



Memorandum D11-4-22

Ottawa, October 28, 2020

Tariff Preference Levels

In Brief

This memorandum has been amended to include information regarding the Canada-United States-Mexico Agreement (CUSMA) Tariff Preference Levels. Also, minor amendments have been made to the Appendix C-CCRFTA Tariff Preference Levels as a result of the repeal of the Costa Rica Free Trade Zone regulations, as well as other non-consequential technical amendments.

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

Under the terms of the above noted Free Trade Agreements (FTA), preferential tariff treatment is granted to specified quantities of certain yarns, fabrics, apparel, and textile articles that do not meet the rules of origin of the agreement. These provisions constitute a trade mechanism known as a “Tariff Preference Level.” The preferential rate of duty under these FTAs’ TPL mechanisms is the rate that would apply to the goods if they were originating goods under the applicable agreement.

Legislation

[Customs Tariff](#)

[Export and Import Permits Act](#)

Statutory Instruments

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

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

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

[Imports of Certain Textile and Apparel Goods from Honduras Customs Duty Remission Order](#)

Regulations

[NAFTA Rules of Origin Regulations](#)

[CCFTA Rules of Origin Regulations](#)

[CCRFTA Rules of Origin Regulations](#)

[CHFTA Rules of Origin Regulations](#)

[CUSMA Rules of Origin Regulations](#)

Guidelines and General Information

General

1. The TPL mechanisms of NAFTA, CCFTA, CCRFTA, CHFTA and CUSMA provide rates of duty, equivalent to those of originating goods, to specified quantities of certain non-originating textile and apparel goods traded between the parties to each respective agreement, on condition that the goods have undergone specified manufacturing processes in the territory of one of the parties to the agreement (refer to Appendices A, B, C, D, and E). The remission orders discussed in this memorandum implement in part the TPL mechanisms for goods imported into Canada. In particular, the orders specify the goods which may be eligible for TPL treatment, the rates of duty that apply under the TPL program, the manufacturing processes goods are required to undergo in the territory of the parties to each agreement, and the documentation needed to support a request for remission.
2. The TPL remission orders also specify that the quantities of goods eligible for TPL treatment are the quantities set out in the relevant schedules of the FTAs identified in paragraph 1. The annual TPL quantities are found in Appendices A, B, C, D, and E. TPL utilization reports can be viewed on the website of Global Affairs Canada.

Note: Despite the wording of the TPL remission order, *the Imports of Certain Textile and Apparel Goods From Mexico or the United States Customs Duty Remission Order*, no TPL quantity has been agreed upon for goods imported into Canada from the United States that fall within the definition of “fabric and made-up goods” in section 1 of the Order, other than for goods in Chapter 60 or, for the purposes of the CUSMA, heading 63.03 of the Harmonized System.

3. Any request for NAFTA TPL treatment will be considered for goods imported from the United States or Mexico prior to the CUSMA entry into force date of July 1, 2020, provided TPL quantities are available.

Tariff Treatments

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

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

5. In order to receive a TPL benefit, the Exporter’s Certification of Non-originating Textile Goods (Certification) must be in the importer’s possession at the time of release of the goods, or at any other time when the importer declares on the customs documentation that they are in possession of this Certification. The importer is certifying that the goods meet the requirements set out in Appendix 6 of Annex 300-B to Chapter Three of NAFTA, Appendix 5.1 of Annex C-00-B to Chapter C of CCFTA, Appendix III.1.6.1 of Annex III.1 to Chapter III of CCRFTA, Section 5 of Annex 3.1 to Chapter 3 of CHFTA, or Section C of Annex 6-A to Chapter 6 of CUSMA.

Note: Certification requirements are found in the respective countries’ remission orders found in “Legislation – Statutory Instrument” section of this memorandum.

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

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

7. Certifications may be completed in English, French, or Spanish. Where the Certification is in Spanish and the CBSA requests to see it, the CBSA may make a further request to the importer to provide an English or French

translation of the Certification. If such further request is made, the CBSA will allow a reasonable period of time for the importer to obtain the translation.

