special garments for professional, sporting or oth
611430	Special garments for professional, sporting or oth
611595	Full-length or knee-length stockings, socks and ot
611596	Full-length or knee-length stockings, socks and ot
611610	Gloves, mittens and mitts, impregnated, coated or
611693	Gloves, mittens and mitts, of synthetic fibres, kn
620193	Men's or boys' anoraks, windcheaters, wind jackets
620213	Women's or girls' overcoats, raincoats, car coats,
620292	Women's or girls' anoraks, windcheaters, wind jack
620293	Women's or girls' anoraks, windcheaters, wind jack
620343	Men's or boys' trousers, bib and brace overalls, b
620433	Women's or girls' jackets and blazers of synthetic
620442	Women's or girls' dresses of cotton (excl. knitted
620443	Women's or girls' dresses of synthetic fibres (exc
620463	Women's or girls' trousers, bib and brace overalls
620469	Women's or girls' trousers, bib and brace overalls
620630	Women's or girls' blouses, shirts and shirt-blouse
621040	Men's or boys' garments of textile fabrics, rubber

621050	Women's or girls' garments of textile fabrics, rub
621143	Women's or girls' tracksuits and other garments, n
621600	Gloves, mittens and mitts, of all types of textile
630140	Blankets and travelling rugs of synthetic fibres (
630221	Printed bedlinen of cotton (excl. knitted or croch
630231	Bedlinen of cotton (excl. printed, knitted or croc
630232	Bedlinen of man-made fibres (excl. printed, knitte
630260	Toilet linen and kitchen linen, of terry towelling
630392	Curtains, incl. drapes, and interior blinds, curta
630790	Made-up articles of textile materials, incl. dress
690890	Glazed ceramic flags and paving, hearth or wall ti
711319	Articles of jewellery and parts thereof, of precio
732111	Appliances for baking, frying, grilling and cookin
732690	Articles of iron or steel, n.e.s. (excl. cast arti
851629	Electric space-heating and soil-heating apparatus
851671	Electro-thermic coffee or tea makers, for domestic
852872	Reception apparatus for television, colour, whethe
870829	Parts and accessories of bodies for tractors, moto
870830	Brakes and servo-brakes and their parts, for tract
870850	Drive-axles with differential, whether or not prov
870870	Road wheels and parts and accessories thereof, for
870880	Suspension systems and parts thereof, incl. shock-
870899	Parts and accessories, for tractors, motor vehicle
871200	Bicycles and other cycles, incl. delivery tricycle
940161	Upholstered seats, with wooden frames (excl. conve
940320	Metal furniture (excl. for offices, seats and medi
940350	Wooden furniture for bedrooms (excl. seats)
940360	Wooden furniture (excl. for offices, kitchens and
940510	Chandeliers and other electric ceiling or wall lig
940540	Electric lamps and lighting fittings, n.e.s.

Group B5 – 11 Items

6-Digit Code	Description
401110	New pneumatic tyres, of rubber, of a kind used for
610910	T-shirts, singlets and other vests of cotton, knit
610990	T-shirts, singlets and other vests of textile mate
611020	Jerseys, pullovers, cardigans, waistcoats and simi
611030	Jerseys, pullovers, cardigans, waistcoats and simi
620342	Men's or boys' trousers, bib and brace overalls, b
620462	Women's or girls' trousers, bib and brace overalls
620520	Men's or boys' shirts of cotton (excl. knitted or
620640	Women's or girls' blouses, shirts and shirt-blouse
621210	Brassieres of all types of textile materials, whet
950300	Tricycles, scooters, pedal cars and similar wheele

