



Ottawa, November 5, 2014

Memorandum D8-11-2

Application of the *Outerwear Greige Fabrics Remission Order, 1998*

In Brief

1. The editing revisions made in this memorandum do not affect or change any of the existing policies or procedures.
2. This memorandum has been revised to reflect changes to the Canada Border Services Agency's organizational structure.

This memorandum outlines and explains the provisions of the [*Outerwear Greige Fabrics Remission Order, 1998*](#) (the Order).

This program will be of interest to a Canadian converting mill (the producer) who is named in the Schedule to the Order, who imports greige outerwear fabric, then finishes and sells this fabric to outerwear apparel manufacturers for use in the manufacture of outerwear apparel (see Appendix).

Legislation

[*Customs Act*](#)

[*Customs Tariff*](#)

[*Outerwear Greige Fabrics Remission Order, 1998*](#)

P.C. 1997-2054, as modified by P.C. 2004-1606 and P.C. 2008-1599

Guidelines and General Information

Definitions

1. The following definitions apply for the purpose of administering this Order:

broadwoven fabric – means a woven fabric of a width exceeding 30 cm. (tissus larges)

coat – means a garment that:

- extends to the knee or below the knee;
- is designed to protect against the cold; or
- is a textile raincoat designed to protect against the rain or cold. (manteau)

fabric – means a broadwoven textile fabric, as defined in the Order (tissu)

finished – means, in respect of a fabric, that the fabric has undergone all processes required to convert it from a greige fabric into a fabric sold to an outerwear apparel manufacturer. (fini)

greige – means, in respect of a fabric, that the fabric has come directly from the loom and has not undergone any process required to convert it into a finished fabric and includes an unfinished fabric woven from coloured or dyed yarns. (écru)

jacket – means a garment that:

- is worn over other apparel;
- is designed to protect against the cold; and
- covers the upper part of the body, but does not extend to the knee. (veste)

Minister – means the Minister of Public Safety (le ministre)

outerwear apparel – means

- children's and infants' coats, jackets and snow and ski wear, (a garment of a size under or equivalent to 6X);
- women's and girls' jackets and snow and ski wear;
- men's and boys' jackets and snow and ski wear;
- women's and girls' coats; or
- men's and boys' coats.

Note: all of the above garments are to be made from outerwear fabric, and may include decorations of other than woven material (including collars and cuffs), provided they only form a minor component, are of minimal value and the body and the sleeves of the outerwear apparel are manufactured from woven fabric. (vêtements de dessus)

outerwear fabric – means fabric used in the manufacture of outerwear apparel and designates:

- broadwoven fabrics consisting solely of nylon or solely of other polyamide fibres or filaments;
- broadwoven fabrics consisting solely of polyester fibres or filaments;
- broadwoven fabrics consisting solely of fibres or filaments solely of acetate, solely of triacetate or solely of rayon; or
- broadwoven fabrics consisting solely of cotton fibres, of cotton fibres mixed solely with man-made fibres, or of man-made fibres mixed solely with other man-made fibres. (tissus pour vêtements de dessus)

producer – means a producer of finished outerwear fabrics, whose name appears in the Schedule to the Order.
(fabricant)

snow and ski wear – means snow and ski wear designed to protect against the cold, and to exclude headwear, handwear, footwear, hosiery and other accessories. (vêtements de neige et de ski)

Who Qualifies

2. Eligibility to the program is restricted to a producer of finished outerwear fabrics in respect of greige outerwear fabrics who is named in the Schedule to the Order.

Eligible Goods

3. During the period beginning January 1, 1998 and ending December 31, 2012, greige outerwear fabrics, imported by a producer whose name appears in the Schedule to the Order, converted into finished outerwear fabric and sold for use in the manufacture of outerwear apparel, are designated eligible goods for which remission entitlement can be claimed under the Order.

