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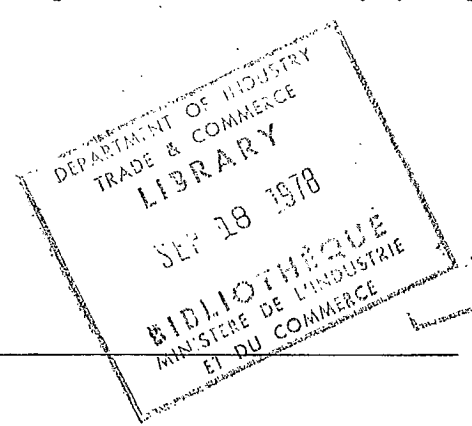
project report

NOVA SCOTIA
FREE TRADE ZONE
CONCEPT STUDY



STEVENSON & KELLOGG, LTD.

management consultants



project report

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FREE TRADE ZONE
CONCEPT STUDY

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INTRODUCTION AND SUMMARYA. INTRODUCTION

Early in March, Stevenson and Kellogg was retained by the Nova Scotia Department of Development to conduct a study of the Free Trade Zone concept. The study was to be carried out in two phases:

1. Background analysis and rationale leading to conclusions regarding the advisability of establishing a free trade zone in the province.
2. If the results of Phase 1 are positive, an implementation plan for establishing an effective free trade zone.

This is the final report on Phase 1 of the study.

B. SUMMARY

We include in this summary our findings, general conclusions and recommendations.

1. Findings

There are many variations on the Free Trade Zone concept. Differing concepts and associated terms are set forth in Chapter II.

The following categories of Free Trade Zones can be identified:

- ▶ Import Oriented;
- ▶ Re-export Oriented;
- ▶ Export Processing

Most, though not necessarily all, Free Trade Zones can be assigned to one of these categories.

Import oriented zones are those where most of the goods are subsequently imported into the host country. These zones generally exist to minimize the difficulties created by the customs regulations of the host country.

Re-export oriented zones are those where most of the goods are subsequently exported to countries other than the host country. If no significant manufacturing activity is carried out, this is essentially a trans-shipment activity. These are the classic Free Trade Zones which are generally situated on major trade routes.

Export Processing Zones are those which combine manufacturing with re-export of the finished product. Generally, the advantages stemming from the absence of customs formalities are not sufficient to attract significant amounts of manufacturing activity. Other attractions including low wage rates, financial or other incentives or tax concessions are essential. Export processing zones are specific examples of the developing world economic trend known as production sharing.

The number of Free Trade Zones has increased significantly over the past two years. Most new zones in the United States are import-oriented. Most new zones in the rest of the world are, or are intended to be, export processing zones.

Canada has no specific areas designated as free trade zones. Instead Canadian customs laws and regulations provide for:

- ▶ Bonded warehouses; and
- ▶ Export drawbacks.

These arrangements are discussed in some detail in Chapter III and Appendix E.

Goods may be imported into Canada and stored in a bonded warehouse for up to five years. Payment of duties is not required until the goods are moved from the bonded warehouse into Canada. Duties paid on imported goods which are subsequently exported or are used in the manufacture of goods that are exported can be refunded under the export drawback arrangements.

These arrangements have been the subject of a federal government study which is still confidential. New legislation has been introduced and once it is passed revisions to the regulations are anticipated. These changes will make the bonded warehouse and export drawback arrangements more attractive and easier to use. *

2. General Conclusions

- (i) Industries contemplating a Nova Scotian location, to serve the domestic market, would not be substantially advantaged by the creation of a designated Free Trade Zone.

All of Nova Scotia may be considered a Free Trade Zone. Utilization of the bonded warehouse and export drawback privileges of Canada permits industry to operate in Nova Scotia with the customs advantages typical of Free Trade Zones elsewhere. Procedures and documentation required may not be as simplified, but these customs advantages are available to all, regardless of location. When combined with the regional development incentives available in this province, which are set forth in some detail in Appendix G, Nova Scotia offers industry most of the advantages available in Free Trade Zones elsewhere.

- (ii) Special zones offering additional incentives to attract re-export activities and/or export-oriented manufacturing do not appear to be practical at this time.

