

REPORT OF THE MINISTER OF INDUSTRY, TRADE AND COMMERCE

respecting operations under the

EXPORT AND IMPORT PERMITS ACT

for the year 1980

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This Report is submitted pursuant to Section 26 of the Export and Import Permits Act (hereinafter referred to as the Act), Chapter E-17 of the 1970 Revised Statutes of Canada, as amended, which provides:

"26. As soon as practicable after the 31st day of December of each year the Minister shall prepare and lay before Parliament a report of the operations under this Act for that year."

SUMMARY

The Export Control List (C.R.C., c. 601) was amended twice during the year by revoking item 5666 - Canadian silver coins and amending Appendices I, II and III to item 1011 - Endangered Species.

The following six General Export Permits were amended:

- No. Ex. 2 a) Subitem 1(10);
 b) Sections 2 and 3; and
Nos. Ex. 5, 6, 7, 9 and 14.

The Area Control List (C.R.C., c. 600) was amended by adding "Iran".

The Import Control List (C.R.C., c. 604) was amended eight times during the year by:

- a) revoking five items: 4, 16.1, 24.1, 47 (twice) and 49 and substituting new items therefor;
- b) revoking item 14;
- c) revoking Appendices I, II and III to Item 30 and substituting new Appendices therefor.

Two general import permits Nos. 24 and 59, were revoked and new permits substituted therefor; and one general import permit no. 6, was cancelled.

The details of these changes are described below.

1. EXPORT CONTROLS

a) Export Control List

Section 3 of the Act provides for the establishment of an Export Control List as follows:

"3. The Governor in Council may establish a list of goods, to be called an Export Control List, including therein any article the export of which he deems it necessary to control for any of the following purposes, namely:

a) to ensure that arms, ammunition, implements or munitions of war, naval, army or air stores or any articles deemed capable of being converted thereinto or made useful in the production thereof or otherwise having a strategic nature or value will not be made available to any destination wherein their use might be detrimental to the security of Canada;

(a.1) to ensure that any action taken to promote the further processing in Canada of a natural resource that is produced in Canada is not rendered ineffective by reason of the unrestricted exportation of that natural resource;

(a.2) to limit or keep under surveillance the export of any raw or processed material that is produced in Canada in circumstances of surplus supply and depressed prices and that is not a produce of agriculture;

(b) to implement an intergovernmental arrangement or commitment; or

(c) to ensure that there is an adequate supply and distribution of such article in Canada for defence on other needs."

Order in Council P.C. 1980-358 of 1 February 1980 revoked item 5666-Canadian Silver Coins, effective 4 February 1980, as there is no longer any likelihood that a shortage of silver coins might threaten supply in Canada.

A Ministerial Order dated 5 February 1980 revoked subitem 1(10) of the Schedule to General Export Permit No. Ex. 2 and substituted the following therefor:

- 1 (10) Grain, fodders and feeds, except wheat, oats and barley controlled by the Canadian Wheat Board, corn, rye, mixed feeds for livestock or poultry purposes and by-products of brewing or distilling as follows: brewers grains; distillers grains; distillers solubles.

Order in Council P.C. 1980-1072 of 24 April 1980 amended Appendices I, II and III to Item 1011: Endangered Species, effective same date.

Certain species listed on the Appendices were changed in accordance with the latest modifications approved by the second General Meeting of the Parties to the Convention on International Trade in Endangered Species, held in Costa Rica in March 1979.

Ministerial Order dated 22 May 1980 revoked Sections 2 and 3 of General Export Permit No. Ex. 2 and substituted the following therefor:

2. (1) Subject to subsection (2), any person may, under the authority of this General Export Permit, export from Canada to any country except Iran any goods listed in the schedule.
(2) Subsection (1) does not apply to the export from Canada to any country named in the Area Control List or to Cuba of goods originating outside Canada that are included in Group 9 of the Export Control List.

The same Ministerial Order amended General Export Permits Nos. Ex. 5, 6, 7, 9 and 14 by substituting the words "except Iran" for "except Rhodesia".

b) Area Control List

Section 4 of the Act provides for the establishment of an Area Control List, as follows:

"4. The Governor in Council may establish a list of countries, to be called an Area Control List, including therein any country the export of any goods to which he deems it necessary to control."

