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Appendix C - USMCA Agriculture TRQs Between Canada and the United States

APPENDIX C

CANADA AND THE UNITED STATES

Section A: General Provisions on USMCA TRQs

1. This Appendix sets out the modifications to the Schedule to Canada's Customs Tariff that reflect the tariff rate quotas (TRQs) that Canada shall apply to certain originating goods from the United States under this Agreement. In particular, originating goods of the United States included under this Appendix shall be subject to the rates of duty set out in this Appendix in lieu of the rates of duty specified in Chapters 1 through 97 of the Schedule to Canada's Customs Tariff. Notwithstanding any other provision of Canada's Customs Tariff, originating goods under this Agreement in the quantities described in this Appendix shall be permitted entry into the territory of Canada as provided in this Appendix. Furthermore, any quantity of originating goods imported from the United States under a TRQ provided for in this Appendix shall not be counted toward the in-quota quantity of any TRQ provided for such goods under Canada's WTO tariff schedule, Canada's WTO Schedule of Concessions, or any other trade agreement.
2. The product or products covered by each TRQ set out in Section B are informally identified in the title to the paragraph setting out the TRQ. These titles are included solely to assist readers in understanding this Appendix and shall not alter or supersede the coverage established through identification of covered codes of Canada's Customs Tariff.
3. Canada shall administer all TRQs provided for in this Agreement and set out in Section B of this Appendix according to the following provisions:
 - (a) Canada shall administer its TRQs through an import licensing system.
 - (b) "Quota year" in this Appendix means the 12-month period over which a TRQ applies and is allocated. "Quota year 1" means the year this Agreement enters into force for any Party in accordance with Article 34.5 (Final Provisions – Entry into Force).
 - (c) Canada shall allocate its TRQs each quota year to eligible applicants, consistent with this Agreement.
4. Canada's TRQs shall apply to originating goods.
5. For the purposes of this Appendix, the term "metric tons" shall be abbreviated as "MT".

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Section B: Canada Country-Specific TRQs

1. TRQ-CA1: Milk

- (a) The aggregate quantity of originating goods of the United States described in subparagraph (d) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
1	8,333
2	16,667
3	25,000
4	33,333
5	41,667
6	50,000

Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent thirteen years.

- (b) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.
- (c) Canada shall apply the following provisions in the administration of this TRQ:
- (i) Up to 85 per cent of the TRQ quantities set out in subparagraph (a) shall be for the importation of milk in bulk (not for retail sale) to be processed into dairy products used as ingredients for further food processing (secondary manufacturing).
 - (ii) The remainder of the TRQ quantities set out in subparagraph (a) shall be for the importation of any milk.
- (d) Subject to subparagraph (c), this paragraph applies to the following tariff items: 0401.10.20 and 0401.20.20.
- (e) This TRQ shall be allocated on a dairy year basis (August 1 – July 31).

2. TRQ-CA2: Cream

- (a) The aggregate quantity of originating goods of the United States described in subparagraph (d) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
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1	1,750
2	3,500
3	5,250
4	7,000
5	8,750
6	10,500

Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent thirteen years.

- (b) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.
- (c) Canada shall apply the following provisions in the administration of this TRQ:
 - (i) In the first quota year, up to 85 percent of the TRQ quantities set out in subparagraph (a) shall be for further processing.
 - (ii) The remainder of the TRQ quantities set out in subparagraph (a) shall be for the importation of cream for any use.
- (d) This paragraph applies to the following tariff items: 0401.40.20 and 0401.50.20.
- (e) This TRQ shall be allocated on a dairy year basis (August 1 – July 31).

3. TRQ-CA3: Skim Milk Powders

- (a) The aggregate quantity of originating goods of the United States described in subparagraph (c) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
1	1,250
2	2,500
3	3,750
4	5,000
5	6,250
6	7,500

Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent thirteen years.

- (b) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.

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- (c) This paragraph applies to the following tariff item: 0402.10.20.
- (d) This TRQ shall be allocated on a dairy year basis (August 1 – July 31).

4. TRQ-CA4: Butter, Cream Powder

- (a) The aggregate quantity of originating goods of the United States described in subparagraph (d) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
1	750
2	1,500
3	2,250
4	3,000
5	3,750
6	4,500

Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent thirteen years.

- (b) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.
- (c) Canada shall apply the following provisions in the administration of this TRQ:
 - (i) In the first quota year, up to 85 percent of the TRQ quantities set out in subparagraph (a) shall be for further processing.
 - (ii) The percent of the TRQ quantities set out in subparagraph (a) reserved for further processing shall decline each year in equal installments for four years, and on January 1 of quota year 5 shall be 50 percent of the TRQ.
 - (iii) The remainder of the TRQ quantities set out in subparagraph (a) and (b) shall be for the importation for any use.
- (d) This paragraph applies to the following tariff item: 0402.21.22, 0402.29.22, 0405.10.20, 0405.20.20, and 0405.90.20
- (e) This TRQ shall be allocated on a dairy year basis (August 1 – July 31).