Nova Scotia does not offer two advantages which make export processing zones work. First, low cost labour, which is essential to the success of many of the industries which have located in export processing zones *

elsewhere, is not available. ²⁾ In addition, income and other municipal tax concessions, common in most re-export and export processing zones, are not available.

Low cost labour is generally found in developing countries. Nova Scotia does not have low cost labour, when wage rates here are compared to labour costs in such developing nations. It cannot, therefore, attract those types of industry which require low cost labour. However, for industries requiring higher levels of skill and technology, and whose products are not labour intensive, Nova Scotian wage rates may not be a major disadvantage to the location of such industries in this province. ✓

Of the tax concessions offered by Free Trade Zones, freedom from or reduction of corporate income tax is the most important. * Such concessions would require new federal and/or provincial legislation. Municipal tax concessions would require provincial and/or municipal legislation and agreements. Provision of additional incentives along these lines in Nova Scotia generally would not be equivalent to the advantage due to the low labour costs available in many export processing zones.

To provide further encouragement to re-export activities or export oriented manufacturing operations, incentives in addition to the regional development assistance presently available would be required. These incentives would probably take the form of tax concessions. The possibility of establishing a special zone to house such activities where tax incentives would be available was considered.

It is possible that the United States would levy countervailing duties to offset any such incentives on any goods exported to that country. Thus the incentives would not assist the firms locating in this special zone in penetrating the United States market. Locating in such a special zone would be a risky decision for a firm since the imposition of countervailing duties on its products at any time could cause a serious reduction in its markets. 999...

(iii) The establishment of a designated physical Free Trade

Zone or Zones within the province is not justified at this time.

3. Recommendations

- (i) We recommend that Phase 2 of the study not be carried out as presently set forth.
- (ii) We further recommend that if the scope of work for Phase 2 is modified, additional studies should be designed to answer a number of questions which should not be examined solely within the narrow confines of the concept of Nova Scotia as a Free Trade area.

Such studies should center on new incentives to create additional employment. The form that the incentives should take, and where and how they should be applied, would also be investigated.

- (iii) We recommend that the Department of Development, when * dealing with industry seeking to locate in the province:
 - ▶ Outline the bonded warehouse and export drawback arrangements available under Canadian customs legislation; *
 - ▶ Offer assistance to firms in organizing their operations so as to derive the maximum benefit from the bonded warehouse and export drawback provisions. *

These provisions and currently available incentives can and should be utilized as effective tools to market this area as a Free Trade Zone. Such a marketing program would provide the province with an effective and strategic tool in its efforts to seek to attract industry. While it is difficult to evaluate the effects of such a program, Nova Scotia would have a promotional advantage over other provinces within the region and other parts of Canada who do not provide industry with similar guidance, advice and assistance.

II

FREE TRADE ZONES

A. HISTORY OF FREE TRADE ZONES

Thoman provides a brief history of the free trade zone or free port from before the time of the Roman Empire through the first half of the twentieth century. He summarizes the development by observing that:

"the actual free port form has changed from the free city to the free port with the emergence and solidification of the present pattern of nations, particularly in Europe; for this transition from small to larger states has given nearly every seaport of consequence an accessible hinterland, and has concomitantly mitigated against the free city, an outmoded device that was dependent wholly upon trans-shipment commerce. However, the fundamental purpose of the free port form has remained the facilitation of re-exports."¹

Over the past twenty years there has been a proliferation of free trade zones and related facilities throughout the world. A directory of these facilities is included as Appendix B.

¹R. S. Thoman, Free Ports and Foreign-Trade Zones; Cambridge, Maryland, Cornell Maritime Press, 1956, pp. 11 - 20.

B. FREE TRADE ZONES AND RELATED CONCEPTS DEFINED

1. Free Trade Zone

Free trade zones are difficult to define precisely because there are many variations on the concept. The legal definition is different in almost every country. The basic concept is, in most cases, as follows:

A free trade zone is an **enclosed and policed** area in a seaport, airport, or some other inland point where goods of foreign origin may be brought in for re-export by land, water, or air without the payment of customs duty. Usually these zones allow foreign traders to store, exhibit, sample, blend, mix, sort, repack, and manufacture various commodities within the zone area.