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

8. Since goods qualifying under the TPL provisions are not originating goods under the *NAFTA Rules of Origin Regulations*, *CCFTA Rules of Origin Regulations*, *CCRFTA Rules of Origin Regulations*, *CHFTA Rules of Origin Regulations*, or *CUSMA Rules of Origin Regulations*, these cannot be certified as originating on a NAFTA Certificate of Origin, CCFTA Certificate of Origin, CCRFTA Certificate of Origin, CHFTA Certificate of Origin or CUSMA Certification of Origin.

Import Permit Requirements

9. All TPL-eligible imports require an import permit issued by the Trade Controls Bureau at Global Affairs Canada or via customs brokers authorized by the Trade Controls Bureau.

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

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

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

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

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

Goods Imported From Mexico – Certificate of Eligibility

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

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

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

Canada Customs Coding Form and Invoice Requirements

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

NAFTA and CUSMA 98-1456

CCFTA 98-1455

CCRFTA 02-1863

19. The importer must also enter Code 10 in Field 14 on the Canada Customs Coding Form for goods imported from the United States; Code 11 for goods imported from Mexico; Code 14 for goods imported from Chile; Code 21 for goods imported from Costa Rica; and Code 29 for goods imported from Honduras. In so doing, the importer is declaring that he is in possession of an Exporter's Certification of Non-originating Textile Goods.

Note: Certification requirements are found in the respective countries' remission orders found in "Legislation – Statutory Instruments" section of this memorandum.

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

Review and Evaluation

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

22. Although goods qualifying for preferential tariff treatment under the TPL remission orders are not considered originating goods, and as such cannot be certified as originating on the relevant FTA Certificate of Origin, the documentation and associated production required to be entitled to the TPL is subject to verification under the *Export and Import Permits Act*.

Refunds

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

24. A request for TPL treatment by way of a refund is made by submitting a completed Canada Customs – Adjustment Request to a CBSA office in the region where the goods were accounted for. Fields 14 and 20 on the Canada Customs Adjustment Request must be completed as indicated in paragraphs 18 and 19. Subsection 115(3) of the *Customs Tariff* must be indicated in the Justification for Request (Field 37) to request the refund. The Adjustment Request must include the import permit, the Exporter's Certification of Non-originating Textile Goods, and, if the goods are imported from Mexico, the Certificate of Eligibility.

Note: Certification requirements are found in the respective countries' remission orders found in "Legislation – Statutory Instruments" section of this memorandum.

Additional Information

25. For more information, call contact the [CBSA Border Information Service](#) (BIS):

Calls within Canada & the United States (toll free): **1-800-461-9999**

Calls outside Canada & the United States (long distance charges apply):

1-204-983-3550 or 1-506-636-5064

TTY: **1-866-335-3237**

[Contact Us online](#) (webform)

[Contact Us](#) at the CBSA website.

Appendix A

NAFTA Tariff Preference Levels (TPLs)

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

HS Classification	Description	Process	From	Quantity
Spun Yarns				
52.05-52.07	cotton yarns	spun in Mexico or the USA from non-originating fibres	52.01-52.03	from Mexico: 1,000,000 kg from the USA: 1,000,000 kg
55.09-55.11	man-made yarns	spun in Mexico or the USA from non-originating fibres	55.01-55.07	
Fabric and made-up goods				
52-55 (excluding goods containing 36% or more by weight of wool or fine animal hair), 58, 60 and 63 9404.90	cotton or man-made fibre fabrics or made-up textile goods	woven or knit in Mexico or the USA from non-originating yarn or knit from yarn spun in Mexico or the USA from non-originating fibres finished and cut and sewn or otherwise assembled from fabrics [see next column] produced or obtained outside the NAFTA territories	5208.11-5208.29, 5209.11-5209.29, 5210.11-5210.29, 5211.11-5211.29, 5212.11, 5212.12, 5212.21, 5212.22, 5407.41, 5407.51, 5407.71, 5407.81, 5407.91, 5408.21, 5408.31, 5512.11, 5512.21, 5512.91, 5513.11-5513.19, 5514.11-5514.19, 5516.11, 5516.21, 5516.31, 5516.41, 5516.91	from Mexico: 7,000,000 SMEs from the USA: 2,000,000 SMEs
Apparel				
61, 62	cotton or man-made fibre apparel or wool apparel	Cut (or knit to shape) and sewn or otherwise assembled in Mexico or the USA from non-originating yarn or fabric		cotton or man-made fibre apparel from: Mexico: 6,000,000 SMEs USA: 9,000,000 SMEs wool apparel from: Mexico: 250,000 SMEs USA: 919,740 SMEs

