

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
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POLICY

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Canada to Eliminate MFN Tariffs on Food Ingredients

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Report Highlights:

The federal government announced the intention to eliminate the MFN tariffs on a long list of imported food items to be used as ingredients by domestic food manufacturing companies. Stakeholders have until June 21, 2016 to submit their comments on this proposed measure. Under NAFTA, U.S. exports of items subject to the proposed MFN tariff elimination, valued at nearly \$2 billion in 2015, already benefit from duty free access into Canada.

The federal government is seeking the views of interested parties on the elimination of Most-Favoured-Nation (MFN) rates of customs duty on certain agri-food processing inputs. The tariff items being considered for elimination of the rate of customs duty are listed in Table 1 (together with their current MFN rates) of the [official announcement](#). Among the targeted products are fresh fruits and vegetables, various fats and oils, various extracts, sugar, cocoa, coffee and tea.

The government explained this initiative as a way to help improve the competitiveness of Canadian agri-food processors in domestic and foreign markets by reducing non-recoverable production costs. Several criteria were used to select the items that would benefit from tariff elimination:

- Goods covered by these tariff items must be used in agri-food processing;
- Eliminating the tariff on these goods will reduce production costs for Canadian industry; and
- There was interest from stakeholders in eliminating MFN tariffs on some of these goods to enhance competitiveness.

The description of the tariff items listed in Table 1 of the announcement can be found in the latest consolidated version of the [Canadian Customs Tariff](#).

Under NAFTA, U.S. exports of items subject to the proposed MFN tariff elimination, valued at nearly \$2 billion in 2015 (or about 74 percent of total imports in Canada under those respective tariff lines), already benefit from duty free access into Canada. Once the measure implemented, the United States would lose its preferential access to the Canadian market for those products, which would compete on the same duty free basis with exports from third countries.

The list of tariff lines covered by this proposal, together with the import values in 2015 are included in the annex to this report.

ANNEX

Canada - IMPORTS - 2015
= U.S. dollars =

<i>Tariff line</i>	Product (truncated description)	Total	From the U.S.
0702.00.11	Fresh or chilled Tomatoes for processing, cherry	32,823	0
0702.00.19	Fresh or chilled Tomatoes for processing, other	355,864	224,187
0703.10.21	Fresh or chilled Onions, Spanish-type for processing	4,411,658	3,563,889
0704.90.10	Fresh or chilled Broccoli for processing	34,126	10,436
0706.90.10	Fresh or chilled Beets for processing	96,137	96,137
0707.00.10	Fresh or chilled Cucumbers and Gherkins for	512,130	221,837
0708.10.10	Fresh or chilled Peas (Pisum sativum) for	9,618	7,948
0708.20.10	Fresh or chilled Snap beans for processing	710,268	709,870
0709.20.10	Fresh or chilled Asparagus for processing	4,103	4,103
0709.51.10	Fresh or chilled Mushrooms (genus Agaricus) for	584,542	583,144
0709.59.10	Fresh or chilled Other Mushrooms for processing	141,483	125,161
0710.10.00	Frozen Potatoes	1,924,222	1,591,440
0710.21.00	Frozen Peas (Pisum sativum)	9,629,852	8,133,187
0710.22.00	Frozen Beans (Vigna spp., Phaseolus spp.)	12,253,796	5,630,938
0710.29.90	Other Frozen Leguminous vegetables shelled or	866,086	328,135
0710.40.00	Frozen Sweet Corn	7,230,262	5,770,362
0710.80.10	Frozen Asparagus	1,735,534	596,759
0710.80.20	Frozen Broccoli and Cauliflowers	15,183,640	888,910
0710.80.30	Frozen Brussel Sprouts, Frozen Mushrooms	5,373,572	2,952,282
0710.80.40	Frozen Baby Carrots	1,181,450	32,494
0710.80.90	Other Frozen Vegetables	29,643,398	19,181,276
0710.90.00	Frozen Mixtures of Vegetables	13,621,164	4,457,942
0711.40.90	Provisionally Preserved Cucumbers not suitable for	1,329	81
0711.51.00	Provisionally Preserved Mushrooms genus Agaricus	25,943	1,456
0711.59.00	Other Mushrooms/Truffles provisionally preserved	577,846	337
0711.90.90	Other vegetables, mixtures of vegetables	790,303	369,535
0712.20.00	Dried Onions....not further prepared	16,730,219	14,100,410
0712.31.00	Dried Mushrooms genus Agaricus....not further	2,384,562	87,706
0712.90.20	Dried Garlic....not further prepared	6,547,002	3,990,979
0712.90.90	Other dried vegetables....not further prepared	14,879,811	7,917,169
0713.33.99	Other dried leguminous vegetables, shelled whether	21,876,828	20,326,250
0713.34.00	Dried Bambara beans (vigna subterranea or	54,660	38,312
0713.35.00	Dried Cow Peas (Vigna unguiculata)	544,705	18,053
0713.39.90	Other dried leguminous vegetables....seeds of a	24,015,888	21,375,405
0713.50.90	Dry Broad beans, horse beans	443,924	66,046
0714.30.10	Frozen Yams (Dioscorea spp.)	156,194	49
0714.40.10	Frozen Taro (Colocasia spp.)	54,946	0
0714.50.10	Frozen Yuatia (Xanthosoma spp.)	0	0
0714.90.10	Frozen items of 0714 other than water chestnuts	10,900	2,600
0808.30.10	Fresh Pears for processing	0	0
0809.10.10	Fresh Apricots for processing	2,125	2,125

