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Making it Simple

Boosting Canadian competitiveness through selective tariff elimination

BY MIKE MOFFATT

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Author

MIKE MOFFATT

Mike Moffatt is an Assistant Professor in the Business, Economics and Public Policy group at Ivey Business School at Western University where he teaches courses in international trade and firm-level strategy. An economist by training, Mike's interests relate to the intersection of public policy, economic growth and business strategy for exporting companies.

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439 UNIVERSITY AVENUE
SUITE 2200, TORONTO, ON
M5G 1Y8 CANADA



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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% |
|---|-----|----|---|

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-carcasses |
| 020441 | Frozen sheep carcasses and half-carcasses (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 |

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| 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 |

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| 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 |

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| 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 |

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| 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, |

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| 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 |

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| 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 |

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|--------|--|
| 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 |

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| 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 |

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| 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 |

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|--------|--|
| 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 |

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| 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 |

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|--------|--|
| 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 |

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| 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' negligés, bathrobes, dressing go |
| 610892 | Women's or girls' negligés, 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, dried |
| 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 |
| 200961 | Grape juice, incl. grape must, unfermented, Brix value |
| 210210 | Active yeasts |
| 220710 | Undenatured ethyl alcohol, of actual alcoholic strength |
| 220860 | Vodka |
| 240220 | Cigarettes, containing tobacco |
| 240290 | Cigars, cheroots, cigarillos and cigarettes consisting |
| 240391 | Tobacco, "homogenised" or "reconstituted" from fine |
| 240399 | Chewing tobacco, snuff and other manufactured tobacco |
| 382530 | Clinical waste |
| 640320 | Footwear with outer soles of leather, and uppers with |
| 870210 | Motor vehicles for the transport of >= 10 persons, with |
| 870290 | Motor vehicles for the transport of >= 10 persons, with |
| 870423 | Motor vehicles for the transport of goods, with closed |
| 870432 | Motor vehicles for the transport of goods, with special |
| 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).

