

THE TRADE CONNECTION

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US Customs Importer Security Filing

Importers in Canada would be well advised to watch carefully the impact on US importers of the CBP Importer Security Filing (ISF) program which is now in force. The ISF, or 10+2, has requirements for more detailed information to assist security inspectors target high-risk shipments. The ISF data requirements are very similar to the Importer Admissibility Data (IAD) program being proposed by the Canada Border Services Agency (CBSA) under the eManifest phase of its cargo risking security program ACI. ISF requires importers and carriers to provide 12 data elements (10 from the importer and 2 from the carrier) prior to the cargo being loaded on a vessel. The 10+2 data is not included on the cargo manifest. IAD is scheduled for implementation in Spring 2012 and, whereas 10+2 applies only to imports of ocean containers, IAD requirements will cover all imports into Canada (highway, rail, air, and marine). Each (continued on page 2)



Trade Tips

10 Reasons Trade Compliance Programs Are Not Necessary (series)

Reason #4:

Any product purchased in the U.S. is U.S. origin. The US trade deficit must come from somewhere ... make sure you ask before you assume. Get it in writing and then ask again.

Reason #5:

Any U.S. product labeled "Made in the U.S.A." is NAFTA-eligible. Unless you are audited, of course. The NAFTA rules of origin are complex and vary tremendously depending on the item. The value of U.S. components may or may not have anything to do with eligibility – even with 99 percent U.S. components. When importing under NAFTA, every compliance professional needs to verify the supplier's certificate of origin. Ask and ask again.

Anti-dumping/ Countervailing Duties

Importers should be aware of whether the goods they import have the potential to be subject to anti-dumping/countervailing findings in order to avoid the hefty duties that sometimes can be applicable. CBSA publishes a current list of goods subject to findings on its web site. This list can be found at the following link: <http://www.cbsa-asfc.gc.ca/sima-lmsi/mif-mev-eng.html>. Even when goods are subject to a finding they can still be imported without paying dumping duties when the exporter has normal values determined by CBSA. Applications can be made by exporters to establish normal values in order for them to be able to sell their goods to Canada. In new investigations or review investigations, importers and exporters can cooperate with the CBSA to obtain the best possible results for continuing shipments to Canada. Tracon has extensive experience and expertise with assisting importers and exporters with such matters.

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mode has differing deadlines for receipt of IAD information and failure to provide exactly what is needed will result in the cargo not being admitted into Canada until the errors are corrected. The 10+2 rule has increased importer costs and resulted in delays in receiving cargo. A study by the US National Association of Manufacturers revealed that 10+2 added \$5 in costs for every \$1000 of imports. Additional costs were incurred for security, increased inventory, storage, production shut-downs caused by late arrivals, IT, and ISF filing fees. The study also revealed that an additional 2.8 days was added to the import process. CBSA's IAD will apply to cargo on all modes of transport from all countries for imports not eligible for release under the Customs Self Assessment (CSA) program. Importers on CSA will not be subject to IAD rules and will continue to present very minimal information at time of arrival of the carrier and should not experience the types and levels of additional costs and delays experienced in the 10+2 program. CSA, therefore, becomes a very viable option for importers who need to have their customs operation run as it does today. Contact Don Goodwin at Tracon for more information on how your company can benefit from CSA participation.

Textile Articles Labeled "Bamboo"

The Competition Bureau announced that 450,000 textile articles have been re-labeled as a result of its efforts to protect consumers from inaccurately labeled goods. Its initiative included contacting retailers, importers, manufacturers, sellers, processors and finishers. Also reviewed were on-line retailers. It was found that many textile articles were labeled "bamboo" when they were not actually of natural bamboo fibre but rather were of rayon fibres made through a chemical process. The Bureau indicates it is not aware of any textile articles in the Canadian market made of natural bamboo fibres.

NAFTA Tariff Preference for Textiles

The NAFTA allows for preferential tariff treatment for certain imports and exports of textiles and clothing when they don't meet the regular rules of origin. This usually pertains to textiles and clothing that undergo some processing in a NAFTA country but not enough to meet the applicable rule of origin. Specific quantities of goods are allowed to qualify anyway. The quantities are given to different categories of goods and are called Tariff Preference Levels (TPL). The Department of Foreign Affairs and International Trade Canada has published updated figures showing the current utilization of Tariff Preference

Levels for the textiles and apparel categories. Importers and Exporters can apply for permits to use the TPL giving the shipments duty free treatment. Contact Tracon for details of this process.

Barley Products TRQ

A notice has been issued from the Department of Foreign Affairs and International Trade to advise importers that the barley products Tariff Rate Quota will be filled on February 12, 2010. Therefore, this is the cut-off date for accounting for imports classified in the "within access commitment" tariff item. All imports accounted for after this date are required to be classified in the applicable "over access commitment" tariff classification with the higher duty rate.

Canada – EU Economic and Trade Negotiations

The Canadian government announced meetings in January with the EU for the second round of negotiations towards a Canada – EU Economic and Trade Agreement. The EU is Canada's second largest trade and investment partner. With such an agreement, project growth for Canadian GDP is predicted to be \$12 billion. Canada and the EU have agreed to an ambitious schedule of negotiations with three more rounds planned by fall 2010.

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