



Ottawa, April 19, 2005

MEMORANDUM D11-4-10

In Brief

CHINA DIRECT SHIPMENT CONDITION EXEMPTION ORDER

The revision of this Memorandum is part of an overall revision of the Memoranda D11-4 series. Changes have been made to the “Guidelines and General Information” section to clarify policy or procedural issues that have arisen since the last revision to this Memorandum.



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CHINA DIRECT SHIPMENT CONDITION EXEMPTION ORDER

This Memorandum contains the text of the Order in Council exempting goods originating in the People's Republic of China and claiming the benefits of the General Preferential Tariff from the direct shipment condition.

Order

Order Respecting the Exemption of Goods That Originate in the People's Republic of China From the Direct Shipment Condition

Short Title

1. This Order may be cited as the *China Direct Shipment Condition Exemption Order*.

Exemption

2. Subject to section 3, an exemption is hereby granted from the condition of direct shipment in paragraph 40(b) of the *Customs Tariff* with respect to goods that originate in the People's Republic of China.

Condition

3. Exemption pursuant to section 2 is granted on condition that:
 - (a) the goods are imported into Canada and released and accounted for under the *Customs Act* after January 1, 1988;
 - (b) the goods were shipped through Hong Kong on a through bill of lading to a consignee in Canada; and
 - (c) the importer submits to the Minister of National Revenue any documentation requested by the Minister relating to the exemption.

2. The interpretation of direct shipment is now contained in section 17 of the *Customs Tariff*. Under the former customs tariff direct shipment conditions for the General Preferential Tariff were set out under paragraph 40(b).

3. The through bill of lading is one single document that accompanies the goods and states clearly the transportation route from the country of origin to a consignee in Canada.

4. The *China Direct Shipment Condition Exemption Order* exempts goods originating in China from the above condition.

5. This Order allows goods that originate in China to be shipped from the port of Hong Kong on a through bill of lading to a consignee in Canada.

6. This exemption does not apply to the proof of origin requirements. Proof of origin showing that the goods originate in China must be presented to customs pursuant to Section 4 of the *Proof of Origin of Imported Goods Regulations* as set out in D11-4-2, *Proof of Origin*. Failure to do so will result in the application of Administrative Monetary Penalty C152, "Importer or owner of goods failed to furnish proof of origin upon request."

Additional Information

7. For further information or assistance, please contact:

Origin and Valuation Division
Trade Programs Directorate
Admissibility Branch
Canada Border Services Agency
Ottawa ON K1A 0L8

Facsimile: (613) 954-5500

GUIDELINES AND GENERAL INFORMATION

1. The *General Preferential Tariff and Least Developed Country Tariff Rules of Origin Regulations* as set out in D11-4-4, *Rules of Origin Respecting the General Preferential and Least Developed Country Tariff*, stipulate that goods imported under the General Preferential Tariff must be shipped directly, with or without transshipment, from the country in which they originate on a through bill of lading.

REFERENCES

<p>ISSUING OFFICE –</p> <p>Origin and Valuation Division Trade Programs Directorate Admissibility Branch</p>	<p>HEADQUARTERS FILE –</p> <p>N/A</p>
<p>LEGISLATIVE REFERENCES –</p> <p><i>Customs Tariff</i> P.C. 1985-360, February 7, 1985, as amended by SOR/88-76, as amended SOR/92-685</p>	<p>OTHER REFERENCES –</p> <p>D11-4-2, D11-4-4</p>
<p>SUPERSEDED MEMORANDA “D” –</p> <p>D11-4-10, January 1, 1988</p>	

Services provided by the Canada Border Services Agency are available in both official languages.