2. Essential Features

The essential features of a free trade zone are:

- ▶ It is a distinct **geographic area**. The zone is generally a **fenced** area that is part of a larger customs port-of-entry. **Strict controls** are established to control smuggling.
- ▶ It is "free" only with respect to the application of customs formalities within its boundaries. Directly or indirectly it is **still within the jurisdiction of customs authorities**. Indeed it is within the **jurisdiction of all relevant governmental authorities** of the host country.
- ▶ It generally **permits no residents, extensive retail trade, nor on-the-spot consumption**.

The exemption of imported goods from customs formalities is the attractive feature of a free trade zone. In the past this was often the only advantage of locating in a free trade zone. More recently countries have started to provide a wide range of additional incentives to firms locating in free trade zones. This is discussed in Chapter IV. Here it suffices to note that zones generally offer financial

advantages other than those stemming from the absence of customs formalities.

3. Related Terms

A number of other terms are used to describe closely related concepts.

▶ **Export Processing Zone**

A Free Trade Zone which has substantial export or re-export oriented manufacturing and related employment is now known as an Export Processing Zone.

Masan, Korea; Batan, Philippines; Kaohsiung, Taiwan and Shannon, Ireland are all successful Export Processing Zones.

▶ **Foreign Trade Zone - U.S.A.**

The Foreign Trade Zones Board defines the foreign trade zone as follows: A foreign trade zone is an enclosed area (considered outside United States customs territory, but under customs supervision) in or near a port of entry which is operated as a public utility by a qualified public or private corporation authorized by the Foreign Trade Zones Board. Foreign and domestic merchandise not otherwise prohibited may be moved into a zone for storage, exhibition, manipulation, manufacture, or other processing. The usual formal customs entry procedure and payment of duties on foreign goods is not required unless and until they enter customs territory for domestic consumption. Domestic goods moved into a zone for export are considered exported upon entering the zone for purposes of excise tax rebates and drawback. A special-purpose subzone may be authorized in appropriate cases as an adjunct to a general-purpose foreign trade zone.

Honolulu, San Jose, Kansas City, New Orleans, McAllen and Seattle are examples.

▶ Free Ports

An area, generally encompassing a port and its surrounding locality, into which goods may enter duty-free or subject only to minimal revenue tariffs (with the exception, perhaps, of a limited number of items), whether these goods are for re-export or for local consumption. Free port privileges may not be confined to the immediate port area, but may be extended by law to a considerable surrounding area.

Copenhagen, Stockholm, Hamburg, Basel, Bermuda, Grand Bahamas are examples of Free Ports.

▶ Free Perimeter

Similar to a free port but generally confined to a remote or underdeveloped region in a country.

Baja California in Mexico and the province of Arica in Chile are examples.

▶ Free Depot

An area where foreign goods may be stored, unpacked, and repacked without payment of customs duties; but no processing is permitted.

Palermo in Italy is an example.

▶ Free Deposit

A limited area in a major port containing the office of a maritime customs authority and operated by a concessionary company under the general supervision of the customs authorities. Goods may be held in free deposit without payment of customs duties or other taxes. General operations permitted in free deposits include storing, repacking, division of goods from bulk to commercial quantities, mixing, and all other operations which increase the value of goods deposited without changing the essential nature of the goods.

Alicante in Spain is an example.

▶ Commercial Deposit

Similar to a free deposit but privileges are more limited.

Malaga in Spain is an example.

▶ Transit Zone

A transit zone is a port of entry in a coastal country established as a storage and distribution centre for the convenience of a neighbouring country which lacks adequate port facilities or access to the sea. It is so administered that goods in transit to and from the neighbouring country are not subject to the customs duties, import controls, or many of the entry and exit formalities of the host country. The terms "entrepôt", "free zone", and "free transit zone" are sometimes used in place of "transit zone" as defined above. There are a large number of transit zones throughout the world in Argentina, Brazil, Chile, Greece, India, Iran, Peru, etc. as listed in Appendix B. It is of interest to note that Halterm, the container terminal in Halifax serves as a transit zone for the United States.