Order in Council P.C. 1980-1397 of 22 May 1980 amended the Area Control List by adding "Iran", effective immediately. This Amendment served to place sanctions on trade with Iran in response to the taking of hostages at the Embassy in Teheran. This response paralleled action taken by the EEC and the USA.

c) Issuance of Permits

Section 13 of the Act provides:

"13. No person shall export or attempt to export any goods included in an Export Control List or any goods to any country included in an Area Control List except under the authority of and in accordance with an export permit issued under this Act."

An export permit is required before an item included in the Export Control List may be exported from Canada to any destination with the exception, in most cases, of the United States. However, 12 items in the List require permits before they may be exported to any destination including the United States, i.e.: 1001 - pancreas glands of cattle and calves; 1011 - endangered species (appendix I or II); 2001 - logs of wood (of all species); 2002 - pulpwood (of all species); 5665 - scrap iron and steel; 5667 - Canadian one cent bronze coins; 8001 - source (fertile) and fissionable materials; 8005 - deuterium; 8039 - tritium; 8050 - radio-active materials; 8136 - nuclear reactors; 10011 - serum

albumin; further, two items require permits before they may be exported to the United States only, i.e. 1021 - beef and veal carcasses; 5664 - specialty steel products.

All goods originating in the United States that are to be re-exported from Canada require an export permit except any such goods that have been further processed or manufactured outside the United States, by combining them with other goods or otherwise so as to result in substantial change in value, form and use of the goods or in the production of new goods.

All goods originating outside Canada that are identified in the Export Control List require an export permit to be re-exported from Canada to any destination with the exception, in most cases, of the United States. Any such goods that are in transit in bond on a through journey and accompanied by a billing or other documentation which clearly indicates the ultimate destination are exempted from the requirement to have an export permit.

Section 7 of the Act provides that:

"7. The Minister may issue to any resident of Canada applying therefor a permit to export goods included in an Export Control List or to a country included in an Area Control List, in such quantity and of such quality, by such persons, to such places or persons and subject to such other terms and conditions as are described in the permit or in the regulations."

Authority is provided under section 12 of the Act for regulations prescribing the information and undertakings to be furnished by applicants for permits, procedures to be followed in applying for and issuing permits, and requirements for carrying out the purposes and provisions of the Act. Regulations established under this Section remained in force during the year.

Section 6 of the Export Permit Regulations (C.R.C., c. 602) provides for the issuance of general permits authorizing the export of certain named goods to all destinations or to specified destinations.

The Regulations respecting trans-shipment (C.R.C., c. 608) continued in force. The purpose of these Regulations is to enable Canada to co-operate in a system agreed upon by a number of countries to prevent the diversion of strategic materials in transit.

The following is a statistical summary of applications for export permits processed during the year 1980 relating to both the Export Control List and the Area Control List:

Export permits issued.....	6,861
Applications refused.....	40
Applications withdrawn.....	89
Export permits cancelled.....	16
Applications pending as of December 31, 1980.....	42

2. IMPORT CONTROLS

a) Import Control List

Section 5 of the Act provides for the establishment of an Import Control List as follows:

"5. The Governor in Council may establish a list of goods, to be called an Import Control List, including therein any article the import of which he deems it necessary to control for any of the following purposes, namely:

(a) to ensure, in accordance with the needs of Canada, the best possible supply and distribution of an article that is scarce in world markets or is

subject to governmental controls in the countries of origin or to allocation by intergovernmental arrangement;

(a.1) to restrict, for the purpose of supporting any action taken under the Farm Products Marketing Agencies Act, the importation in any form of a like article to one produced or marketed in Canada the quantities of which are fixed or determined under the Act;

(b) to implement any action taken under the Agricultural Stabilization Act, the Fisheries Prices Support Act, the Agricultural Products Co-operative Marketing Act, the Agricultural Products Board Act or the Canadian Dairy Commission Act, to support the price of the article or that has the effect of supporting the price of the article; or

(c) to implement an intergovernmental arrangement or commitment; and where any goods are included in the list for the purpose of ensuring supply or distribution of goods subject to allocation by intergovernmental arrangement or for the purpose of implementing an intergovernmental arrangement or commitment, a statement of the effect or a summary of the arrangement or commitment if it has not previously been laid before Parliament, shall be laid before Parliament not later than fifteen days after the Order of the Governor in Council including these goods in the list is published in the Canada Gazette pursuant to the Statutory Instruments Act or, if Parliament is not then sitting, on any of the first fifteen days next thereafter that Parliament is sitting.

