

ANNEX

MODIFICATIONS TO THE RULES OF ORIGIN FOR THE NAFTA

Effective with respect to goods of Canada entered, or withdrawn from warehouse for consumption, on or after January 1, 2003, and to goods of Mexico entered, or withdrawn from warehouse for consumption, on or after a date to be announced in the Federal Register by the USTR, general note 12(t) is modified as follows:

1. Tariff classification rule (TCR) 7 for chapter 22 is deleted and the following new TCRs are inserted in lieu thereof:

- “7. A change to headings 2203 through 2207 from any heading outside that group, except from tariff items 2106.90.12, 2106.90.15 or 2106.90.18 or headings 2208 through 2209.
8. A change to subheading 2208.20 from any other heading, except from tariff items 2106.90.12, 2106.90.15 or 2106.90.18 or headings 2203 through 2207 or 2209.
9. No required change in tariff classification to subheadings 2208.30 through 2208.70, provided that the non-originating alcoholic ingredients constitute no more than 10 percent of the alcoholic content of the good by volume.
10. A change to subheading 2208.90 from any other heading, except from tariff items 2106.90.12, 2106.90.15 or 2106.90.18 or headings 2203 through 2207 or 2209.
11. A change to heading 2209 from any other heading, except from tariff items 2106.90.12, 2106.90.15 or 2106.90.18 or headings 2203 through 2208.”

2. The following new chapter rule is inserted immediately below the side heading “Chapter 27”:

“**Chapter rule:** For the purposes of heading 2710, the following processes confer origin:

- (a) Atmospheric distillation—a separation process in which petroleum oils are converted, in a distillation tower, into fractions according to boiling point and the vapor then condensed into different liquefied fractions. Liquefied petroleum gas, naphtha, gasoline, kerosene, diesel/heating oil, light gas oils and lubricating oil are produced from petroleum distillation;
- (b) Vacuum distillation—distillation at a pressure below atmospheric but not so low that it would be classed as molecular distillation. Vacuum distillation is useful for distilling high-boiling and heat-sensitive materials such as heavy distillates in petroleum oils to produce light to heavy vacuum gas oils and residuum. In some refineries gas oils may be further processed into lubricating oils;
- (c) Catalytic hydroprocessing—the cracking and/or treating of petroleum oils with hydrogen at high temperature and under pressure, in the presence of special catalysts. Catalytic hydroprocessing includes hydrocracking and hydrotreating;