0809.29.10	Fresh Cherries, Sweet - for processing	10,464	10,464
0809.30.10	Fresh Peaches, not including nectarines, for	299,867	299,634
0809.40.10	Fresh Prune plums for processing	2,384	2,384
0810.10.10	Fresh Strawberries for processing	366,344	301,151
0811.10.10	Frozen Strawberries for processing	32,143,341	3,025,630
0812.10.90	Provisionally preserved cherries unsuitable in that	1,950,200	1,670,000
0812.90.20	Provisionally preserved strawberries....unsuitable in	0	0
0812.90.90	Other fruits/nuts provisionally	39,703	2,994
0813.30.00	Dried Apples	10,137,811	5,716,376
0904.12.00	Crushed or ground Pepper of the genus Piper or	31,308,287	22,767,975
0904.22.90	Crushed or ground fruits of the genus Capsicum or	1,275,736	361,568
0906.20.00	Crushed or ground Cinnamon and cinnamon-tree	5,361,739	2,333,313
0907.20.00	Crushed or ground Cloves (whole fruit, cloves and	410,513	311,010
0908.12.00	Crushed or ground Nutmeg	1,607,275	1,163,473
0908.22.00	Crushed or ground Mace	218,386	71,265
0908.32.00	Crushed or ground Cardamoms	342,462	142,712
0909.22.00	Crushed or ground seeds of Coriander	997,210	354,513
0909.32.00	Crushed or ground seeds of Cumin	1,933,225	1,029,769
0909.62.00	Crushed or ground seeds of Anise, Caraway or	289,711	112,536
0910.12.00	Crushed or ground Ginger	1,924,004	532,665
0910.91.92	Other mixtures of spices other than curry, crushed or	5,659,864	943,336
0910.99.90	Other spices ...	9,472,416	1,501,589
1001.19.10	Durum wheat, other than seed	2,318,925	1,304,154
1001.99.10	Wheat and meslin other than seed, other than	30,223,858	9,087,182
1003.10.11	Barley seed for malting purposes	21,818	21,653
1003.90.11	Barley, other, for malting purposes	60,813	4,490
1003.90.91	Barley, other, other	71,709	71,670
1101.00.10	Wheat or meslin flour , within access commitment	10,945,984	8,746,945
1102.20.00	Cereal flours other than of wheat or meslin, Maize (17,001,917	16,284,648
1102.90.11	Barley flour, within access commitment	56,332	52,953
1102.90.90	Cereal flours other than of wheat or meslin...other	4,848,685	3,240,728
1103.11.10	Cereal groats, meal and pellets...of wheat, within	2,481,815	2,411,211
1103.19.11	Cereal groats, meal and pellets...of other cereals,	249	149
1103.20.11	Pellets...of wheat, within access commitment	0	0
1103.20.21	Pellets...of barley, within access commitment	0	0
1103.20.90	Pellets....other	64,387	40,705
1104.19.11	Cereal grains otherwise worked...of wheat, within	135,660	132,355
1104.19.21	Cereal grains otherwise worked...of barley, within	76,129	59,948
1104.19.90	Cereal grains otherwise worked...other....	1,862,434	1,105,052
1104.22.00	other worked grains...of oats	2,129,970	1,783,902
1104.23.00	other worked grains...of maize (corn)	1,142,544	1,031,191
1104.29.11	other worked grains...of other cereals...of wheat,	168,989	93,901
1104.29.21	other worked grains...of other cereals...of barley,	79,344	63,747
1104.29.90	other worked grains...of other cereals...other	2,001,062	1,173,077
1104.30.11	Germ of cereals, whole, rolled, flaked or ground...of	46,847	41,176
1104.30.90	Germ of cereals, whole, rolled, flaked or	1,426,004	1,392,221
1105.10.00	Flour, meal, powder, flakes, granules and pellets of	3,098,629	2,999,364
1105.20.00	Flour, meal, powder, flakes, granules and pellets of	6,681,155	6,597,969
1106.10.90	Flour, meal and powder of dried leguminous	7,114,947	6,364,688
1107.10.11	Malt, not roasted, whole, within access commitment	13,798,584	7,897,091