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

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

Appendix B

CCFTA Tariff Preference Levels (TPLs)

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

HS Classification	Description	Process	From	Quantity
Spun Yarns				
52.05-52.07	cotton yarns	spun in Chile from non- originating fibres	52.01-52.03	500,000 kg
55.09-55.11	man-made yarns	spun in Chile from non- originating fibres	55.01-55.07	
Fabric and made-up goods				
52-55 (excluding goods containing 36% or more by weight of wool or fine animal hair), 58, 60 and 63	cotton or man-made fibre fabrics or made-up textile goods	woven or knit in Chile from non- originating yarn or knit from yarn spun in Chile from non- originating fibres		cotton or man-made fibre fabrics and made-up goods: 1,000,000 SMEs
9404.90		finished and cut and sewn or otherwise assembled from fabrics [see next column] produced or obtained outside the CCFTA territories	5208.11-5208.29, 5209.11-5209.29, 5210.11-5210.29, 5211.11-5211.29, 5212.11, 5212.12, 5212.21, 5212.22, 5407.41, 5407.51, 5407.71, 5407.81, 5407.91, 5408.21, 5408.31, 5512.11, 5512.21, 5512.91, 5513.11-5513.19, 5514.11-5514.19, 5516.11, 5516.21, 5516.31, 5516.41, 5516.91	
51-55 (containing 36% or more by weight of wool or fine animal hair), 58, 60 and 63	wool fabric and made-up textile goods	woven or knit in Chile from non- originating yarn or knit from yarn spun in Chile from non- originating fibres		wool fabrics and made-up goods: 250,000 SMEs
Apparel				
61, 62	cotton or man- made fibre apparel or wool apparel	Cut (or knit to shape) and sewn or otherwise assembled in Chile from non- originating yarn or fabric		cotton or man-made fibre apparel: 2,252,324 SMEs wool apparel: 112,614 SMEs

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

Appendix C

CCRFTA Tariff Preference Levels (TPLs)

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

HS Classification	Description	Process	From	Quantity
Spun Yarns				
52.05-52.07	cotton yarns	spun in Costa Rica from non-originating fibres	52.01-52.03	150,000 kg
55.09-55.11	man-made yarns	spun in Costa Rica from non-originating fibres	55.01-55.07	
Fabric and made-up goods				
52-55 (excluding goods containing 36% or more by weight of wool or fine animal hair), 58, 60 and 63	cotton or man-made fibre fabrics or made-up textile goods	woven or knit in Costa Rica from non-originating yarn or knit from yarn spun in Costa Rica from non-originating fibres	5208.11-5208.29, 5209.11-5209.29, 5210.11-5210.29, 5211.11-5211.29, 5212.11, 5212.12, 5212.21, 5212.22, 5407.41, 5407.51, 5407.71, 5407.81, 5407.91, 5408.21, 5408.31, 5512.11, 5512.21, 5512.91, 5513.11-5513.19, 5514.11-5514.19, 5516.11, 5516.21, 5516.31, 5516.41, 5516.91	cotton or man-made fibre fabrics and made-up goods: 1,000,000 SMEs
9404.90		finished and cut and sewn or otherwise assembled from fabrics [see next column] produced or obtained outside the CCRFTA territories		
51-55 (containing 36% or more by weight of wool or fine animal hair), 58, 60 and 63	wool fabric and made-up textile goods	woven or knit in Costa Rica from non-originating yarn or knit from yarn spun in Costa Rica from non-originating fibres		
Apparel				
61, 62	cotton or man-made fibre apparel or wool apparel	Cut (or knit to shape) and sewn or otherwise assembled in Costa Rica from non-originating yarn or fabric		1,379,570 SMEs

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

Appendix D

CHFTA Tariff Preference Levels (TPLs)

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

HS Classification	Description	Process	Quantity
51-55, 58, 60 and 63 9404.90	wool, cotton or man-made fibre fabrics or made-up textile goods	woven or knit in Honduras from non-originating yarn or knit from yarn spun in Honduras from non-originating fibres or filaments finished and cut and sewn or otherwise assembled in Honduras from fabric or yarn produced or obtained outside the CHFTA territories	fabric or made-up textile goods: 1,000,000 SMEs
61, 62	apparel	cut (or knit to shape) and sewn or otherwise assembled in Honduras from non-originating fabric or yarn	apparel goods: 4,000,000 SMEs

The quantities shown are those set out in Section 5 of Annex 3.1 to Chapter 3 of CHFTA.

