

# THE TRADE CONNECTION

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## Canada Requests WTO Panel on U.S. Mandatory Country of Origin Labeling

**T**he Government of Canada has launched the WTO dispute settlement process over U.S. mandatory country of origin labeling (COOL) with a formal request for the establishment of a WTO panel. In March 2009 a mandatory labeling measure was implemented in the U.S. that requires firms to track and notify customers of the country of origin of meat and other agricultural products at each major stage of production, including the retail level. This requirement is imposing costs at each stage of the production process. Due to these additional costs, some processors do not buy Canadian animals, buy them only on certain days or buy them at a discounted price. Canada's request for a panel comes after 2 rounds of WTO Consultations with the U.S. failed to resolve the issue.



### Trade Tips

**Blanket Free Trade Agreement Certificates of Origin need to be renewed for 2010. Importers and exporters are responsible for re-evaluating the rules of origin for their goods to determine whether they continue to qualify for the FTA in question.**

**Tariff Classification of Gloves Memorandum D10-14-29:** *This memorandum explains the CBSA administrative policy regarding the tariff classification of gloves. It has been updated to reflect Customs Tariff legislation and the HS Explanatory Notes. In addition changes were made to clarify the administrative policy. To obtain the complete information please refer to <http://cbsa-asfc.gc.ca/publications/dm-md/d10/d10-14-29-eng.html>*

## Harmonized System Compliance

**T**he Harmonized System (HS) is the standardized coding system of names and numbers used in international trade. Ninety-eight percent of world trade uses the HS as the basis for customs tariffs and the compilation of international trade data and statistics. HS compliance refers to the mandatory proper classification and declaration of goods coming into or leaving Canada. As an importer or exporter, you are responsible for the correct declaration of your goods. Accurate HS data is of vital importance to the business community. This data is timely and detailed. It is one of the few economic indicators that is of immediate use to businesses. Tracon Consultants is here to help educate the trade community and support voluntary compliance with the proper HS classification and other Customs rules. Note non-compliance can result in delays at time of release of goods, the suspension of privileges and monetary penalties under the AMPS.

### ***Anti –Dumping Duties on Laminate flooring to end in June 2010***

The Canadian International trade Tribunal announced that its finding concerning laminate flooring originating in or exported from China and France will expire in June 2010. The Tribunal issued a Notice of Expiry on Aug 11, 2009 to review this finding. Written submissions were requested however no submissions were received in support of an expiry review and a continuation of the finding. Consequently no expiry review will be initiated. In light of the forgoing the Tribunal gave notice that its finding, made on June 16 2005 in inquiry No NQ 2004-006, will expire June 15, 2010. A finding of injury or threat of injury and the associated special protection in the form of anti-dumping or countervailing duties expire 5 years from the date of the finding.

### ***Implementation of Harmonized Sales Tax for Ontario and British Columbia***

The Canada Revenue Agency has issued a GST/HST Notice in regards to the planned implementation of the Harmonized Sales Tax for Ontario and British Columbia. The date of implementation has been set to be July 1, 2010. The new Notice discusses what the public and business needs to know about transitional rules for transactions that take place surrounding the implementation date. The transitional rules apply

to taxable supplies of personal property and services made in Ontario or B.C. and imports of personal property into either of these provinces. Of note is that the provincial part of the HST does not apply to imports of commercial goods. The Notice with full details can be found at the following link:

<http://www.cra-arc.gc.ca/E/pub/gi/notice247/noti ce247-e.pdf>

### ***Advance Rulings For Tariff Classification***

The CBSA has published on its web site a number of additional rulings summaries for advance rulings on tariff classification of various goods. These rulings are a guide to be used by importers when classifying similar goods. However, it is advisable for importers to evaluate the tariff classification of their own goods using the CBSA rulings summaries for assistance as well as other rulings sources, the *Customs Tariff* legislation, GRI's, Explanatory Notes, and a good knowledge of the methodology required to classify goods properly. Classifying goods has a very specific method that needs to be followed to classify goods properly. Even though a product may appear to be classified in a similar way to the ones in the published rulings summaries, when considering all facts and rules the proper classification may turn out to be different. The CBSA is not always right in their rulings and importers have avenues of recourse to challenge CBSA's rulings. The CBSA rulings can be

found at the following link: <http://cbsa-asfc.gc.ca/import/arda/recent-eng.html>. Tracon has extensive experience with tariff classification. Contact us for assistance with your tariff classification questions.

### ***EU and South Korea Initial a Free Trade Agreement.***

The European Union and South Korea have initialed a free trade agreement (FTA). The agreement covers the most imports ever negotiated between the European Union and a third Country. The deal will remove virtually all tariffs between the 2 economies as well as as many non-tariff barriers. The agreement will also makes major advance in areas such as intellectual property procurement competition policy and trade and sustainable development. The FTA signals an important upgrade of the EU – South Korea relationship, together with a new framework agreement.

### ***FAST***

Effective October 1, 2009, FAST members will not be permitted to use their old membership card in regular lanes to enter Canada or the United States by land. However, FAST members will still be able to use their old membership card in all commercial lanes to enter Canada.

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