

LEI News Letter

April 2006

Wood Packaging Import Requirements

The following news release is provided by the Canadian Food Inspection Agency and it can be found on their website at: <http://www.inspection.gc.ca/english/corpaffr/newcom/2006/200603009e.shtml>.

Importers should be aware that non-compliant wood packaging may be refused entry into Canada, as the Government of Canada steps up its enforcement activities regarding implementation of the international wood packaging standard.

Any shipments found to contain wood packaging that does not meet Canadian import requirements are the responsibility of the importer or person in care and control of the regulated article(s). This may result in further delays, and additional costs, monetary penalties in some cases, the shipment may be ordered removed from Canada.

These changes are taking place as Canada joins with the United States and Mexico in the phased-in implementation of the regulation of wood packaging under the International Standard for Phytosanitary Measures (ISPM) No. 15.

ISPM No. 15 requires that wood packaging either be heat-treated or fumigated with methyl bromide and marked with the internationally recognized International Plant Protection Convention (IPPC) mark, or in lieu of the mark, the consignment must be accompanied by a phytosanitary certificate specifying the treatment used.

Canada's import requirements cover solid wood (excluding manufactured wood and paper products) used in packaging, supporting, protecting, bracing or carrying a commodity. Wood packaging materials manufactured from wood of Canadian or U.S. origin that have not moved internationally are exempt from the treatment and marking requirements of Canadian and U.S. wood packaging import regulations.

The intent of these requirements is to reduce the risk of introducing Invasive Alien Species (IAS), harmful pests which are known to be transported and spread via untreated wood packaging. The introduction of these pests into Canada could have a serious negative impact on Canada's environment and economy.

For more information on rules and regulations governing the Import Policy and Export Program for Wood Packaging, please visit the Canadian Food Inspection Agency website at www.inspection.gc.ca or call 1-800-442-2342.

Anti Dumping – Unprocessed Grain Corn

On March 15, 2006 the Canada Border Services Agency (CBSA) made a final determination of dumping and subsidizing respecting unprocessed grain corn, excluding seed corn (for reproductive purposes), sweet corn and popping corn, originating in or exported from the United States. The weighted average of dumping was found to be 26 percent of the export price and the weighted average amount of subsidy was found to be 18 percent of the export price. Provisional duty of \$us1.65 per bushel will continue to be imposed on imports of the goods until the CITT concludes its inquiry regarding injury to Canadian production. The CITT's public hearings begin in Ottawa on March 20, 2006 and the CITT will make a decision by April 18, 2006.

Anti Dumping – Flat Hot-Rolled Carbon and Alloy Steel Sheet and Strip

On Nov. 30, 2005 the Canadian International Trade Tribunal (CITT) initiated an expiry review of its finding made on Aug. 17, 2001, of certain flat hot-rolled carbon and alloy steel sheet and strip originating in or exported from Brazil, Bulgaria, the People's Republic of China, Chinese Taipei, India, the former Yugoslav Republic of Macedonia, South Africa, Ukraine and Serbia and Montenegro and the subsidizing of certain flat hot-rolled carbon and alloy steel sheet and strip originating in or exported from India. As a result the President of the Canada Border Services Agency (CBSA) initiated an investigation on Dec. 1, 2005 to determine whether the expiry of the finding is likely to result in the continuation or resumption of dumping (and with respect to India, also subsidizing) of the goods.

The investigation has been completed and on Mar. 30, 2006 the President of the CBSA determined that the expiry of the finding is likely to result in the continuation or resumption of dumping of the goods from Brazil, the People's Republic of China, Chinese Taipei, India, South Africa and Ukraine and also likely to result in the continuation or resumption of subsidizing from India. Furthermore, the President has determined that the expiry of the finding is unlikely to result in the continuation or resumption of dumping of the goods from Bulgaria, Macedonia and Serbia and Montenegro.

A Statement of Reasons with additional details will be issued and posted at: www.cbsa-asfc.gc.ca/sima/expiry-e.html. The CBSA will now conduct an inquiry to determine whether the expiry of the finding is likely to result in injury or retardation to Canadian industry and will make its decision by Aug. 16, 2006.

Classification of Furniture in a Disassembled Condition

The Canada Border Services Agency (CBSA) has issued Memorandum D10-14-38 which outlines the CBSA's policy relating to the tariff classification of furniture imported in a disassembled condition. The memorandum refers to the General Rule 2(a) of the Interpretation of the Harmonized System which states: "Any reference in a heading to an article shall be taken to include a reference to that article incomplete or unfinished, provided that, as presented, the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or falling to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled."

The Memorandum states in part, "It is a reality of modern commerce that goods are often ordered and purchased as complete units, but they are shipped in a disassembled condition for various reasons such as to reduce transportation costs and delays. . . . certain business operations and practices may require that articles be ordered as complete units but shipped separately over a period of time.

These shipping practices do not change the fact that the goods were ordered as complete units and not as parts.

In order to determine if articles are to be classified as disassembled furniture, the commercial reality of the transaction between the importer and exporter must be considered (i.e. what was actually purchased by the importer: complete furniture or unrelated parts). Articles that are imported specifically either as replacement parts or to be incorporated with domestic components in the manufacture of domestic furniture will be classified in their own right under the appropriate Harmonized System heading.

This memorandum may be found in its entirety at: <http://www.cbsa-asfc.gc.ca/E/pub/cm/d10-14-38/README.html>.

Pork Meat Products from Romania

The Canadian Food Inspection Agency (CFIA) has announced that effective immediately imports of processed pork meat products from Romania to Canada are allowed. The conditions for imports of these products may be found on the CFIA's website at:

<http://www.inspection.gc.ca/english/anima/meavia/mmopmmhv/chap10/annexesa/countriese.shtml>.

Fuel Recovery Charge Adjustment

Member Trans-Pacific shipping lines of the Canada Transpacific Stabilization Agreement (CTSA) have advised that effective May 1, 2006 the Fuel Recovery Charge will be adjusted to the following levels;

US\$ 445.00 per 20 ft container
US\$ 590.00 per 40 ft container
US\$ 665.00 per 40 ft high cube container
US\$ 745.00 per 45 ft container
US\$ 13.00 per W/M

The CTSA has further advised also effective May 1, 2006, the Fuel Recovery Charge will be adjusted as necessary on a monthly, rather than quarterly basis.

Should you have any question on any issue contained in this news letter, please contact your nearest LEI office.

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