Group C1 – 38 Items

6-Digit Code	Description
071010	Potatoes, uncooked or cooked by steaming or by boiling
071029	Leguminous vegetables, shelled or unshelled, uncooked
071140	Cucumbers and gherkins provisionally preserved, e.g.
071151	Mushrooms of the genus "Agaricus", provisionally preserved
071232	Dried wood ears "Auricularia spp.", whole, cut, sliced
071233	Dried jelly fungi "Tremella spp.", whole, cut, sliced
071239	Dried mushrooms and truffles, whole, cut, sliced, etc.
080910	Fresh apricots
080930	Fresh peaches, incl. nectarines
080940	Fresh plums and sloes
081010	Fresh strawberries
081290	Fruit and nuts, provisionally preserved, e.g. by sugar
081330	Dried apples
110813	Potato starch
200510	Homogenised vegetables put up for retail sale as is
200520	Potatoes, prepared or preserved otherwise than by boiling
200540	Peas "Pisum Sativum", prepared or preserved otherwise
200580	Sweetcorn "Zea Mays var. Saccharata", prepared or preserved
200710	Homogenised preparations of jams, jellies, marmalades
200850	Apricots, prepared or preserved, whether or not cooked
200860	Cherries, prepared or preserved, whether or not cooked
200880	Strawberries, prepared or preserved, whether or not cooked
200950	Tomato juice, unfermented, whether or not containing pulp
200961	Grape juice, incl. grape must, unfermented, Brix value >= 20
210210	Active yeasts
220710	Undenatured ethyl alcohol, of actual alcoholic strength >= 24%
220860	Vodka
240220	Cigarettes, containing tobacco
240290	Cigars, cheroots, cigarillos and cigarettes consisting of tobacco
240391	Tobacco, "homogenised" or "reconstituted" from fine cut
240399	Chewing tobacco, snuff and other manufactured tobacco
382530	Clinical waste
640320	Footwear with outer soles of leather, and uppers with other material
870210	Motor vehicles for the transport of >= 10 persons, with a maximum gross weight >= 3500 kg
870290	Motor vehicles for the transport of >= 10 persons, with a maximum gross weight < 3500 kg
870423	Motor vehicles for the transport of goods, with a maximum gross weight >= 3500 kg
870432	Motor vehicles for the transport of goods, with a maximum gross weight < 3500 kg
880400	Parachutes, incl. dirigible parachutes and paragliders

Group C2 – 18 Items

6-Digit Code	Description
071220	Dried onions, whole, cut, sliced, broken or in pow
071231	Dried mushrooms of the genus "Agaricus", whole, cu
080610	Fresh grapes
081110	Frozen strawberries, uncooked or cooked by steamin
081120	Frozen raspberries, blackberries, mulberries, loga
200210	Tomatoes, whole or in pieces, prepared or preserve
200290	Tomatoes, prepared or preserved otherwise than by
200410	Potatoes, prepared or preserved otherwise than by
200840	Pears, prepared or preserved, whether or not conta
200870	Peaches, incl. nectarines, prepared or preserved,
200969	Grape juice, incl. grape must, unfermented, Brix v
200971	Apple juice, unfermented, Brix value <= 20 at 20°C
220890	Ethyl alcohol of an alcoholic strength of < 80% vo
392329	Sacks and bags, incl. cones, of plastics (excl. th
401290	Solid or cushion tyres, interchangeable tyre tread
640420	Footwear with outer soles of leather or compositio
640510	Footwear with uppers of leather or composition lea
870421	Motor vehicles for the transport of goods, with co

Group C3 – 14 Items

6-Digit Code	Description
071080	Vegetables, uncooked or cooked by steaming or by b
071290	Dried vegetables and mixtures of vegetables, whole
080810	Fresh apples
081190	Frozen fruit and nuts, uncooked or cooked by steam
200599	Vegetables and mixtures of vegetables, prepared or
200899	Fruit and other edible parts of plants, prepared o
200979	Apple juice, unfermented, Brix value > 20 at 20°C,
392321	Sacks and bags, incl. cones, of polymers of ethyle
392610	Office or school supplies, of plastics, n.e.s.
640351	Footwear with outer soles and uppers of leather, c
640359	Footwear with outer soles and uppers of leather (e
640590	Footwear with outer soles of rubber or plastics, w
870422	Motor vehicles for the transport of goods, with co
870431	Motor vehicles for the transport of goods, with sp

Group C4 – 4 Items

6-Digit Code	Description
392690	Articles of plastics and articles of other materia
640219	Sports footwear with outer soles and uppers of rub
640411	Sports footwear, incl. tennis shoes, basketball sh
640520	Footwear with uppers of textile materials (excl. w

Group C5 – 1 Item

6-Digit Code	Description
640399	Footwear with outer soles of rubber, plastics or c