(2) where at any time it appears to the satisfaction of the Governor in Council on a report of the Minister made pursuant to

(a) an inquiry made by the Textile and Clothing Board with respect to the importation of any textile and clothing goods within the meaning of the Textile and Clothing Board Act; or

(b) an inquiry made under Section 16A of the Anti-dumping Act by the Anti-dumping Tribunal in respect of any goods other than textile and clothing goods within the meaning of the Textile and Clothing Board Act that goods of any kind are being imported or are likely to be imported into Canada at such

prices, in such quantities and under such conditions as to cause or threaten serious injury to Canadian producers of like or directly competitive goods, any goods of the same kind may by order of the Governor in Council, be included on the Import Control List in order to limit the importation of such goods to the extent and for the period that, in the opinion of the Governor in Council, is necessary to prevent or remedy the injury."

The Import Control List was amended:

- 1) to support an action taken under the Agricultural Stabilization Act in connection with Cheese;
- 2) to implement certain intergovernmental arrangements concerning Whales, Endangered Species, Acrylic Yarn and Cocoa;
- 3) as a result of an Inquiry made under Section 16A of the Anti-dumping Act by the Anti-dumping Tribunal concerning Footwear.

Order in Council P.C. 1980-796 of 27 March 1980 amended Item 4 to read: "Cheese of all types other than imitation cheese", effective same date.

Order in Council P.C. 1980-1073 of 24 April 1980 amended Appendices I, II and III to item 30 Endangered Species, by changing certain species listed on the Appendices in accordance with the latest modifications approved by the Second General Meeting of the Parties to the Convention on International Trade in Endangered Species held in Costa Rica in March 1979, effective same date.

Order in Council P.C. 1980-1223 of 8 May 1980 revoked Item 14 Cocoa beans and cocoa products, effective same date. A Ministerial Order of 30 April 1980 cancelled General Import Permit No. 6 covering this item. This item was revoked because negotiations for a new agreement to replace the International Cocoa Agreement (ICCA) were unsuccessful and as a result the ICCA expired at midnight 31 March 1980 without extension or replacement.

A Ministerial Order of 9 June 1980 cancelled General Import Permit No. 24 and issued a new one therefor. This amendment increased the permit exemption for imports of commercial samples and personal use clothing, and allowed permit-free imports of small commercial shipments of clothing (i.e. not more than \$500 - regardless of the number of units, or not more than 12 units - regardless of the value for duty). The earlier limit on permit-free imports of commercial samples and personal use clothing was \$250 while commercial shipments were not included in this exemption.

Order in Council P.C. 1980-2107 of 31 July 1980 revoked item 47 and substituted a new item therefor, effective December 1, 1980.

Item 47: Men's and Boys', women's and girls', children's and infants' footwear, whether fully or partially manufactured, other than rubber or water proofing, plastic footwear and downhill ski boots.

This amendment extended the global quota on the importation of footwear for another year in order to provide adequate time to enable the Anti-dumping Tribunal to conduct an inquiry into whether special measures of protection would be required beyond the expiry of the current import controls. The global quota was extended from December 1, 1980 to November 30, 1981. On 19 August 1980, Order in Council P.C. 1980-2176 amended the item further by adding "canvas footwear" to the exceptions.

Order in Council P.C. 1980-2108 of 31 July 1980 revoked item 49 and substituted a new item therefor, effective same date.

Item 49: (1) Whale products, parts or by-products
(2) Whaling cannons, harpoon guns, shoulder guns, bomb lances and associated apparatus and appliances used in the conduct of whaling.

The addition of subsection (2) established import control on certain whaling apparatus. A Ministerial Order of the same date issued a new General Import Permit No. 59 covering this item.

Order in Council P.C. 1980-2284 of 27 August 1980 item 24.1 and substituted a new item therefor, effective same date.

Item 24.1: All types of machine knitting and hand knitting acrylic yarns containing 50% or more by weight of acrylic fibres, except those yarns composed entirely of fibres not exceeding 6.35 cm in length.

This amendment changed the definition of acrylic yarns resulting from Bilateral Agreements which were concluded with various sources of supply of that type of yarn.