1107.10.91	Malt, not roasted, other, within access commitment	45,834	5,755
1107.20.11	Malt, Roasted, Whole, within access commitment	3,407,135	1,663,192
1108.11.10	Wheat starch, within access commitment	336,250	66,301
1108.13.00	Potato starch	7,125,722	1,104,569
1108.19.11	Other starches, barley starch - within access	0	0
1108.19.90	Other starches...other	1,423,126	116,200
1108.20.00	Inulin	8,709,755	473,449
1109.00.10	Wheat gluten, whether or not dried, within access	12,511,441	1,147,524
1208.10.10	Flours and meals of oil seeds or oleaginous fruits	1,097,650	978,712
1208.90.10	Flours and meals of oil seeds or oleaginous fruits	1,733,138	839,990
1212.99.20	fruit stones and kernels...of a kind used primarily for	78,818	1,441
1502.10.00	Fats of bovine animals, sheep or goats, other than	16,717,456	16,717,365
1502.90.00	Fats of bovine animals, sheep or goats, other than	253,981	253,981
1503.00.00	Lard stearin, lard oil, oleostearin, oleo-oil and tallow	42,318	40,389
1504.20.90	Fats and oils and their fractions, of fish, other than	87,569,397	21,713,046
1504.30.00	Fats add oils and their fractions...of marine	663,475	1,513
1506.00.00	other animal fats and oils and their fractions,	767,095	601,475
1507.10.00	Soya-bean oil and its fractions, whether or not	798,805	792,583
1507.90.90	Soya-bean oil and its fractions, whether or not	26,663,113	26,106,962
1508.10.00	Ground-nut oil and its fractions, whether or not	646,207	220,004
1508.90.00	Ground-nut oil and its fractions, whether or not	4,170,395	2,401,154
1511.10.00	Palm-oil and its fractions, whether or not refined, but	101,175	1,318
1511.90.90	Palm-oil and its fractions, whether or not refined, but	8,984,492	2,199,279
1512.11.00	Sunflower-seed or safflower seed oil and fractions	1,937,729	1,516,235
1512.19.10	Sunflower-seed oil and fractions thereof	31,898,186	27,701,141
1512.19.20	Safflower-seed oil and fractions thereof	2,041,435	1,783,545
1512.21.00	Cotton-seed oil and its fractions, crude oil whether or	6,622	6,112
1512.29.00	Cotton-seed oil and its fractions, other	9,854,043	9,845,101
1513.11.00	Coconut (copra) oil and its fractions...crude oil	9,376,421	127,339
1513.19.90	Coconut (copra) oil and its fractions...other	64,754,471	5,425,208
1513.21.00	Palm kernel or babassu oil and fractions thereof,	223,906	7,059
1513.29.90	Palm kernel or babassu oil and fractions thereof,	5,687,427	621,909
1514.11.00	Low erucic acid rape or colza oil and its fractions,	10,730,625	10,710,298
1514.19.00	Low erucic acid rape or colza oil and its fractions,	29,212,396	27,817,385
1514.91.00	Canola, colza or mustard oil and fractions thereof,	77,612	38,869
1514.99.00	Canola, colza or mustard oil and fractions thereof,	1,208,316	256,098
1515.11.00	Linseed oil and its fractions, crude oil	1,608,378	1,252,070
1515.19.00	Linseed oil and its fractions....other	1,868,955	1,497,728
1515.21.00	Maize (corn) oil and its fractions, crude oil	685,636	681,533
1515.29.00	Maize (corn) oil and its fractions, other	12,462,328	12,421,423
1515.50.10	Sesame oil and its fractions, crude oil	1,981,092	42,865
1515.50.90	Sesame oil and its fractions, other	9,087,792	727,833
1515.90.91	Other fixed vegetable fats and oils (including jojoba	3,736,831	210,991
1515.90.99	Other fixed vegetable fats and oils (including jojoba	38,531,330	6,907,165
1516.10.10	Animal or vegetable fats and oils and their	330,608	161,350
1516.10.90	Animal or vegetable fats and oils and their	1,679,616	1,677,444
1516.20.90	Animal or vegetable fats and oils and their	64,653,045	50,845,039
1518.00.10	Boiled linseed oil	154,816	147,628
1518.00.90	Animal or vegetable fats and oils and their	17,494,009	15,817,187
1603.00.11	extracts and juices of meat, fish or crustaceans,	0	0