Group D1 – 18 Items

6-Digit Code	Description
110720	Roasted malt
190110	Food preparations for infant use, put up for retail
401220	Used pneumatic tyres of rubber
560729	Twine, cordage, ropes and cables, of sisal or other
681291	Clothing, clothing accessories, footwear and headgear
870331	Motor cars and other motor vehicles principally designed
870332	Motor cars and other motor vehicles principally designed
870333	Motor cars and other motor vehicles principally designed
870390	Motor cars and other vehicles principally designed
890110	Cruise ships, excursion boats and similar vessels
890120	Tankers
890510	Dredgers
890520	Floating or submersible drilling or production platforms
890590	Light-vessels, fire-floats, floating cranes and other
890610	Warships of all kinds
890690	Vessels, incl. lifeboats (excl. warships, rowing boats)
890790	Rafts, tanks, coffer-dams, landing stages, buoys,
890800	Vessels and other floating structures for breaking

Group D2– 18 Items

6-Digit Code	Description
110710	Malt (excl. roasted)
170390	Beet molasses resulting from the extraction or refining
170410	Chewing gum, whether or not sugar-coated
210320	Tomato ketchup and other tomato sauces
560749	Twine, cordage, ropes and cables of polyethylene or
560750	Twine, cordage, ropes and cables, of synthetic fibres
560790	Twine, cordage, ropes and cables, whether or not plaited
630539	Sacks and bags, for the packing of goods, of man-made
630900	Worn clothing and clothing accessories, blankets and
640110	Waterproof footwear incorporating a protective material
640199	Waterproof footwear covering neither the ankle nor
640610	Uppers and parts thereof (excl. stiffeners and general
650400	Hats and other headgear, plaited or made by assembly
650699	Headgear, whether or not lined or trimmed, n.e.s.
870310	Vehicles for the transport of persons on snow; golf
890200	Fishing vessels; factory ships and other vessels for
960720	Parts of slide fasteners
961210	Typewriter or similar ribbons, inked or otherwise

Group D3– 10 Items

6-Digit Code	Description
170490	Sugar confectionery not containing cocoa, incl. wh
420232	Wallets, purses, key-pouches, cigarette-cases, tob
630520	Sacks and bags, for the packing of goods, of cotto
630532	Flexible intermediate bulk containers, for the pac
630533	Sacks and bags, for the packing of goods, of polye
640192	Waterproof footwear covering the ankle, but not th
640220	Footwear with outer soles and uppers of rubber or
870321	Motor cars and other motor vehicles principally de
890400	Tugs and pusher craft
940430	Sleeping bags, whether or non-electrically heated

Group D4– 3 Items

6-Digit Code	Description
640291	Footwear covering the ankle, with outer soles and
640340	Footwear, incorporating a protective metal toecap,
640419	Footwear with outer soles of rubber or plastics an

Group D5– 7 Items

6-Digit Code	Description
640299	Footwear with outer soles and uppers of rubber or
640391	Footwear with outer soles of rubber, plastics or c
870322	Motor cars and other motor vehicles principally de
870323	Motor cars and other motor vehicles principally de
870324	Motor cars and other motor vehicles principally de
890190	Vessels for the transport of goods and vessels for
940490	Articles of bedding and similar furnishing, fitted

Endnotes

1 The above list is from Japan's Ministry of Economic, Trade and Industry's *Report on Compliance by Major Trading Partners with Trade Agreements*: http://www.meti.go.jp/english/report/data/gCT13_1coe.html, but is commonly found in introductory textbooks on international trade.

2 Typically referred to as anti-dumping duties and often requiring WTO approval.

3 Reuters, "Canada threatens tariffs on American wine, orange juice and ketchup in meat labelling dispute," *National Post*, October 21, 2014. At <http://business.financialpost.com/news/economy/canada-threatens-tariffs-on-american-wine-orange-juice-and-ketchup-in-meat-labelling-dispute>

4 In the context of this paper we use the term 'eliminate' to mean setting the Most-Favoured-Nation (MFN) tariff rate to zero.

5 Full name: Harmonized Commodity Description and Coding System. Available from the World Customs Organization at <http://www.wcoomd.org/en.aspx>.

6 Available at <http://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/menu-eng.html>

7 The World Trade Organization defines *Most-Favoured-Nation* (MFN) as "treating other people equally" and explains that "under the WTO (World Trade Organization) agreements, countries cannot normally discriminate between their trading partners. Grant someone a special favour (such as a lower customs duty rate for one of their products) and you have to do the same for all other WTO members."