Amount of Remission (Prior to September 4, 2008)

4. (a) For the period beginning January 1, 1998 and ending on December 31, 2006, the annual remission entitlement granted to a producer under this Order in respect of greige outerwear fabrics imported into Canada by the producer may not exceed the **total amount** of customs duties that were remitted to the producer under the *Outerwear Greige Fabrics for Converting Remission Order*, P. C. 1988-1247, in respect of greige outerwear fabric imported in 1995. (SOR/2005-9)

(b) For the period beginning January 1, 2007 and ending on December 31, 2007, the annual remission entitlement granted to a producer under this Order in respect of greige outerwear fabrics imported into Canada by the producer may not exceed **75% of the total amount** of customs duties that were remitted to the producer

under the *Outerwear Greige Fabrics for Converting Remission Order*, P.C. 1988-1247, in respect of greige outerwear fabric imported in 1995. (SOR/2005-9)

(c) For the period beginning January 1, 2008 and ending on December 31, 2008, the annual remission entitlement granted to a producer under this Order in respect of greige outerwear fabrics imported into Canada by the producer may not exceed **50% of the total amount** of customs duties that were remitted to the producer under the *Outerwear Greige Fabrics for Converting Remission Order*, P.C. 1988-1247, in respect of greige outerwear fabric imported in 1995. (SOR/2005-9).

Amount of Remission (as of September 4, 2008)

(d) For the period beginning January 1, 2008 and ending on December 31, 2008, the annual remission entitlement granted to a producer under this Order in respect of greige outerwear fabrics imported into Canada by the producer may not exceed **a further remission of 25% of the total amount** of customs duties that were remitted to the producer under the *Outerwear Greige Fabrics for Converting Remission Order*, P.C. 1988-1247, in respect of greige outerwear fabric imported in 1995. (SOR/2008-256)

(e) For the period beginning January 1, 2009 and ending on December 31, 2009, the annual remission entitlement granted to a producer under this Order in respect of greige outerwear fabrics imported into Canada by the producer may not exceed **75% of the total amount** of customs duties that were remitted to the producer under the *Outerwear Greige Fabrics for Converting Remission Order*, P.C. 1988-1247, in respect of greige outerwear fabric imported in 1995. (SOR/2008-256)

(f) For the period beginning January 1, 2010 and ending on December 31, 2012, the annual remission entitlement granted to a producer under this Order in respect of greige outerwear fabrics imported into Canada by the producer may not exceed **50% of the total amount** of customs duties that were remitted to the producer under the *Outerwear Greige Fabrics for Converting Remission Order*, P.C. 1988-1247, in respect of greige outerwear fabric imported in 1995. (SOR/2008-256)

Summary

Year	Remission Entitlement based on 1995 Imports	Order-in-Council
1997 to 2006	100% of the total duty amount	P.C. 1997-2054
		Amending Order-in-Council
2007	75% of the total duty amount	P.C. 2004-1606
2008	50% of the total duty amount	P.C. 2004-1606
September 2008	A further 25% of the total duty amount	P.C. 2008-1599
2009	75% of the total duty amount	P.C. 2008-1599
2010 to 2012	50% of the total duty amount	P.C. 2008-1599

How to Apply for Remission

5. The producer may choose to access this program by claiming remission at the time of importation or by submitting a claim for remission by way of drawback subsequent to the importation and payment of duties on qualifying greige outerwear fabric.

6. All claims for remission must be submitted to the appropriate regional CBSA office, or as otherwise directed, within three years following the day the greige outerwear fabric was imported into Canada. For the purpose of identifying the date on the customs accounting documents, this shall be the date the goods were released from customs.

Claiming Remission at Time of Importation

7. If a producer intends to have duties remitted at the time of importation, the producer must submit, prior to or during each calendar year, to the appropriate regional CBSA office where the company's operations are located, or as otherwise directed, an application by letter of intent, confirming that the producer:

- (a) is listed in the Schedule to the Order and has a 1995 duty remission entitlement of (insert amount);
- (b) will not exceed the amount of duties that may be claimed for remission on imported outerwear greige fabric;
- (c) will maintain records that are satisfactory to the CBSA;
- (d) will meet all the conditions of the Order;
- (e) will provide the CBSA with any other information which may be required to substantiate its claim for remission; and
- (f) has, if applicable, included the names and addresses of any distributors who have purchased finished outerwear fabric to be sold to outerwear apparel manufacturers.

8. Upon receipt of the application, an officer will review the information submitted to confirm that:

- (a) the producer is listed in the Schedule to the Order;
- (b) the maximum amount of duties to be remitted is accurate; and
- (c) the producer continues to be a producer of finished outerwear fabrics.