5. TRQ-CA5: Cheeses for Industrial Use

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- (a) The aggregate quantity of originating goods of the United States described in subparagraph (c) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
1	1,042
2	2,083
3	3,125
4	4,167
5	5,208
6	6,250

Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent thirteen years.

- (b) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.
- (c) This paragraph applies to the following tariff items: 0406.10.20, 0406.20.12, 0406.20.92, 0406.30.20, 0406.40.20, 0406.90.12, 0406.90.22, 0406.90.32, 0406.90.42, 0406.90.52, 0406.90.62, 0406.90.72, 0406.90.82, 0406.90.92, 0406.90.94, 0406.90.96 and 0406.90.99.
- (d) This TRQ shall be allocated on a calendar year basis.

6. TRQ-CA6: Cheeses of All Types

- (a) The aggregate quantity of originating goods of the United States described in subparagraph (c) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
1	1,042
2	2,083
3	3,125
4	4,167
5	5,208
6	6,250

Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent thirteen years.

- (b) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.

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- (c) This paragraph applies to the following tariff items: 0406.10.20, 0406.20.12, 0406.20.92, 0406.30.20, 0406.40.20, 0406.90.12, 0406.90.22, 0406.90.32, 0406.90.42, 0406.90.52, 0406.90.62, 0406.90.72, 0406.90.82, 0406.90.92, 0406.90.94, 0406.90.96 and 0406.90.99.
- (d) This TRQ shall be allocated on a calendar year basis.

7. TRQ-CA7: Yogurt and Buttermilk

- (a) The aggregate quantity of originating goods of the United States described in subparagraph (c) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
1	689
2	1,378
3	2,068
4	2,757
5	3,446
6	4,135

Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent thirteen years.

- (b) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.
- (c) This paragraph applies to the following tariff items: 0403.10.20 and 0403.90.92.
- (d) This TRQ shall be allocated on a calendar year basis.

8. TRQ-CA8: Whey Powder

- (a) The aggregate quantity of originating goods of the United States described in subparagraph (c) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
1	689
2	1,378
3	2,068
4	2,757
5	3,446
6	4,135

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Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent thirteen years.

- (b) With respect to goods described in subparagraph (d) entered in quantities in excess of the quantities listed in subparagraph (b) duties shall be eliminated in ten annual stages and such goods shall be duty-free effective January 1 of quota year 10.
- (c) This paragraph applies to the following tariff items: 0404.10.22.
- (d) This TRQ shall be allocated on a dairy year basis (August 1- July 1).

9. TRQ-CA9: Concentrated Milk

- (a) The aggregate quantity of originating goods of the United States described in subparagraph (c) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
1	230
2	460
3	690
4	920
5	1,150
6	1,380

Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent thirteen years.

- (b) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.
- (c) This paragraph applies to the following tariff items: 0402.91.20 and 0402.99.20.
- (d) This TRQ shall be allocated on a calendar year basis.

10. TRQ-CA10: Milk Powders

- (a) The aggregate quantity of originating goods of the United States described in subparagraph (c) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
1	115
2	230
3	345
4	460

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5	575
6	690

Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent thirteen years.

- (b) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.
- (c) This paragraph applies to the following tariff items: 0402.21.12 and 0402.29.12
- (d) This TRQ shall be allocated on a dairy year basis (August 1 – July 1).

11. TRQ-CA11: Powdered Buttermilk

- (a) The aggregate quantity of originating goods of the United States described in subparagraph (c) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
1	87
2	173
3	260
4	347
5	433
6	520

Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent thirteen years.

- (b) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.
- (c) This paragraph applies to the following tariff items: 0403.90.12.
- (d) This TRQ shall be allocated on a calendar year basis.

12. TRQ-CA12: Products of Natural Milk Constituents

- (a) The aggregate quantity of originating goods of the United States described in subparagraph (c) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
1	460

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2	920
3	1,380
4	1,840
5	2,300
6	2,760

Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent thirteen years.

- (b) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.
- (c) This paragraph applies to the following tariff items: 0404.90.20.
- (d) This TRQ shall be allocated on a calendar year basis.

13. TRQ-CA13: Ice Cream and Ice Cream Mixes

- (a) The aggregate quantity of originating goods of the United States described in subparagraph (c) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
1	115
2	230
3	345
4	460
5	575
6	690

Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent thirteen years.

- (b) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.
- (c) This paragraph applies to the following tariff items: 1806.20.22, 1806.90.12, 1901.90.32, 1901.90.52, 2105.00.92 and 2202.99.33.
- (d) This TRQ shall be allocated on a calendar year basis.

14. TRQ-CA14: Other Dairy

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- (a) The aggregate quantity of originating goods of the United States described in subparagraph (c) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
1	115
2	230
3	345
4	460
5	575
6	690

Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent thirteen years.

- (b) With respect to goods described in subparagraph (d) entered in quantities in excess of the quantities listed in subparagraph (b):
- (i) for tariff items 1517.90.22, duties shall be eliminated in five annual stages and such goods shall be duty-free effective January 1 of quota year 5; and
 - (ii) other goods provided for in subparagraph (d) shall continue to receive MFN tariff treatment.
- (c) Starting on January 1 of quota year 5, originating goods of United States provided for in tariff item 1517.90.22 shall not count towards the quantities specified in subparagraph (b).
- (d) This paragraph applies to the following tariff items: 1517.90.22, 1901.20.12, 1901.20.22, 1901.90.34, 1901.90.54, 2106.90.32, 2106.90.34, 2106.90.94 and 2309.90.32.
- (e) This TRQ shall be allocated on a calendar year basis.