▶ Bonded Warehouse

A place which is generally under the control of custom authorities where goods for re-export may be stored for extended periods of time (usually up to two years) without payment of duties or other taxes. In addition to storage, certain operations, such as repacking, sorting, sampling, blending, mixing, etc., are generally permitted. Manufacturing in bonded warehouses is not permitted in Canada.

Belgium, Holland, Japan and Canada are countries where numerous bonded warehouses may be found.

C. CLASSIFICATION OF FREE TRADE ZONES

It is evident from the variety of related concepts that these types of zones are intended to serve a number of different purposes. A simple classification scheme will aid in understanding the purposes that free trade zones and related facilities serve.

The following three categories can be identified:

- ▶ Import Oriented;
- ▶ Re-export Oriented;
- ▶ Export Processing;

Most, though not necessarily all, free trade zones can be assigned to one of these categories.

1. Import Oriented Zones

Import oriented zones are those where most of the goods are subsequently imported into the host country. These zones generally exist to minimize the difficulties created by the customs regulations of the host country. The foreign trade zones of the United States, excepting Miami (under construction) and Mayaguez fall into this category.

Free Trade Zones of this type offer three principal advantages:

- ▶ minimizing the inconvenience of quotas;
- ▶ reducing capital requirements;
- ▶ manipulating products to take advantage of the tariff laws

These are best explained with the aid of examples.

A quota limits the amount of a product that can be imported into a country during a specified period, usually a year. When an importer places an order he usually does not know whether the quota will be filled when his goods arrive. If the quota is filled the goods will not be admitted into the country. The goods can be left in a free trade zone until the quota opens up again. Otherwise they would have to be returned or exported to a third country. The United States has quotas on a number of products, including crude oil. The quota on crude oil is, at least partially responsible for the refineries and petrochemical plants located in American foreign trade zones.

Holding imports in a free trade zone from the time they arrive until they can be sold delays the date when the customs duties must be paid. This, in turn, reduces the capital requirements. This is most important for products for which the tariffs are relatively high.

The complexity of tariff laws often creates situations where minor manipulation of products will lead to substantially lower tariffs. The following examples relate to the United States.

- ▶ Brazil nuts are imported into a foreign trade zone in bulk. There they are dried, sorted and packaged. The tariff is based on the weight of the nuts imported. Drying and sorting reduces the weight by about forty percent, with a comparable reduction in tariffs.
- ▶ Dresses with minor amounts of decorative trim are imported into a foreign trade zone to have the trim removed. They then qualify for a much lower tariff rate.

A number of additional examples could be given. In all cases the pattern is the same - a minor amount of manipulation of the imported goods to achieve a substantial savings of customs duties payable.

2. Re-export Oriented Zones

The re-export oriented zones ship most of the imported goods to countries other than the host country. These zones are generally situated on major trade routes. These are the classic free trade zones. Their principal activities are those associated with the trans-shipment and break-bulk functions; Generally there is little significant manufacturing activity carried out.

Colon in Panama and Singapore are good examples of such zones. Both are major ports. Goods are brought from other countries for re-export to other parts of the world and to other countries in the area. It is less costly and/or more convenient to send such shipments via Panama or Singapore than to ship directly. Free trade zone operations facilitates the re-export trade of both ports.

3. Export Processing Zones

The possibility of combining manufacturing with re-export of the finished product is a concept that has been of considerable interest in recent years. Advantages stemming from the absence of customs formalities have not been sufficient to attract significant amounts of manufacturing activity; other attractions such as low wage rates, capital incentives and/or tax concessions are essential. Developing countries with available resources of low cost labour have in recent years combined this asset with a package of financial incentives to attract significant amounts of export oriented manufacturing activities from the industrialized nations. They secure employment for their citizens, a transfer of technology, and in some cases, an increase in utilization of some raw materials from the host country. Export Processing Zones in Barranquilla Columbia, Kaohsiung Taiwan, and Batan Philippines are examples, where such techniques have been effectively employed.