1603.00.19	extracts and juices of meat, fish or crustaceans,	10,578,313	10,528,260
1701.12.90	Beet sugar other than that used by sugar refineries	237,105	10,507
1701.13.90	Cane sure other than that used by sugar refineries in	770,932	2,734
1805.00.00	Cocoa powder not containing added sugar or other	54,889,448	18,535,921
1806.10.10	Cocoa powder containing 90% or more by weight of	85,499	45,202
1806.10.90	Cocoa powder containing added sugar or other	5,710,821	4,861,032
1806.20.90	Chocolate and other food preparations containing	182,168,149	139,288,336
1901.20.13	Mixes and doughs for the preparation of bakers'	29,770,460	26,814,270
1901.20.23	Mixes and doughs for the preparation of bakers'	4,809,658	4,260,460
1901.20.29	Mixes and doughs for the preparation of bakers'	57,447,131	51,618,931
1901.90.11	Malt extract	266,898	120,033
1901.90.20	Food preparations of flour, meal, starch or malt	51,107,448	41,106,553
1901.90.39	Malt extract; food preparations of flour, groats, meal,	21,925,397	19,819,341
1901.90.40	Food preparations of goods of headings 04.01 to	52,315,915	51,975,892
1901.90.59	Food preparations of goods of headings 04.01 to	9,114,017	7,636,014
1902.40.20	Couscous in bulk or in packages of a weight	1,575,863	625,937
1905.90.34	Bread, pastry, cakes, biscuits and other bakers'	4,015,577	4,007,767
1905.90.72	Bread, pastry, cakes, biscuits and other bakers'	49,421	1,270
Goods of Ch. 20 (see Note 1)			
2102.10.10	Active yeasts with a moisture content of 15% or	3,601,538	1,365,201
2102.10.20	Active yeasts with a moisture content less than 15%	16,421,703	5,745,698
2102.30.00	Prepared baking powders	10,044,709	9,643,505
2106.10.00	Protein concentrates and textured protein	100,530,662	96,329,145
2106.90.29	Food preparations not elsewhere specified or	182,454,574	174,325,919
2106.90.91	Concentrated juice of any single fruit or vegetable,	308,086	253,132
2106.90.92	Contrated mixtures of fruit or vegetable juices,	909,641	767,987
2106.90.96	Compound alcoholic preparations not based on one	323,711	323,711
2106.90.98	Jelly powders, ice cream powders and powders of	10,340,203	9,287,045
2106.90.99	Food preparations not elsewhere specified or	736,027,783	656,669,010
2207.10.10	Undenatured ethyl alcohol or of an alcohol strength	36,716,230	24,734,163
2207.10.90	Undenatured ethyl alcohol or of an alcohol strength	684,709	333,106
2207.20.19	Ethyl alcohol and other spirits, denatured, of any	162,325	162,027
2207.20.90	Ethyl alcohol and other spirits, denatured, of any	238,914	222,584
2208.90.21	Undenatured ethyl alcohol of an alcoholic strength	168,945	12,235
2209.00.00	Vinegar and substitutes for vinegar obtained from	38,395,367	15,171,975
3301.19.90	Essential oils of citrus fruit; other than of	2,862,972	1,966,749
3301.24.00	Essential oils...of peppermint (mentha piperita)	2,371,035	2,022,035
3502.90.00	Albumins, albuminates and other albumin	2,904,027	2,534,387
3503.00.90	Gelatin and gelatin derivatives; isinglass; other glues	12,073,505	8,889,981
3504.00.90	Peptones and their derivatives; other protein	59,762,449	40,813,083
		2,617,514,188	1,926,587,372

Note 1: Given the multiple-use nature of most goods classified in Chapter 20 (e.g. retail or production input), the proposed tariff elimination would be limited to goods used in the manufacture of food products or beverages. Current MFN rates would continue to apply to imports of goods classified in Chapter 20 used for purposes other than the manufacture of food products or beverages.