The WTO goes on to explain: "Some exceptions are allowed. For example, countries can set up a free trade agreement that applies only to goods traded within the group — discriminating against goods from outside. Or they can give developing countries special access to their markets. Or a country can raise barriers against products that are considered to be traded unfairly from specific countries. And in services, countries are allowed, in limited circumstances, to discriminate. But the agreements only permit these exceptions under strict conditions. In general, MFN means that every time a country lowers a trade barrier or opens up a market, it has to do so for the same goods or services from all its trading partners — whether rich or poor, weak or strong." Source: World Trade Organization, "Principles of the trading system". Available at https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact2_e.htm

8 The LDCT applies to products that meet the country-of-origin requirements applicable to a set of least developed countries.

9 The GPT applies to imports from certain developing countries. It was the centre of some controversy when the Canadian government removed 72 countries from the list of GPT countries in Budget 2013. This move took effect on January 1, 2015, and is expected to increase tariff revenues by \$300-350 million per year.

10 Either because the import is ineligible for preferential treatment, or the importer lacks the paperwork to satisfy the country-of-origin requirement, or the MFN rate is zero so preferential treatment is not needed or the importer decides using a preferential tariff treatment is simply not worth the expense.

11 The only notable omission from this list is North Korea.

12 Note that 6506.10.10 is broken down into three different ten-digit codes, including Welders' helmets (6506.10.10.30). The actual rate of tariff is assessed at the eight-digit level, so 6506.10.10.30, 6506.10.10.40 and 6506.10.10.90 all have MFN rates of 0 per cent.

13 Written as "Free" in the *Customs Tariff*.

14 Unless the pears are "[i]mported during such period specified by order of the Minister of Public Safety and Emergency Preparedness or the President of the Canada Border Services Agency, not exceeding 24 weeks in any 12 month period ending 31st March", in which case the correct tariff item is 0808.30.91 and the Most-Favoured-Nation tariff is "2.81¢/kg but not less than 10.5 per cent".

15 Determining this is a non-trivial task and rules of origin based on the Tariff Shift method require a great deal of accurate tariff information being passed down the supply chain. Staples and Dawson describe the Tariff Shift method as requiring "that inputs used to make a finished product that are imported from outside of the RTA [Regional Trade Agreement] go through a specified tariff classification shift if the finished good is to be considered as originating. This approach is entirely dependent on accurate classification under the harmonized system." Given the compliance costs these rules place on small- and medium-sized enterprises, the government should follow the advice of

Staples and Dawson and simplify these rules in existing agreements. That said, this complexity is eliminated entirely if companies can import tariff-free under Most-Favoured-Nation, providing yet another benefit to unilateral tariff elimination.

16 Brian Staples and Laura Dawson, "Made in the world: Defragmenting rules of origin for more efficient global trade," Canadian Council of Chief Executives, June 2014. At: <http://www.ceocouncil.ca/wp-content/uploads/2014/06/Made-in-the-world-Dawson-and-Staples-June-2014.pdf>

17 For example, the Canada-Korea Free Trade Agreement requires the "importer claiming preferential tariff treatment for a good imported into the Party's territory must maintain, in that Party's territory, for five years after the date of importation of the good or for a longer period as specified by that Party, records relating to the importation of the good required by that Party, including a copy of the Certificate of Origin." The exporter has additional requirements, including keeping records of "the purchase of, cost of, value of, and payment for, all materials, including indirect materials, used in the production of the good that is exported from that Party's territory". The full text of the Canada-Korea Free Trade Agreement is available at: <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/korea-coree/toc-tdm.aspx?lang=eng>

8 The Trans-Pacific Partnership (TPP) is a trade agreement among the following 12 countries: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, United States and Vietnam. The text of the Trans-Pacific Partnership agreement is available at <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/tpp-ptp/text-texte/toc-tdm.aspx?lang=eng>

19 As of December 29, 2015 the full-text of the Canada-Ukraine Free Trade Agreement (CUFTA) has yet to be released.

20 The exempted items were typically ones involving supply managed goods. The special quota provisions were typically on imports of sugar or other confectionary items.