Export Processing Zones offer two major advantages to firms that locate there:

- ▶ access to low cost labour; and
- ▶ financial and administrative incentives

These zones also offer advantages to the host country, specifically:

- ▶ employment is created;
- ▶ domestic industry is protected; and
- ▶ administration of incentives and concessions is facilitated

Jobs are created by "importing" industries attracted to the free trade zone. Therefore employment is created.

Domestic industry is protected if a foreign firm locates in a free trade zone. Companies that locate in free trade zones must compete in the markets of the host country on the

same terms and conditions as any other foreign manufacturer. Their goods are subject to import duties like those of other "foreign" manufacturers. These import duties therefore protect the host country's existing domestic industry.

To illustrate the third advantage, consider the question of foreign exchange controls. Granting freedom from foreign exchange controls creates serious administrative problems if the firm is not located in a free trade zone. It is very difficult to develop administrative controls to ensure that the concession is not abused. If the firm is located in a free trade zone the administration is simple. The existing administrative procedures remain in use and the free trade zone is deemed to be outside the country.

The financial and administrative incentives are necessary to make the use of the low cost labour attractive. The administrative arrangements are particularly important. They usually provide:

- ▶ exemptions from currency controls,
- ▶ exemptions from foreign ownership regulations,
- ▶ exemptions from restrictions on the repatriation of profits,
- ▶ attractive customs and tax arrangements for expatriate managerial personnel.

Such administrative arrangements serve to assure the firms that they will be able to operate efficiently and to enjoy the financial rewards of doing so.

Export Processing Zones require low labour costs and attractive financial and administrative incentives to be successful.

D. VISITS TO SELECTED FREE TRADE ZONES

1. Introduction

Following consultation with the client, visits were made to the headquarters of the United Nations Industrial Development

Organization in Vienna, Austria; The Shannon Free Airport Development Company, Shannon, Ireland; Miami Free Zone Corporation, Miami, Florida; the Colon Free Zone, Colon, Panama; and the Commercial and Industrial Free Zone at Barranquilla, Columbia.

Persons contacted are listed in Appendix J.

UNIDO is the foremost international organization in the promotion and development of Free Trade Zones, utilizing the concept as a means of creating employment and to effect the transfer of technology to developing countries. The Free Trade Zone at Shannon is one of the most successful, having begun operations in 1961 in an area in Ireland where there was large scale unemployment, with the certain prospect of the loss of a large number of jobs at the international airport, as a result of overflying by jet aircraft. Miami is one of the newest zones, is being developed in a highly industrialized country with relatively high labour costs; the sources of funding are from private capital, and the zone differs in concept from the majority of other U.S. Foreign Trade Zones in that it is re-export oriented. The Colon Zone in Panama was established in 1953 and is now considered by the Panamanian Government as one of the nation's most valued assets. It is very successful in its commercial operations, i.e. warehousing, storage and distribution. Barranquilla's Free Zone contains a significant degree of industrial activity, i.e. manufacturing, and encourages the importation of significant quantities of goods from the host nation, Columbia, for further manipulation and re-assembly.

The following conclusions have been drawn from the visits made:-

- ▶ Over the past 5 - 10 years, there has been significant growth in both the size and number of Free Trade Zones: The largest growth has occurred in developing countries where low cost trainable labour is readily available.

NOTE



- ▶ Incentives are necessary to attract and keep either domestic or international, commercial and industrial activity to Free Trade Zones. The primary incentive utilized is freedom from, or a reduction of taxes on profits on goods exported or re-exported from the zones. Freedom from restrictions on currency movements may also be important: in all cases no municipal or like taxes are levied, nor are there any import or export duties.
- ▶ Government legislation, specific to the establishment and regulation of operations of Free Trade Zones has been enacted or decreed by the governments concerned. Extensive funding by governments is common to permit the development and construction of the physical facilities and the required infrastructure associated with Free Trade Zones. Continuing support may be required. Profitable operations of the Zone may be expected or anticipated, but generally are not achieved.
- ▶ Administration of zones is generally under an autonomous authority, but with strong representations from government.
- ▶ International promotion is done on a direct company basis, generally by zone staff assisted by designated representatives in highly industrialized areas of the world.
- ▶ Export oriented processing zones are generally located in countries which have available low cost labour but which do not have bonded warehouse legislation or permit duty drawbacks for companies operating outside the Free Trade Zone.
- ▶ In the light of existing legislation in Canada, there seems } little need or potential for a Free Trade Zone. ????