9. If no revisions to the application are required, the CBSA will approve the application and notify the producer in writing of such approval and any related obligations. The CBSA will provide the applicant with an authorization number that is to be indicated on all customs accounting documents that are presented, in order to claim remission under this Order. The authorization number identifies, for the CBSA, the producer's eligibility to the [Outerwear Greige Fabrics Remission Order, 1998](#). Provided that the producer is in compliance with all the conditions of this Order and with all other related legislation and regulations, it will not be required to pay any duties on qualifying outerwear greige fabric that it imports, up to the maximum allocation for the applicable year.

10. Where an application is submitted and authorized subsequent to the beginning of the calendar year, the authorization number will be made retroactive to January 1 of the applicable calendar year thus allowing for a drawback claim to be filed for imports of qualifying outerwear greige fabrics prior to the receipt of an authorization number.

11. Additional information on the completion of customs accounting documents may be found in [Memorandum D17-1-10, Coding of Customs Accounting Documents](#).

12. There may be occasions when the manufacturer or producer is not the owner or purchaser of goods imported into Canada but agrees to import those goods under its remission authorization. For the purpose of administering the remission order, such an arrangement is referred to herein as a "partnering agreement". In such cases, the manufacturer's (or producer's, as applicable) name, number and address must be indicated in field 1 of the [B3-3, Canada Customs Coding Form](#) as well as on any related supporting documentation provided to the CBSA. All supporting documentation must also clearly indicate the name and address of the actual owner, purchaser and/or consignee. As the importer of record, the manufacturer or producer must satisfy the record keeping requirements detailed below and is fully responsible for all such goods imported under its remission authorization and for any liabilities to the Crown resulting therefrom.

13. Additional information concerning partnering agreements may be found in [Memorandum D8-11-7, CBSA Policy on the Transfer of Entitlement Pursuant to the Textile and Apparel Remission Orders](#).

14. The CBSA will inform the producer that CBSA officers may, at any time, exercise the powers granted to them under section 42 of the [Customs Act](#) and perform a compliance verification:

- (a) to ensure that during the calendar year, all the conditions of the Order were observed;

- (b) to ensure that the remission entitlement was not exceeded;
- (c) to ensure that only eligible goods were claimed;
- (d) to ensure that any duties remitted where the conditions of the Order were not met will be reassessed under the provision of section 118(1) of the [Customs Tariff](#). Any applicable interest and penalty may also be assessed pursuant to section 123(2) of the [Customs Tariff](#) and section 109.1(2) of the [Customs Act](#), respectively; and
- (e) to verify the producer's application to use the provisions of the Order during the forthcoming calendar year.

Claiming Remission by Way of Drawback

15. If a producer has paid duties on outerwear greige fabric that it has imported during a calendar year prior to the determination of eligibility under this Order, the producer may, subject to paragraph 5, claim a remission of duties by way of drawback.
16. With the exception of not having to submit a letter of intent at the beginning of the calendar year to obtain an authorization number, a producer claiming remission by way of drawback must meet the same requirements as a producer claiming remission at time of importation.
17. A producer using the drawback procedure must pay customs duties on imported outerwear greige fabric at time of accounting.
18. The producer may subsequently file a claim for remission of duties on Form [K32, Drawback Claim](#). This form and all substantiating documentation are to be submitted to the appropriate [regional CBSA office](#).
19. Assistance with completion of Form [K32](#) is available at any [regional CBSA office](#).

Record Keeping Requirements

20. If a producer intends to claim remission at the time of importation or by way of drawback, section 40 of the [Customs Act](#) requires that the producer maintain and make available records that are satisfactory to the CBSA. These records must be maintained in a manner that facilitates verification by the CBSA and be of a quality sufficient to substantiate a claim for remission.
21. [Memorandum D17-1-21, Maintenance of Records in Canada by Importers](#), contains information on record keeping. The appropriate regional CBSA office can provide additional information and advice on how a producer's record keeping systems may be modified, if necessary, to meet the above objectives.
22. A producer must maintain records of:
 - (a) finishing;
 - (b) sales; and
 - (c) importations

Finishing Records

23. These records must allow the CBSA to identify:
 - (a) the converting mill where the imported outerwear greige fabric is finished;
 - (b) the date of finishing; and
 - (c) the volume, type and style of outerwear greige finished fabric.

Sales Records

24. These records must allow the CBSA to identify:
 - (a) the sales of finished outerwear fabric to an outerwear apparel manufacturer;
 - (b) the name and address of purchaser;

- (c) the date of sale; and
- (d) the volume, type and style of outerwear fabric sold.

