

THE TRADE CONNECTION

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New Product Safety Act Tabled

The Government of Canada has introduced the proposed *Canada Consumer Product Safety Act*. As part of the Government's *Food and Consumer Safety Action Plan*, the new legislation would result in more timely compliance, enforcement actions when unsafe products are identified and encourage compliance through the use of increased fines and penalties. The proposed Act is to replace the current legislation that has not been thoroughly reviewed in over 40 years and needs to be updated to deal with new products and new technologies. The new rules are intended to protect the public from dangers to health and safety that are posed by consumer products. The following is a list of the key provisions proposed in the new Act:

A General Prohibition against the manufacture, importation, advertisement or sale of consumer products that pose an unreasonable danger to human health or safety

(continued on page 2)



Trade Tips

*CBSA has issued new Customs Memorandum D10-14-56 to clarify its policy regarding the tariff classification of **metal frame gazebos** which was the subject of a CITT decision on tariff classification. The sturdy metal type are classified in 7308.90.90 while the flexible screen tents and screen houses with lightweight construction remain in heading 63.06.*

*The Canadian International Trade Tribunal has issued a decision continuing its finding of injury regarding the dumping of **hot rolled carbon steel plate** and high-strength low alloy steel plate originating in or exported from the Republic of Bulgaria, the Czech Republic and Romania.*

Budget 2009

The Government's recently released Budget contained a significant number of changes to the *Customs Tariff*. Chapters 84 and 85 have significant changes to make numerous tariff items duty free, as well as roll up tariff breakouts splitting dutiable and duty free goods into one duty free tariff item. The old Machinery Program had resulted in various goods being dutiable and others not based on Canadian industry needs for tariff protection. The new Budget changes effectively remove that tariff protection which is no longer needed but rather may be a hindrance to Canadian industry. The changes saw fast implementation and some importers saw entries rejected when the old tariff numbers were used. The CBSA has posted a new Microsoft Access Database file on its web site that contains the whole tariff schedule including the changes. This can be used by importers to compare to current classifications to make updates to account for the changes. See the following link: <http://cbsa.gc.ca/trade-commerce/tariff-tarif/menu-eng.html>.

Canada Consumer Product Safety Act (continued from page 1)

Expanding the scope of legislation to cover the manufacture of consumer products

Mandatory Reporting of Incidents:

requires industry to report when they have knowledge of a serious incident, or death, to provide an early warning to the government

Ministerial Orders for Test/Study Results:

requires manufacturers or importers to provide information on products when so ordered

Packaging and Labelling:

prohibitions on packaging, labelling or advertising that is false, misleading or deceptive, as it relates to health or safety

Document Retention by Industry:

facilitates product tracing throughout the supply chain, in particular in situations where a consumer product has been recalled

Inspectors' Orders for Corrective Measures, including Recall:

allows for rapid response to address an emerging problem, particularly in situations where industry fails to take appropriate steps

Increased Fines and Penalties: provides stronger deterrents

Administrative Monetary Penalties:

allows for incremental penalties to deal with non-compliance; an effective tool in

the enforcement continuum that includes criminal prosecutions

Canada's Free Trade Agreement with EFTA Countries Tabled

The legislation has been tabled in parliament to implement Canada's free trade agreement with the states of the European Free Trade Association (EFTA). These states are Iceland, Liechtenstein, Norway and Switzerland. The agreement includes the elimination or reduction of tariffs on some Canadian agricultural and agri-food products such as durum wheat, frozen french fries, beer and Canadian crude canola oil. The Canada-EFTA Free Trade Agreement is expected to come into force July 1, 2009.

European VAT Rates

A handy document is available on the European Commission's web site that shows the current VAT rates for the various EU members. See the following link: http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/how_vat_works/rates/vat_rates_en.pdf.

Canada and India Initiate Talks

The Canadian Government has announced the initiation of exploratory talks with India regarding a comprehensive economic partnership agreement. In 2007, two-way trade increased four percent to an all-time high of \$3.74 billion. Talks will explore

the trade and investment potential and especially the areas of infrastructure, agriculture and related activities, and industrial goods.

Applications for Remission Orders

Customs Memorandum D8-4-1 provides for *Information Pertaining to Remission Orders*. This D-Memo was recently revised to include the application process for remission orders. Applications based on administrative circumstances are to be submitted to Canada Border Services Agency while applications based on legislation are to be submitted to the Department of Finance. Some examples of requests related to the administration of the *Customs Tariff* include: when improper information is provided by CBSA or improper actions are taken by CBSA that prevent an importer from receiving a refund they're properly entitled to; or where the CBSA provides improper advice concerning tariff classification, valuation, etc. Applications will not be accepted by CBSA unless the goods have already been imported. See the following link for the full D-Memo: <http://cbsa-asfc.gc.ca/publications/dm-md/d8/d8-4-1-eng.pdf>.

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