21 The trade deal with the EFTA has been omitted due to the unusual nature of the written agreement. For several items in the deal, tariffs are simply reduced, not eliminated. Furthermore, no exhaustive list

of exempted tariffs is given in the text of the agreement. There are 11 tariff items, all related to ships, that are given staging categories. Items 8901.20.00, 8902.00.10, 8905.20.10, 8905.90.10 and 8906.90.90 are given a 10-year phase in period and items 8901.10.00, 8901.90.90, 8904.00.00, 8905.10.00 and 8905.90.90 have a 15-year phase in period. The full text of the Canada-EFTA Free Trade Agreement is available at <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/eu-ue/efta.aspx?lang=eng>

22 In the vast majority of cases, the phase in happens in a linear fashion. For instance, a tariff phase-in over 4 years would see the tariff rate eliminated by ¼ each year over 4 years. Thus an initial tariff of 8 per cent would be reduced to 6 per cent in year 1, 4 per cent in year 2, 2 per cent in year 3 and eliminated entirely in year 4.

23 Author's estimates, using the World Bank's SMART simulation tool, available at: <http://wits.worldbank.org/simulationtool.html>

24 Canada Gazette, "General Preferential Tariff Withdrawal Order," September 27, 2013. At <http://canadagazette.gc.ca/rp-pr/p2/2013/2013-10-09/html/sor-dors161-eng.php>

25 These other means include trade agreements, such as the one Canada signed with Korea or other preferential tariff measures such as the Commonwealth Caribbean Countries Tariff (CCCT).

26 Using SMART, the author has estimated that this cost could be as high as \$450 million a year. The difference in estimates appears to be due to differences in assumptions on the growth of imports from these countries.

27 Government of Canada, "Tariff Relief for Canadian Consumers". At: <http://actionplan.gc.ca/en/initiative/tariff-relief-canadian-consumers>

28 The Nielsen Company, "Monitoring Retail Prices of Babies' Clothing and Sporting Goods Post Tariff Elimination," January 9, 2015. At: <http://www.fin.gc.ca/pub/nielsen/retail-prices-prix-details-eng.pdf>

29 Retail Council of Canada, "Flawed Nielsen Tariff Study Misses the Mark," April 20, 2015. At: <http://www.retailcouncil.org/tariffs>

30 Standing Committee on International Trade, "Ten Steps to a Better Trade Policy," April 2007. At: <http://www.parl.gc.ca/content/hoc/Committee/391/CIIT/Reports/RP2861986/ciitp08/ciitp08-e.pdf>

31 Government of Canada, "Government Response to the Eighth Report of the Standing Committee on International Trade," August 22, 2007. At: <http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=e&Mode=1&Parl=39&Ses=1&DocId=3067181>

32 Canada Gazette Part I, "Invitation to submit views on proposed Most-Favoured-Nation tariff elimination on certain machinery and equipment," August 30, 2008. At: <http://publications.gc.ca/gazette/archives/p1/2008/2008-08-30/pdf/g1-14235.pdf>

33 Ibid

34 Government of Canada, "Budget 2009," January 27, 2009. At: <http://www.budget.gc.ca/2009/pdf/budget-planbudgetaire-eng.pdf>

35 Canada Gazette Part I, "Invitation to submit views on proposed Most-Favoured-Nation tariff elimination on manufacturing inputs and machinery and equipment," September 19, 2009. At: <http://publications.gc.ca/gazette/archives/p1/2009/2009-09-19/pdf/g1-14338.pdf>

36 Government of Canada, "Budget 2010", March 4, 2010. At: <http://www.budget.gc.ca/2010/pdf/budget-planbudgetaire-eng.pdf>

37 Department of Finance Canada, "Government Plans Further Tariff Relief to Benefit Canadian Businesses", September 18, 2009. At: <http://www.fin.gc.ca/n08/09-087-eng.asp>

38 Canadian Apparel Federation, "Textile tariffs", 2016. At: http://www.apparel.ca/textile_tariffs.html

39 Office of the Auditor General of Canada, "Report of the Auditor General of Canada – 2001", December 4, 2001. At: http://www.oag-bvg.gc.ca/internet/English/parl_oag_2001112_e_1134.html

40 The toothbrush problem is laid out by Schaffer et. al. The reason that electric toothbrushes are considered electromechanical appliances (8509) and not toothbrushes (9603) is due to a principle called *The Rule of Relative Specificity*. Schaffer et. al. explain: "We must first determine the most specific four-digit heading, and the description

'electromechanical domestic appliance with self-contained motor' is more specific than 'brooms, brushes, ...' Schaffer et. al., *International Business Law and Its Environment*, 9th Edition, South-Western College Publishing, 2014.