Importation Records

25. The producer must maintain the customs records of the outerwear greige fabric that it has imported under the provisions of this Order:

- (a) these records must include copies of the purchase orders, bills of lading, commercial invoices and customs accounting documents for the imported outerwear greige fabric;
- (b) the invoices must clearly indicate the volume, type and style of outerwear greige fabric imported; and
- (c) the samples of fabric attached to the accounting documents, where required, must be in accordance with [Memoranda D10-17-15, Information Requirements for Textiles and Textile Products](#).

Additional Information

26. If a condition to which the remission is subject is not complied with, the producer must report the failure to comply to an officer at a CBSA office and pay pursuant to subsection 118(1) of the [Customs Tariff](#), an amount equal to the amount of the duties in respect of which the remission was granted, within 90 days after the day of the failure to comply, unless that it can prove that:

- (a) at the time of the failure to comply with the condition, a refund or drawback would otherwise have been granted if duties had been paid; or
- (b) the goods in respect of which the relief or remission was granted qualify in some other manner for relief or remission under the [Customs Tariff](#) or the [Financial Administration Act](#).

27. A producer that does not comply and that is liable to pay an amount must, pursuant to subsection 123(2) of the [Customs Tariff](#), pay, in addition to the amount, interest at the specified rate for the period beginning on the day that the liability is incurred and ending on the day the amount is paid in full, calculated on the amount of the balance outstanding.

28. A producer that fails to report to the appropriate regional CBSA office a failure to comply with a condition under which remission is granted, within 90 days or such other period as may be prescribed, may be subject to a penalty pursuant to subsection 109.1(2) of the [Customs Act](#), not to exceed \$25,000.

29. A producer that fails to pay the amount of duties in respect of which relief or remission was granted, within 90 days or such period as may have been prescribed, unless the provisions of subsection 118(1)(b)(i) or (ii) were met, may be subject to a penalty. Please refer to [Memorandum D22-1-1, Administrative Monetary Penalty System](#), for information regarding the AMPS program.

30. A producer may enter outerwear greige fabric into a customs bonded warehouse on a type 10, [B3-3, Canada Customs Coding Form](#). The authorization number issued, if applicable, is not to be shown in Field 26 until such time as the outerwear greige fabric is removed from the customs bonded warehouse and enter the domestic economy. When a producer removes outerwear greige fabric from a bonded warehouse during the period beginning July 1, 1997 and ending December 31, 2012, the producer may use its remission entitlement (as in effect at the time the goods are removed) to have the duties remitted on these goods in the year the goods are removed from the bonded warehouse.

31. Producers undergoing a change of operations for any reason including, for example, a change of ownership or name, amalgamation or merger, sale, dissolution, receivership or bankruptcy are required to advise their appropriate regional CBSA office as well as Trade Compliance Division, Trade Incentives Unit, 222 Queen Street, 9th Floor, Ottawa, Ontario, K1A 0L8. The producer or its representatives are to provide complete disclosure by way of a letter and, if required, supporting documentation, outlining the circumstances surrounding the change. Where a producer enters into receivership, bankruptcy or dissolution, provisions of the [Bankruptcy and Insolvency Act](#) will apply. The Trustee responsible must be clearly identified in these cases.

32. Each case will be reviewed and evaluated on the basis of its own merits and particular circumstances in order to determine its eligibility under the Order.

33. For more information, within Canada call the Border Information Service at **1-800-461-9999**. From outside Canada call 204-983-3500 or 506-636-5064. Long distance charges will apply. Agents are available Monday to Friday (08:00 – 16:00 local time / except holidays). TTY is also available within Canada: **1-866-335-3237**.

Appendix

Schedule – (Sections 2 and 3)

Doubletex Inc.

References	
Issuing Office	Trade and Anti-dumping Programs Directorate
Headquarters File	
Legislative References	<i>Customs Act</i> <i>Financial Administration Act</i> <i>Bankruptcy and Insolvency Act</i> <i>Customs Tariff</i> <i>Outerwear Greige Fabrics Remission Order, 1998</i>
Other References	D8-11-7 , D10-17-15 , D17-1-10 , D17-1-21 , D22-1-1 Forms B3-3 , K32
Superseded Memorandum D	D8-11-2 dated November 30, 2012