

THE TRADE CONNECTION

Published by Tracon Consultants Ltd. for use by ICECORP LOGISTICS
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Customs Audits

Are you ready for when Customs comes knocking on your door? This question should be foremost in the mind of anyone responsible for their company's import declarations. When Customs does come knocking will you be confident the proper tariff classification has been used? Has there been an intentional review of how the *Customs Tariff* applies to your goods beyond the routine rating of your customs broker? Are the values you declare on your customs accounting documents reflective of the actual value you pay for the goods? Do you know that the NAFTA Certificates of Origin you use are properly completed and that your suppliers are aware of the rules of origin they must meet in order to complete the certificates? Answering "no" to any of these questions is a red flag telling you there could be a significant risk of duties and substantial penalties owing to the government when Customs arrives to have a look. Is it worth the risk? Be prepared and contact Tracon to help you review your level of compliance. You never know. We might find ways to save you time and money in the process.



Trade Tips

10 Reasons Trade Compliance Programs Are Not Necessary (series)

Reason #10:

"Compliance slows deliveries." Noncompliant importers will face many more inspections and delays, especially after Customs finds the first problem. Due to limited resources, Customs targets the bad guys. Even compliant importers face delays, but if Customs already knows your company has a trade compliance program, they are more likely to work with you.

This series has shown some of the common views held by importers that can put their shipments and business at risk for Customs actions. No importer is 100% compliant, however those who work at it are viewed favorably by Customs.

Lamps vs. Flashlights

The Canadian

International Trade Tribunal has issued a ruling in a tariff classification appeal filed by Globe Electric Company Inc. The product at issue is a 3-in-1 security light which functions as a plug in night light, a security light operating by battery when the power goes out and as a portable light also operated by battery. Globe submitted the goods should be classified in tariff item 8513.10.10 as flashlights, while CBSA submitted the goods should be classified in 9405.40.90 as other electric lamps and lighting fittings. The Tribunal considered the goods to be night lights as they are marketed in the night lights category on Globe's web site and the witness from Globe indicated that Globe considers the product to be a night light. As the Explanatory Notes for heading 85.13 excludes goods of heading 94.05, and the Notes for heading 94.05 includes night lights, the Tribunal concluded the goods are properly classified in 9405.40.90.

Canada – E.U. Trade

Minister of International Trade, Peter Van Loan, met in Ottawa with officials from Canada and the European Union for the third round of negotiations towards an economic and trade agreement. Canada and the E.U. are building on two previous successful rounds of negotiations. The fourth round is scheduled to take place in Brussels in July 2010.

Registrar of Imported Vehicles Program

Customs Memorandum D19-12-1, Importation of Motor Vehicles, has been amended to introduce new procedures for the processing of vehicle importations when the vehicles are required to be registered with the Registrar of Imported Vehicles Program. The definitions of Electric Vehicle and Low-Speed Vehicle have also been revised. The D-Memo is available at the following link: <http://www.cbsa-asfc.gc.ca/publications/dm-md/d19/d19-12-1-eng.pdf>.

Administrative Monetary Penalty System (AMPS)

The Canada Border Services Agency has issued a new version of Memorandum D22-1-1, Administrative Monetary Penalty System. The new D-Memo includes a number of changes that took effect April 14, 2010, as a result of the AMPS program review. The changes are listed in the D-Memo and include

changing the penalty amounts and structures, resetting the system to calculate all penalty amounts at Level 1 for the first infraction regardless of the number of previous contraventions remaining in the contravention retention period against an importer, reinstating Regional Review Committees to ensure proper and consistent application of penalties, and more. Various other administrative amendments are also included. The new D-Memo can be found at the following link: <http://www.cbsa-asfc.gc.ca/publications/dm-md/d22/d22-1-1-eng.pdf>.

CITT Tariff Classification Hearings Upcoming

The Canadian International Trade Tribunal has two tariff classification appeals it will hear upcoming in May. On May 18, 2010, an appeal filed by Les Pièces d'Auto Transit Inc. concerns various **wheel hub bearing assemblies**. The appellant is requesting classification in 8482.10.90 as other ball bearings or under tariff item No. 8482.20.90 as other tapered roller bearings. The Canada Border Services Agency is claiming classification should be in 8708.99.99 as other parts and accessories of the motor vehicles of heading Nos. 87.01 to 87.05. Another appeal filed by Leeza Distribution Inc. concerns the tariff classification of **Staron sheets**. The appellant claims the tariff classification should be 9403.90.00 as other furniture and parts thereof. The CBSA is

submitting the classification should be in 3920.51.90 as other plates, sheets, film, foil and strip, of plastics, non-cellular and not reinforced, laminated, supported or similarly combined with other materials, of poly(methyl methacrylate).

Waterproof Footwear and Bottoms

The Canadian International Trade Tribunal issued an Order on April 13, 2010, to exclude fishing waders made of polyester neoprene shells affixed to ethylene vinyl acetate boots with thermoplastic rubber outsoles from its Order made on December 7, 2005, in Interim Review RD-2009-003.

European Commission's Customs Web Portal

The European Commission has launched a new web portal to help businesses to understand and follow the customs procedures for importing goods into and exporting goods from the EU. Designed as a single point of access to relevant and practical information, the portal includes animated scenarios to explain each step of the import, export and transit procedures. The portal is at the following link: http://ec.europa.eu/ecip/index_en.htm.

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