41 Canadian International Trade Tribunal, "Philips Electronics Ltd. and Les Distributions Saeco Canada Ltée v. President of the Canada Border Services Agency," May 8, 2014. At: <http://www.citt.gc.ca/en/node/6432>

42 Canadian International Trade Tribunal, "Maurice Pincoffs Canada Inc. v. President of the Canada Border Services Agency," March 28, 2014. At: <http://www.citt.gc.ca/en/node/6413>

43 Canadian International Trade Tribunal, "Annual Financial Statement for the Period Ending March 31, 2015," January 26, 2016. Available at: <http://www.citt-tcce.gc.ca/en/node/7547>.

44 Robert (Bob) Kunimoto and Gary Sawchuk, "NAFTA Rules of Origin," NAFTA @ 10, Global Affairs Canada, 2006. At: <http://www.international.gc.ca/economist-economiste/analyse-analyse/research-recherche/10.aspx?lang=eng>

45 Government of Canada, "NAFTA Rules of Origin Regulations," December 10, 2015. At: <http://laws-lois.justice.gc.ca/PDF/SOR-94-14.pdf>

46 Robert (Bob) Kunimoto and Gary Sawchuk, "NAFTA Rules of Origin," NAFTA @ 10, Global Affairs Canada, 2006. At: <http://www.international.gc.ca/economist-economiste/analyse-analyse/research-recherche/10.aspx?lang=eng>

47 Olivier Cadot et. al, "Assessing the effect of NAFTA's rules of origin," *Research Unit Working Papers, Laboratoire d'Economie Appliquee*, INRA, 2002. At: http://web.worldbank.org/archive/website00894A/WEB/PDF/CADOT_RU.PDF

48 But unlike a tariff where the government collects revenue, this is a pure deadweight loss.

49 More commonly known as a Certificate of Origin.

50 But far from the only one. For example, *Xerox Canada vs. CBSA* examined the use of tariff item 9927.00.00 "articles and materials to be employed in the manufacture of certain listed products for use by printers". Canadian International Trade Tribunal, "Xerox Canada Ltd. v.

President of the Canada Border Services Agency," March 28, 2014. At: <http://www.citt.gc.ca/en/node/6410>

51 Canadian Importers 9948 Fair Treatment Coalition, "Canadian importers and retailers victims of \$16-million tax grab," May 23, 2013. At: <http://www.newswire.ca/en/story/1170791/canadian-importers-and-retailers-victims-of-16-million-tax-grab>

52 Mike Moffatt, "CBSA lawyer: Government was "perpetuating a fraud" on iPod tax," *Canadian Business*, January 20, 2014. At: <http://www.canadianbusiness.com/blogs-and-comment/ipod-tax-emails/>

53 This high farce is not unique to Canada. A particularly amusing one involving Star Trek is found in Yarbrough and Yarbrough's *The World Economy: Trade and Finance*. "In 1994, the European Union placed an \$81.7 million import quota on "nonhuman dolls" from China, while leaving "human dolls" with no quota. So far, EU officials have ruled teddy bears and two popular European dolls, Noddy and Big Ears, subject to the quota. Batman, Robin, and Star Trek's Captain Kirk escaped the quota by an affirmative ruling on their humanity. The biggest controversy surrounded *Star Trek* hero Mr. Spock. Spock's mother was human, which some aficionados claimed should win him exemption, but customs officials used the size of his ears to rule him nonhuman and subject to the quota." Beth V. Yarbrough and Robert M. Yarbrough, "The World Economy: Trade and Finance, 5th edition," *South-Western College Publishers*, 2000.

54 These are the only goods that have been exempted from tariff elimination in every one of Canada's trade deals, including NAFTA.

55 Though as economist Jagdish Bhagwati has noted, unilateral tariff elimination by one country occasionally triggers a reciprocal response by a country's trading partner, another potential benefit to unilateral tariff elimination. Jagdish Bhagwati, "Going Alone: The Case for Relaxed Reciprocity in Freeing Trade," MIT Press: Cambridge, Spring 2002.

56 Available at <http://wits.worldbank.org/>

57 WITS reports data in U.S. dollars. The Canadian dollar and the U.S. dollar were near parity for the entire year of 2013, with the Canadian dollar averaging slightly over 97 cents U.S.