7. TRQ-CA7: Chicken

- (a) The aggregate quantity of originating goods of the United States described in subparagraph (c) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity (MT)
1	47,000
2	49,000
3	51,000
4	53,000

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5	55,000
6	57,000

Starting in year seven, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent ten years.

- (b) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.
- (c) This paragraph applies to the following tariff item: 0105.94.92, 0207.11.92, 0207.12.92, 0207.13.92, 0207.13.93, 0207.14.22, 0207.14.92, 0207.14.93, 0209.90.20, 0210.99.12, 0210.99.13, 1601.00.22, 1602.20.22, 1602.32.13, 1602.32.14, 1602.32.94 and 1602.32.95.
- (d) For the purposes of this TRQ, the definition of “specially defined mixtures” shall be the definition included in the Supplementary Note to Chapter 16 in Canada’s Schedule of Concession V annexed to the *Marrakesh Protocol to the General Agreement on Tariffs and Trade 1994*.
- (e) This TRQ shall be allocated on calendar year basis.
- (f) Nothing in this paragraph shall alter the United States’ rights under the WTO Agreement with respect to Canada’s 39,844 MT WTO TRQ for chicken established in Canada’s Schedule of Concessions V, at Part I, Section I, Section I-B (Tariff Quotas), as annexed *Marrakesh Protocol to the General Agreement on Tariffs and Trade 1994*.

8. TRQ-CA8: Turkey

- (a) The aggregate quantity of originating goods of the United States described in subparagraph (d) that shall be permitted to enter duty-free in each quota year under this TRQ is no less than 3.5 percent of the previous year’s total Canadian turkey production.
- (b) For quota year 1 through quota year 10, the TRQ shall be no greater than 3.5 percent of that quota year’s Canadian domestic turkey production quota plus 1,000 MTs.
- (c) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.
- (d) This paragraph applies to the following tariff item: 0105.99.11, 0207.24.11, 0207.24.91, 0207.25.11, 0207.25.91, 0207.26.10, 0207.27.11, 0207.27.91, 0209.90.30, 0210.99.14, 1601.00.31, 1602.20.31, 1602.31.12, and 1602.31.93.

9. TRQ-CA9: Eggs and Egg Products

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- (a) The aggregate quantity of originating goods of the United States described in subparagraph (d) that shall be permitted to enter duty-free in each quota year under this TRQ is:

Quota Year	Aggregate Quantity
1	10 million dozen

Starting in year two, the quantity shall increase at a compounded annual growth rate of one per cent for the subsequent ten years.

- (b) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.
- (c) Canada shall apply the following provision in the administration of this TRQ:
- (i) Thirty percent of import licenses for shell egg imports shall be granted to new entrants.
- (d) This paragraph applies to the following tariff item: 0407.11.92, 0407.21.20, 0407.90.12, 0408.11.20, 0408.19.20, 0408.91.20, 0408.99.20, 2106.90.52, 3502.11.20 and 3502.19.20.
- (e) This TRQ shall be allocated on calendar year basis.
- (f) Nothing in this paragraph shall alter the United States' rights under the WTO Agreement with respect to Canada's 21.37 million dozen WTO TRQ for eggs and egg products established in Canada's Schedule of Concessions V, at Part I, Section I, Section I-B (Tariff Quotas), as annexed *Marrakesh Protocol to the General Agreement on Tariffs and Trade 1994*.

10. TRQ-CA10: Broiler Hatching Eggs & Chicks

- (a) The aggregate quantity of originating goods of the United States that shall be permitted to enter duty-free in each quota year under this TRQ is 21.1 percent of the estimated Canadian domestic production of broiler hatching eggs for that year. This estimate will be adjusted and finalized on the first of August of each year.
- (b) This paragraph applies to broiler hatching eggs under tariff item 0407.11.11, and chicks under tariff item 0105.11.21. The TRQ established in subparagraph (a) is subdivided into separate and distinct access levels for broiler hatching eggs and for chicks for broiler production such that the annual access level for broiler hatching eggs shall be equivalent to 17.4 percent of Canadian domestic broiler hatching egg production and the annual access level for egg-equivalent chicks shall be 3.7 percent of Canadian domestic broiler hatching egg production. "Egg-equivalent chicks" is equal to the number of actual chicks imported multiplied by 1.27.

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- (c) Canada shall permit any person who has received an allocation for broiler hatching eggs to convert any proportion of said allocation into an allocation for chick imports at a conversion rate such that 1.27 broiler hatching eggs are equal to one chick. Chick import allocations may not be converted into egg import allocations, unless agreed by both Parties in advance in writing.
- (d) Goods entered in quantities in excess of the quantities set out in subparagraph (a) shall continue to receive MFN tariff treatment.
- (e) This TRQ shall be allocated on calendar year basis.