Order in Council P.C. 1980-2602 of 1 October 1980 revoked item 16.1 and substituted a new item therefor, effective same date.

Item 16.1: Chicken and chicken capons, live or eviscerated, chicken parts, whether breaded or battered and chicken products manufactured wholly thereof, whether breaded or battered.

The amendment modified the definition of chicken and chicken products to increase the effectiveness of the control.

b) Issuance of Permits

Section 14 of the Act provides:

"14. No person shall import or attempt to import any goods included in an Import Control List except under the authority of and in accordance with an import permit issued under this Act."

An import permit is required before any goods included in the Import Control List may be imported into Canada from any country.

"8. The Minister may issue to any resident of Canada applying therefor a permit to import goods included in an Import Control List, in such quantity and of such quality, by such persons, from such places or persons and subject to such other terms and conditions as are described in the permit or in the regulations."

Authority is provided under Section 12 of the Act for regulations prescribing the information and undertakings to be furnished by applicants for permits, procedures to be followed in applying for and issuing permits, and requirements for carrying out the purposes and provisions of the Act. The Regulations established under this Section by Order in Council P.C. 1978-3738 of 14 December 1978 remained in force during the year.

Section 5 of the Import Permit Regulations (C.R.C., c. 605) provides for the issuance of general permits authorizing the import of specified goods up to specified limits or subject to specified conditions.

The following is a statistical summary of applications for import permits processed during the year 1980.

Import permits issued.....	111,847
Applications refused.....	1,055
Import Permits cancelled.....	4,698

3. CERTIFICATES

Section 9 of the Act provides:

"9. The Minister may , in order to facilitate the importation of goods into Canada and compliance with the laws of the country of export, issue to any resident of Canada applying therefor an import certificate stating that the applicant has undertaken to import the goods described in the

certificate within the time specified therein and containing such other information as the regulations required."

Import Certificate Regulations (C.R.C., c. 603) provide for the issuance of import certificates which are required by the country of export before it will allow goods to be shipped to Canada. They also provide for the issuance of Delivery-Verification Certificates of the delivery in Canada of goods imported into Canada to comply with the requirements. The purpose of the Regulations is to prevent the diversion in transit or the unauthorized trans-shipment of such goods.

The following is a statistical summary of certificates processed during the year 1980:

Import Certificates issued.....	602
Delivery-Verification Certificates issued.....	182

4. CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES OF WILD FAUNA AND FLORA

The Convention on International Trade in Endangered Species of Wild Fauna and Flora, which came into force on July 1, 1975, is an international agreement to regulate trading in 800 designated endangered species of animals and plants including their respective parts and derivatives.

The Department of Industry, Trade and Commerce was designated by Cabinet as the Competent Authority to perform those functions related to the regulation of trade of such endangered species through export and import control measures, by means of the Export and Import Permits Act. Such control measures were introduced on July 3, 1975. On July 4, 1975, the Minister of Industry, Trade and Commerce issued general export and import permits to allow the Canadian Wildlife Service of the Department of the Environment as well as the provincial or territorial government authorities to issue individual Convention permits for the

above-mentioned species. The following is a resumé of the export and import permits as well as other documents issued under the authority of General Export Permit No. Ex. 14 and General Import permit No. 17.

a) Export Permits

During the period January 1, 1980 to December 31, 1980, the following export permits were processed in accordance with General Export Permit No. Ex. 14. An export permit is required for all specimens included in Appendices I, II and III.

Applications received.....	96
Applications completed.....	95
Applications withdrawn or cancelled.....	0

b) Import Permits

The following import permits were processed in accordance with General Import Permit No. 17. A permit is required for Appendix I specimens. All applications were handled by Canadian Wildlife Service.

Applications received.....	47
Applications completed.....	36
Applications withdrawn or cancelled.....	1
Applications refused.....	11

c) Transit Permits

Forty-six (46) permit applications for live animals were received and completed by the Canadian Wildlife Service. The majority of these permits were issued on travelling circuses.

d) Scientific Certificates

In accordance with General Import Permit No. 17 of 21 September 1976, and General Export Permit No. Ex. 14 of the same date, a total of 36 Import/Export Certificates were issued to scientists and scientific institutions for the non-commercial loan, donation or exchange of herbarium specimens, other preserved, dried or embedded museum specimens and live plant material. All certificates issued expired on 31 December 1980.