2. Shannon Free Airport, County Clare - Ireland (Export Processing and Re-export Zone)

Shannon airport and its adjoining Free Trade Zone is located at the head of the Shannon estuary, County Clare, in an area known as Ireland mid-west comprising the counties of Clare, Limerick and the northern regions of Tipperary county.

The Shannon Free Airport Development Company was established by legislation in 1959. It is an autonomous state sponsored company with a part-time board of directors and a full time management with complete freedom concerning all matters regarding the establishment of industries and the importation of plant machinery and raw materials. The government's role is limited to enacting legislation and setting broad national policies regarding financial incentives, which funds are provided annually by the Irish Government. The Free Trade Zone consists of a fenced commercial enclave located immediately adjacent to the airport comprising approximately 1,800,000 square feet. There are thirty-eight (38) manufacturing companies located within the zone and some thirty-five (35) warehousing, service and office type operations. Employment within the Free Trade Zone is approximately 4,000 people and total employment within the airport complex approximately 7,200 people. Value of manufactured exports from the Free Zone is approximately 85,000,000 pounds (£). There is a significant degree of manufacturing within the zone including electronics and telecommunications equipment, machine tools, textiles, scientific and safety equipment and casting operations.

Companies have been attracted to Shannon by reason of its airport facilities and air transportation services but principally by incentives offered to industry to locate in the Free Trade Zone. Profits arising from the export of goods are exempt from Irish taxation until 1990. Local or municipal taxes (rates) are levied on a fixed valuation of land and buildings and normally amount to about 2% of the capital value of these assets. Non-repayable cash grants of up to 60% of the cost of buildings and equipment may be negotiated. Further, training grants up to 100% of the cost of manpower training including wages, travel, special instruction, management training fees and consultants hired for training purposes may be negotiated.

The Shannon Free Airport Development Company under the Irish Ministry of Industry and the Irish Development Agency has overall responsibility for industrial growth, tourism, regional development and town and rural development in Ireland mid-west. The incentives offered within this region are principally the same as those available in the Shannon Free Trade Zone, the advantages

of locating in the zone being extended tax relief on profits derived from exports as well as more streamlined and simple procedures on the importation and re-exportation of duty-free materials and equipment.

Finally, Ireland became a member of the European Common Market in 1973 and as such permits duty-free imports of goods and materials to the member countries of this market. Its location together with the incentives available to industry are the principal factors in its success.

3. Miami Foreign Trade Zone, Miami Florida
(Planned Re-export and Import Zone)

In 1977 the United States Foreign Trade Zones Board approved an application by the Greater Miami Foreign Trade Zone, Inc. for the establishment, operation and maintenance of a foreign trade zone in Dade County Florida. The site selected is approximately 73 acres of land located some 4.6 miles to the west of Miami international airport. This site is presently in the process of being developed and an initial building comprising some 800,000 square feet is being constructed by the Miami Free Zone Corporation, a company licensed by the grantee to acquire, develop and operate the foreign trade zone. The building is the first of three contemplated of like size and will provide warehousing, processing and display areas for visual merchandising of goods. The zone is to be export oriented and contemplates the importation of goods by sea and air, the storage and display of merchandise within the facilities 'with very little manipulation to be carried on and the re-export, principally by air to markets in the Caribbean and Central and South America. It is stated that all costs for land acquisition, development and zone operations will be borne by the licensee and that no public funds will be required to finance the development or the operation of the Miami zone. The purpose of the zone will be to provide effective duty-free warehousing facilities in Miami and to compete with the Colon zone in Panama in the supply of goods and materials to the above noted market areas. It is estimated that the capital costs will exceed \$50,000,000 and employment may reach 1,500 persons with commercial volumes exceeding 500,000 tons annually. It is felt that these estimates are optimistic. The operators of the zone would not provide any information concerning the identity of potential or committed

users of the facility but they did advise approximately \$5,000,000 in equity funding had been committed to the project and mortgage loans to finance the construction of the first phase of development of approximately \$15,000,000 had been secured.

