

# THE TRADE CONNECTION

Published by Tracon Consultants Ltd.

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## Canadian International Merchandise Trade

**S**tatistics Canada has reported an increase in merchandise exports for June of 2.3% to just under \$29.3 billion. This follows three consecutive monthly declines. Imports in June fell by 1.3% to just over \$29.3 billion. Imports have declined for four consecutive months. The June imports and exports reduces Canada's trade deficit from \$1.1 billion in May to \$55 million in June. Energy products were mainly responsible for the increased exports. Imports of machinery and equipment, industrial goods and materials, and other consumer goods declined. However, this was offset by increased imports of energy products, agricultural and fishing products, automotive products and forestry products. Export prices were up 2.2% and import prices fell 0.8%. Export volumes were up 0.2% and import volumes declined 0.5%. Exports to the United States increased 5.1% due to exports of crude petroleum. Imports from the U.S. fell 1.8%.



### Trade Tips

*The governments of Canada and Panama have announced the conclusion of Free Trade Agreement negotiations on August 11, 2009. The next step is a review of the legal texts and signing of the agreement.*

*The Registrar of Imported Vehicles (RIV) has launched its new web site. This site will be of interest to anyone planning on importing a motor vehicle into Canada from the U.S. New features include a personalized import checklist, the "Track Your Case" tool, and the ability to download the Federal Inspection Form. The new web site can be found at the following link:*

*<http://www.riv.ca/ImportingAVehicle.aspx>*

## Unenriched White Flour - Prohibition

**T**he Canadian Food Inspection Agency and Health Canada have issued a notice relating to the manufacture, importation and sale of white flour and products containing white flour. Canadian requirements are for the enrichment of white flour with B vitamins, iron and folic acid in order to prevent nutrient deficiencies and maintain or improve the nutritional quality of the food supply. The Food and Drug Regulations require that all white flour and products that contain with white flour be made with enriched white flour. The sale of unenriched flour or products containing unenriched flour is not permitted in Canada. The only exception is white flour sold for the production of gluten or starch. Any products found to be in violation of the Food and Drugs Act and Regulations may be subject to enforcement and compliance action by the CFIA. See the following link for additional details:

<http://www.inspection.gc.ca/english/fssa/labeti/inform/flofare.shtml>.

### ***China Changes Tariff Rules for Auto Parts***

Following a WTO ruling that it was breaking international trade rules, China says that it will change its rules for imposing tariffs on automotive parts. Previously, China's policy was to require foreign manufacturers to have 40 percent local parts in any China-made vehicle. However, following the ruling China will now tax all imports at the same rate.

### ***Oil Country Tubular Goods - Initiation of dumping and subsidizing investigations for goods from China***

The Canada Border Services Agency on August 24, 2009, initiated an investigation into the alleged injurious dumping and subsidizing regarding oil country tubular goods originating in or exported from the People's Republic of China. The complaint was filed by Tenaris Canada of Calgary, Alberta; Evraz Inc. NA Canada of Regina, Saskatchewan; and Lakeside Steel Corporation of Welland, Ontario. The CBSA will investigate whether dumping and/or subsidizing is occurring and report by November 23, 2009. The Canadian International Trade Tribunal will begin the question of examining whether there is injury and report by October 23, 2009. Importers can contact Tracon for full assistance with monitoring the progress of the investigations and for assistance with participation.

### ***Proposed Amendments to NAFTA Rules of Origin for Certain Textiles***

The Department of Finance is asking for interested party submissions regarding proposed changes to the NAFTA Rules of Origin for certain textiles. The proposed changes would liberalize the rules of origin for certain textile products made from rayon fibre, other than lyocell; synthetic filament tow, modacrylic; and acrylic or modacrylic staple fibres. The reason for the proposed changes is these products are not available from producers in the NAFTA territory in commercial quantities. Interested party submissions are requested by September 30, 2009. See the following link for additional details including the specific new rules proposed: <http://canadagazette.gc.ca/rp-pr/p1/2009/2009-08-22/html/notice-avis-eng.html#d103>. The USITC has also issued a corresponding notice requesting submissions by U.S. interested parties by October 2, 2009. This notice can be found at the following link: [http://www.usitc.gov/press\\_room/news\\_release/2009/er0817gg1.htm](http://www.usitc.gov/press_room/news_release/2009/er0817gg1.htm).

### ***Certain Carbon and Stainless Steel Fasteners – Expiry Review***

The Canadian International Trade Tribunal will conduct an Expiry Review to determine whether there is a likelihood of injury should the previous findings of injury be allowed to expire

concerning certain carbon and stainless steel fasteners. The findings were in regards to the dumping of carbon steel fasteners originating in or exported from the People's Republic of China and Chinese Taipei; the subsidization of carbon steel fasteners originating in or exported from the People's Republic of China; and the dumping of stainless steel fasteners from Chinese Taipei. Fasteners specifically designed for use in the automotive or aerospace industries are excluded. A decision is expected by January 6, 2010. See the following link for additional details: <http://www.cbsa-asfc.gc.ca/sima-lmsi/er-rre/rr2009-001/rr2009-001-e09-nd-eng.html>.

### ***Canada and South Africa Reach Air Transport Agreement***

Canada has concluded an air transport agreement with South Africa to allow scheduled direct air services to be operated between Canada and South Africa. The agreement will allow for routing and pricing flexibility for passenger and all-cargo flights between the two countries. Airlines may also choose to offer air services using the flights of other airlines. Aviation safety and security are emphasized.

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