58 Dan Ciruiak and Jiangling Xiao, "Should Canada unilaterally adopt global free trade?," *Canadian Council of Chief Executives*, May 2014. At: <http://www.ceocouncil.ca/wp-content/uploads/2014/05/Should-Canada-unilaterally-adopt-free-trade-Ciuriak-and-Xiao-May-20141.pdf>

59 This does not eliminate the need for tariff classifications, however, as even tariff-free importation of goods under MFN requires tariff classifications. Once these tariff rates are set to zero, the government should follow the advice of the Canadian Federation of Independent Business and consolidate tariff classifications to simply the classification process. Joseph Doris, "Beyond the Big Border: Evaluating factors that influence small business trade at the Canada-U.S. border," *Canadian Federation of Independent Business*, January 2016. At: <http://www.cfib-fcei.ca/cfib-documents/rr3387.pdf>

60 A number of analysts have made such a case, including Martha Hall Findlay and the Conference Board of Canada. Martha Hall Findlay, "Supply Management: Problems, Politics and Possibilities," *University of Calgary School of Public Policy Research Papers*, Vol. 5, No. 19, June 2012. At: <http://policyschool.ucalgary.ca/?q=content/supply-management-problems-politics-and-possibilities>; Michael Grant et. al., "Reforming Dairy Supply Management: The Case for Growth," *Conference Board of Canada*, March 6, 2014. At: <http://www.conferenceboard.ca/e-library/abstract.aspx?did=5955>

61 Of course, the existing tariff also prevents Canadian consumers from obtaining goods from their preferred suppliers by putting those suppliers at a cost disadvantage. Since tariffs are damaging to the consumers of a country that imposes them, the economist David Friedman characterized trade negotiations as follows: "We will reduce our tariffs if you will reduce yours. From the economist's point of view, it is rather like my offering to stop hitting myself on the head with a hammer if you agree to stop hitting yourself on the head with a hammer."

62 Prior to 2003, Canada entered into the Canada-U.S. Free Trade Agreement, the North American Free Trade Agreement (NAFTA) and trade deals with Israel, Chile and Costa Rica. These were excluded from analysis due to the difficulties of comparing a pre-2000 Customs Tariff to a present day one. Since 2014 Canada has concluded negotiations on the Trans-Pacific Partnership (TPP) and with Ukraine. The TPP was excluded since the statistical analysis was completed before the full text

of the agreement was released. There are only eight six-digit tariff subheadings that are phased out (rather than eliminated entirely) in TPP: 2401.20 (Tobacco, partly or wholly stemmed/stripped), 2402.10 (Cigars, cheroots and cigarillos, containing tobacco), 4016.95 (Other inflatable articles), 4017.00 (Hard rubber in all forms, including waste and scrap; articles of hard rubber), 9401.40 (Seats other than garden seats or camping equipment, convertible into beds), 9401.51 (Seats of cane, osier, bamboo or similar materials: of bamboo or rattan), 9401.59 (Seats of cane, osier, bamboo or similar materials: other) and

9404.10.00 00 (Mattress supports). The full text of the Canada-Ukraine Free Trade Agreement has yet to be released, so it is excluded from analysis.

63 The data, in Microsoft Access format, is available from the Canada Border Services Agency at: <http://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/2016/compres-eng.html>

64 This leads to a total of 1425 six-digit tariff subheadings with non-zero tariffs in 2015, down from 1578 in 2013. The difference is due to the five-year phase in period of the Budget 2010 tariff cuts having been fully reached.

65 These estimates likely overstate the revenue loss from the products under consideration, as they have not been adjusted for TPP or the Canada-Ukraine Free Trade Agreement, though almost all differences appear to be marginal. Where the TPP will have an appreciable effect on Canadian tariff revenue, it will be through automotive tariffs, which are in the \$25 million+ revenue and cumulative phase-in of 10+ years groups, which are largely outside of the scope of this paper.

66 Due to the "access commitment" clauses in the Customs Tariff, *SMART* cannot accurately estimate the tariff revenue collected from supply managed goods.

67 At the time of writing this deal has yet to be signed, but a full-text of the deal has been released.

68 See Appendix I for a complete list.

69 The three ineligible groups are related to supply management, specifically egg albumin (3502.11), milk albumin (3502.20) and milk protein substances (3504.00).