There was no indication that any of the experience or intentions of the operators of the zone would be applicable to the concept of a Free Trade Zone in Nova Scotia.

4. Colon Free Zone, Colon, Republic of Panama
(Re-export Zone)

The city of Colon is located on the Atlantic coast, at the entrance to the Panama Canal, within the Canal Zone.

The free zone was established in 1948 by decree law of the Panamanian government, as an autonomous institution of the State. It began operations in 1953 and today consists of a commercial enclosure within the city of about 100 acres of warehouses, manufacturing plants and display areas. Expansion has commenced into an area of approximately 640 acres, located across Manzanillo Bay, by agreement between the governments of Panama and the United States comprising the disused airbase Old France Field.

Some 200 companies are located within the Zone. In 1977 the total value of goods imported and re-exported through the zone exceeded \$1,500 million. Some 6,000 people are employed, in largely commercial activities including warehousing, storage, assembly, and packaging; also in certain light manufacturing activities including textiles, pharmaceuticals, and book binding and printing.

Companies have been attracted to the Colon Zone by reason of its strategic location at the western (Atlantic) end of the Panama Canal, with shipping services provided via Christobel Docks by some 60 companies and air freight services of some 25 airlines via Tocumen Airport at Panama, providing easy and direct access to the markets of South and Central America, the Caribbean, and the United States. The largest volumes of goods are imported by sea, (71% in 1976) and re-exported by air (54% in 1976).

The largest value of imports is from Japan and the Far East. The largest exports are made to South America. Value added totalled only 3%, indicating that very little manufacturing is being carried on within the zone.

Incentives offered include low cost labour, duty free importation and re-exportation, excellent sea and air transportation services, reduced taxes on profits derived from the sale of merchandise re-exported from the Zone, complete freedom from all other national or municipal taxes, and freedom to export capital and dividends to foreign countries. Only Panamanian companies (subsidiaries) are permitted to operate within Panama including the Colon Free Zone.

5. Industrial and Commercial Free Zone of Barranquilla, Barranquilla, Colombia
(Export and Re-export Zone)

Barranquilla, with a population of one million people, capital of the province of Atlantica, is located on the Atlantic coast, some 18 km. from the Carribean Sea on the Magdalena River. It is the largest river port, and second largest sea and air port in Colombia.

The free zone was established by Decree Law in 1958, as an autonomous entity, under the Ministry of Economic Development and the Comptrollership General of the Republic. The zone is located immediately adjacent to the river and ocean terminals of the port, and comprises some one million square meters, housing commercial, and both light and heavy industrial activities. Available areas within the zone are presently 80% utilized: a container terminal to facilitate intermodal transportation is contemplated, together with an expansion of the zone to new facilities to be located adjacent to the city's airport.

There are approximately 3,500 people working within the zone, employed by some 80 companies. Thirty-three are industrial in nature and manufacture textiles, leather and leather goods, electric motors, and heavy metal fabrications. These companies import significant quantities of raw materials from within Colombia, and are labour intensive. They have located within the zone to benefit from reduced taxes on exports, and to facilitate international movements of capital.

The remaining companies are commercial in nature, importing and re-exporting (distributing) goods. Corporations may be either Columbian or foreign: Columbian companies are required to repatriate all foreign earnings through the Bank of the Republic to Columbia, receiving a premium to the value of 5% to 10% of such monies returned in so doing. Foreign corporations are free to export capital and dividends.

Incentives offered are similar in nature to those of the Colon Zone, but the cost of labour is cheaper, as are charges for leased buildings and other services provided by the Zone. The environment of Barranquilla would not be particularly attractive to executives of North American or European corporations considering establishing operations within the Zone.

III

CUSTOMS LAWS

A. PURPOSE

We now review current Canadian Customs Laws to identify whether or not there is a need to establish "specific physical" free trade zones in Nova Scotia. To do this we provide:-

- ▶ A general description of import and export laws and regulations in Canada;
- ▶ A discussion on Canadian export drawbacks and bonded warehouses;
- ▶ A review of normal customs treatment of free trade zones.