Appendix E

CUSMA Tariff Preference Levels (TPLs)

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

HS Classification	Description	Process	From	Quantity
Spun Yarns				
52.05-52.07	cotton yarns	spun in Mexico or the USA from non-originating fibres	52.01-52.03	from Mexico: 1,000,000 kg from the USA: 1,000,000 kg
55.09-55.11	man-made yarns	spun in Mexico or the USA from non-originating fibres	55.01-55.07	
56.05	metallized yarn	formed in the USA from non-originating fibres		
Fabric and made-up goods				
52-55 (excluding goods containing 36% or more by weight of wool or fine animal hair), 58, 60 and 63	cotton or man-made fibre fabrics or made-up textile goods	woven or knit in Mexico or the USA from non-originating yarn or originating yarn produced from non-originating fibre, or knit from yarn spun in Mexico or the USA from non-originating fibres		from Mexico: 7,000,000 SMEs from the USA: 15,000,000 SMEs
9404.90		finished and cut and sewn or otherwise assembled from fabrics [see next column] produced or obtained outside the CUSMA territories	5208.11-5208.29, 5209.11-5209.29, 5210.11-5210.29, 5211.11-5211.20, 5212.11, 5212.12, 5212.21, 5212.22, 5407.41, 5407.51, 5407.71, 5407.81, 5407.91, 5408.21, 5408.31, 5512.11, 5512.21, 5512.91, 5513.11-5513.19, 5514.11-5514.19, 5516.11, 5516.21, 5516.31, 5516.41, 5516.91	
Apparel				
61, 62, and 96.19	cotton or man-made fibre apparel or wool apparel	Cut (or knit to shape) and sewn or otherwise assembled in Mexico or the USA from non-originating yarn or fabric		cotton or man-made fibre apparel from: Mexico: 6,000,000 SMEs USA: 20,000,000 SMEs wool apparel from: Mexico: 250,000 SMEs USA: 700,000 SMEs

The quantities shown are those set out in Appendix 1, 2, and 3 to Annex 6-A of the CUSMA.

The 15,000,000 SMEs from the United States are limited to goods of Chapter 60 or heading 63.03 of the HS.

References	
Issuing Office	Trade and Anti-dumping Programs Directorate
Headquarters File	4571-11-20
Legislative References	<u>Imports of Certain Textile and Apparel Goods From Mexico or the United States Customs Duty Remission Order</u> <u>Imports of Certain Textile and Apparel Goods From Chile Customs Duty Remission Order</u> <u>Imports of Certain Textile and Apparel Goods From Costa Rica Customs Duty Remission Order</u> <u>Imports of Certain Textile and Apparel Goods from Honduras Customs Duty Remission Order</u> <u>NAFTA Rules of Origin Regulations</u> <u>CCFTA Rules of Origin Regulations</u> <u>CCRFTA Rules of Origin Regulations</u> <u>CHFTA Rules of Origin Regulations</u> <u>CUSMA Rules of Origin Regulations</u> <u>Customs Tariff</u> <u>Export and Import Permit Act</u>
Other References	<u>D19-10-2</u> <u>Global Affairs Canada</u> <u>North American Free Trade Agreement (NAFTA)</u> <u>Canada–Chile Free Trade Agreement (CCFTA)</u> <u>Canada–Costa Rica Free Trade Agreement (CCRFTA)</u> <u>Canada–Honduras Free Trade Agreement (CHFTA)</u> <u>Canada-United States-Mexico Agreement (CUSMA)</u> <u>Canada Customs Coding Form</u> <u>Canada Customs – Adjustment Request</u>
Superseded Memorandum D	D11-4-22 dated September 26, 2016