

Trade Matters

A Newsletter on Customs & International Trade

No. 4 April 1998



New Tariff

January 1, 1998 has brought about many changes. The main change for us is a new Customs Tariff. This means the Harmonized number we use to classify your products will change in most cases. This harmonized number determines the amount of duty you pay as well as providing information to Statistics Canada and other government departments.

In most cases this will be rather transparent to you. This means that in the most rarest of situations will you have to pay more duty. For us it is a much bigger change in that we have to convert all the classifications in our system. In many cases, it is not just a conversion but there may be a choice between more than one tariff. We will be taking a close look at anything that may have an impact on your business and informing you accordingly. There may be some cases where a product was duty free prior to January 1 because of an end-use provision but after January 1 requires a NAFTA certificate of origin to continue duty free status. When inquiring about new products / duty rates, we ask for your patience as we adjust to the new tariff.

Changes to the Customs Act

January 1, 1998 also brought changes to the Customs Act such as:

- ❑ Importers will be given four years to claim most types of refunds.
- ❑ Revenue Canada will have a similar time period to review or audit.
- ❑ Importers will be **required** to submit corrections to their declarations and pay any amount owing as a result.

Other changes in the New Year

This Issue:

- 📖 New Year changes
- 📖 Container Inspection Operations
- 📖 Canadian Food Inspection
- 📖 Foreign Affairs
- 📖 New Services @ Courtney
- 📖 Web Page Survey
- 📖 E-Mail Address survey

- All U.S. and Canadian NAFTA originating goods became duty free

Container Inspection Operations

If you import full ocean container loads, chances are you will have experienced the inconvenience and additional costs of a Customs exam. At the present time, there are three distinct types of Customs examinations as follows:

1. Container Inspection Operations (CIO) – the primary goal of this unit is interception of contraband. These types of exams cause the most inconvenience and expense for the importer. CIO moves these containers to an off dock location for de-stuffing and re-stuffing and then returns the container to the dock without notice to the importer or customs broker.
2. Commercial Operations – this unit's primary purpose is to enforce other Customs requirements and requirements of other government departments. Importers are given the choice as to what warehouse will do the required work to have their shipment examined by Customs. This tends to reduce costs due to competitive forces as well as reducing container moves.
3. Commercial Compliance Measurement Project – This program is a strictly random selection process whereas CIO and Commercial operations have a specific targeting criteria. Under this program very large regular importers with good records have a much higher chance of being the subject to these examinations.

Container examinations are subject to much controversy mostly due to the high cost to the importing community. A complete CIO exam usually costs the individual importer somewhere between \$600.00 to \$900.00. The importer that would most likely be subject to an exam is the importer that can least afford it i.e. first time importer & imports. The main industry groups affected (i.e.: Canadian Importers Association, Canadian Society of Customs Brokers) are lobbying government to change this system. Some solutions proposed may be that the cost be born by the taxpayers or a surtax per container.

News from the Canadian Food Inspection Agency (CFIA)

The Canadian Food Inspection Agency will be "on line" with Canada Customs on a national basis in April 1998. This means that we will be able to use electronic commerce to clear

customs on a much larger selection of goods. For example, many food product shipments will be able to clear electronically allowing for speedier clearance times for some shipments.

As many of you are aware, CFIA has been charging an \$11.00 fee for each import declaration for shipments requiring such. In contrast to other government cost recovery programs, they are invoicing the importer of record directly rather than invoicing the Customs Broker. In our experience, importers prefer to have all import charges on one invoice from the Customs Broker. CFIA requires a letter from the importer to change the billing instructions. We have done our best to contact our clients to give them this option and coordinate communication with the various regions of CFIA.

CFIA is increasing the fee effective April 1, 1998. The new fee is \$14.00 + Gst.

Department of Foreign Affairs and International Trade



Under phase two of the World Trade Organization Agreement on Textiles and Clothing as of January 1, 1998, ex-quota treatment will be accorded to imports of children's blouses and shirts of category 7.3 and 8.1; women's and girls' blouses and shirts of silk; women's and girls blouses and shirts of tariff item 6206.90.00; saris of category 4.3; women's and girls ensembles of category 4.1; babies' snowsuits, coats and jackets of category 14.1; and rainwear of category 1.3. Previously on January 1, 1997, ex-quota treatment was accorded to all tailored collar shirts (6.0) from all sources.

This means that export licenses will no longer be required as a condition for an import permit for above-mentioned products from all sources.

One of the ramifications of this change is that these products can be shipped from other sources (i.e. U.S.) where previously they could only be shipped from the country of origin direct to Canada.

US Customs

U.S. Customs is proposing an increase in their merchandise-processing fee. This fee is currently .21% or a minimum of \$2.00 for informal entries or \$25.00 for formal entries and applies to all imports of non-NAFTA products. Its intended purpose is to fund Customs program enhancements. In the proposal, the fee would be increased to between .22% to no more than .25%.

New Services @ Courtney

Cargo Insurance

We now offer cargo insurance whether on a one-time shipment or an open policy at very competitive rates. Please contact us for more details.

Software Solutions



The Bridge provides real time completion of Customs documentation required to import products into Canada. This is a new service currently being developed by our computer programmers to be offered to our clients and their suppliers. This software allows exporters to complete all required border clearance documents on their computer and allowing them to E-Mail these documents to us. This system also allows the exporter to assign their own PARS numbers. We hope to have this ready by the fall of 98.

WEB PAGE

We are in the process of revamping our Internet Web Page. Our current address is: www.corpinfohub.com/courtney/. Our page came into existence in May 1996. In view of this quickly evolving technology, we recognize that our page needs some improvements. One thing we will tell you is that it will be @ a much more accessible address.

If you have an E-Mail address, we would like to know:

Name: _____

Company: _____

E-Mail address: _____

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Executive editor: R.S. Courtney; Editor and writer: Paul Courtney; Contributors: Don Courtney, Gordon King, Darryl Tolonic, & Serena Chan.
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