ANNEX

MODIFICATIONS TO THE RULES OF ORIGIN FOR THE NORTH AMERICAN FREE TRADE AGREEMENT, AS REFLECTED IN THE HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES

Effective with respect to goods of Canada or of Mexico, under the terms of general note 12 to the Harmonized Tariff Schedule of the United States (HTS), that are entered, or withdrawn from warehouse for consumption, on or after July 1, 2006, general note 12(t) to the HTS is modified as follows:

1. Tariff classification rules (TCRs) 5 through 7 to chapter 18 are deleted and the following new TCR is inserted:

"5. A change to subheadings 1806.31 through 1806.90 from any other subheading, including another subheading within that group."

2. TCR 7 to chapter 20 is deleted and the following new TCR is inserted:

"7. (A) A change to subheading 2009.90 from any other chapter;

(B) A change to cranberry juice mixtures of subheading 2009.90 from any other subheading within chapter 20, except from subheadings 2009.11 through 2009.39 or cranberry juice of subheading 2009.80, whether or not there is also a change from any other chapter, provided there is a regional value content of not less than:

(1) 60 percent where the transaction value method is used, or

(2) 50 percent where the net cost method is used; or

(C) A change to any other good of subheading 2009.90 from any other subheading within chapter 20, whether or not there is also a change from any other chapter, provided that a single juice ingredient, or juice ingredients from a single non-Party, constitute in single strength form no more than 60 percent by volume of the good."

3. The TCR to chapter 26, set forth following the chapter designation, is deleted and the following new TCR is inserted:

"A change to headings 2601 through 2621 from any other heading, including another heading within that group."

4. TCRs 2 through 8, inclusive, to chapter 41 are deleted and the following new TCRs are inserted:

"2. A change to heading 4104 from any other heading, except from heading 4107.

3. A change to subheading 4105.10 from heading 4102 or any other chapter.

4. A change to subheading 4105.30 from heading 4102, subheading 4105.10 or any other chapter.

5. A change to subheading 4106.21 from subheading 4103.10 or any other chapter.

6. A change to subheading 4106.22 from subheadings 4103.10 or 4106.21 or any other chapter.

7. A change to subheading 4106.31 from subheading 4103.30 or any other chapter.

8. A change to subheading 4106.32 from subheadings 4103.30 or 4106.31 or any other chapter.

9. (A) A change to tanned hides or skins in the wet state (including wet-blue) of subheading 4106.40 from subheading 4103.20 or any other chapter; or

(B) A change to crust hides or skins of subheading 4106.40 from subheading 4103.20 or tanned hides or skins in the wet state (including wet-blue) of subheading 4106.40 or any other chapter.

10. A change to subheading 4106.91 from subheading 4103.90 or any other chapter.

11. A change to subheading 4106.92 from subheadings 4103.90 or 4106.91 or any other chapter.

12. A change to heading 4107 from heading 4101 or any other chapter.

13. A change to heading 4112 from heading 4102, subheading 4105.10 or any other chapter.

14. A change to heading 4113 from heading 4103, subheadings 4106.21 or 4106.31, tanned hides or skins in the wet state (including wet-blue) of subheading 4106.40, subheading 4106.91 or any other chapter.

15. A change to heading 4114 from headings 4101 through 4103 or any other chapter, except from hides or skins of headings 4101 through 4103 which have undergone a tanning (including pre-tanning) process which is reversible.

16. A change to subheadings 4115.10 through 4115.20 from headings 4101 through 4103 or any other chapter."

5. TCRs 1 and 2 to chapter 45 are deleted and the following new TCR is inserted immediately after the designation "Chapter 45."

"A change to headings 4501 through 4504 from any other heading, including another heading within that group."

6. TCRs 4 and 4A and the immediately superior Note to chapter 54 are deleted and the following new TCR is inserted immediately below TCR 3:

"4. A change to heading 5408 from filament yarns of viscose rayon of heading 5403 or any other chapter, except from headings 5106 through 5110, 5205 through 5206 or 5509 through 5510."

7. TCRs 1 through 3 and the accompanying Note and Heading rule to chapter 56 are deleted and the following new TCRs and Heading rule are inserted:

"1. (A) A change to sanitary towels or tampons of subheading 5601.10 from tri-lobal rayon staple fiber (38 mm, 3.3 decitex) of subheading 5504.10 or any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308 or 5310 through 5311 or chapters 54 through 55; or

(B) A change to any other good of heading 5601 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308 or 5310 through 5311 or chapters 54 through 55.

2. A change to headings 5602 through 5605 from any other chapter, except from headings 5106 through 5113, 5204 through 5212, 5307 through 5308 or 5310 through 5311 or chapters 54 through 55.