

Trade Up

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Executive Training

Rules of Origin

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Agenda

- Preferential margins: Importance to importers
- Textiles and apparel vs. other industries
- Direct shipment requirements
- Accumulation
 - Impact on Least Developed Countries (LDCs)
- Post-entry verification
- Summary and Next steps



Part V:
Lessons learned from
preference giving countries
private sector

The experience of a practitioner

Preferential margins: Importance to importers

- Duty rate on imports of apparel to Canada is 18%
- Canada Border Services Agency (CBSA) collects approx. \$1.35 billion in duties on imported apparel annually
- LDC qualifying goods can enter Canada duty-free

- United States Customs and Border Protection (USCBP) collects over \$30 billion in revenue annually.
 - Approx. 42% of all duties collected come from imports of textiles and apparel

Textiles and apparel vs. other industries

- Apparel is the major LDC export to Canada
- B255 Form vs. Form A or Exporter Statement of Origin (ESO)
 - <http://cbsa.gc.ca/publications/forms-formulaires/b255-eng.pdf>
- Detailed audit vs. Review of documentation

Direct Shipment Requirements

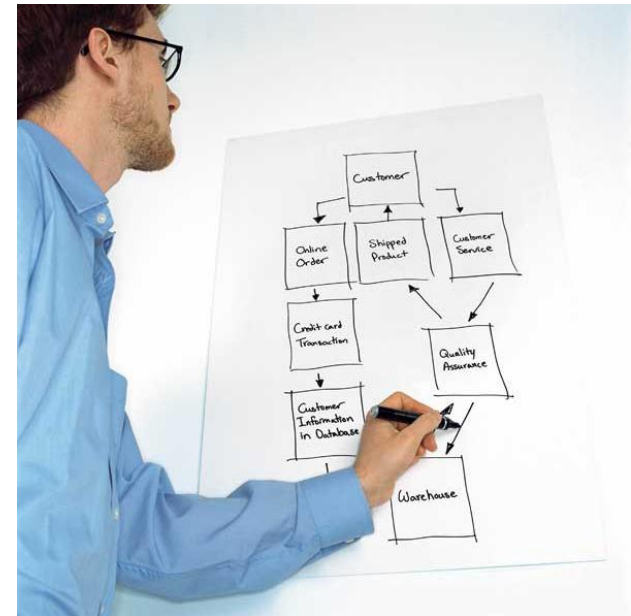
- Direct Shipment
- Through Bill of Lading
- Cannot enter any other commerce\

- Free Trade Agreements (FTAs) vs. Preferential Trade Tariffs (PTTs)
- Movement of goods from landlocked countries
 - Documentation requirements
- North American distribution
 - Associated costs



Accumulation

- Sourcing raw materials from General Preferential Tariff (GPT) countries
 - Changes made on Jan. 1st, 2015
 - Impact on LDCs
- Preference Criterion E: “75% ex-factory price”
- Yarn forward rule
 - Why?
 - Canada’s response to single transformation eligibility



Post-Entry Verification

- Review of process
 - Other goods
 - Textiles and Apparel
- Importance of communication with vendor/exporter

Post-Entry Verification Cont'd

- Ignoring CBSAs request for information
 - Importer
 - Vendor
- Overview of actual cases: Lessons learned



Summary and Next steps

- There are definite benefits
- Regulations place constraints on trade with LDCs
- Significant hurdles in a post-entry audit

- Suggestions of simplifying qualifications and audit process

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References

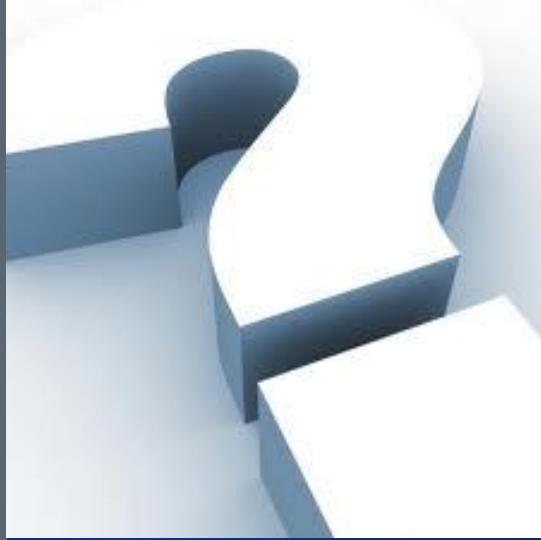
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