This material follows with our conclusions and observations.

B. GENERAL DESCRIPTION

1. Imports

In broad terms, four types of controls are placed on imports:

- ▶ quotas;
- ▶ prohibited articles;
- ▶ non-tariff barriers; and
- ▶ tariffs.

These are briefly described below. Virtually all controls excluding some non-tariff barriers are administered by the Customs and Excise Division of the Department of National Revenue.

(a) Quotas

A quota is a restriction on the quantity of a specified product that can be imported during a given time period, usually a year. Canada currently has quotas on the importation of certain categories of clothing and footwear. Quotas may be unilaterally imposed by the importing country or be negotiated "voluntarily" by the importing and exporting countries.

Compared to other countries, Canada has few quotas on imports.

(b) Prohibited Articles

The importation of some articles is prohibited. This, in effect, is a quota of zero.

Canada prohibits imports of offensive weapons and pornographic material.

(c) Non-tariff Barriers

Non-tariff barriers are all laws and regulations, other than tariffs, that tend to inhibit imports. Quotas are non-tariff barriers, but these have been discussed separately. There are numerous other customs regulations which act as non-tariff barriers, for example, specific requirements concerning the routing of goods in order to qualify for the most favourable tariff rates; provisions of Trade Agreements negotiated with some nations, documentation requirements, and the like. There are also numerous other regulations or requirements under Canadian Law administered by other Government Departments, (for example, the Food and Drug Act) where such matters as language (French and English), description of contents and nomenclature utilized, packaging, standards of health and safety can inhibit the importation of goods into Canada. It is possible that certain manipulations of imported goods to effect compliance with existing regulations could be carried out in Canada, but generally speaking, these manipulations (excluding manufacturing) may be carried out in bonded warehouses, and do not require or warrant the establishment of Free Trade Zones.

In some countries activities including manufacturing are carried out in free trade zones because the import duty on the manipulated goods entering the host country is less than the sum of the applicable duties on the components. This is not the case in Canada, as duties on bulk or unfinished goods are generally lower than on finished goods. This encourages further processing or manufacture within the country, not within bonded warehouses or free trade zones.

(d) Tariffs

There are basically two types of tariffs, specific duties and ad valorem duties.

A specific duty consists of a fixed charge levied on each unit of product imported. Canada, for example, levies specific duties on fruits and vegetables, tobacco and distillery products.

The most common type of tariff is an ad valorem duty, in this case the duty is calculated as a specified percentage of the value of the products imported.

Many products may be imported duty free -- the tariff rate is zero. These tend to be products used for manufacturing purposes but not available in Canada.

To calculate the amount of the ad valorem duty it is necessary to know both the tariff rate and the value of the product.

(i) Tariff Rates

The tariff rates are set out in the customs laws and regulations. The tariff rate may vary depending on the country from which the goods are imported, or other factors. Canada, for example, has four sets of tariff rates depending on the country of origin. These are "British preferential", "most favoured nation", "general preferential", and "general".

The rates of Customs duties, if any, under British Preferential Tariff, apply to goods that are the growth, produce or manufacture of ~~British~~ ^{Commonwealth} countries when conveyed without transshipment from a port of any ~~British~~ ^{Commonwealth} country enjoying the benefits of the British Preferential Tariff into a port of Canada. Eligible countries are listed in Appendix D.

The rates of Customs duties, if any, under Most Favoured Nation Tariff, apply to goods that are the growth, produce or manufacture of any ~~British~~ ^{Commonwealth} or foreign country to which the benefits of such Most Favoured Nation Tariff have been extended or to goods the growth, produce or manufacture of any foreign country to which the benefits of the Intermediate Tariff applied on May 1, 1948, when imported into Canada direct from a country entitled to the benefits of the Most Favoured Nation Tariff. Eligible countries are listed in Appendix D.

The rates of Customs duties on the goods, other than those specifically excluded from the application of this subsection, that are the growth, produce or manufacture of any country to which the benefits of the General Preferential Tariff have been extended in the manner hereinafter provided, when imported into Canada from a country entitled to the benefits of that Tariff, are reduced, from the rates of Customs duties otherwise applicable, to the rates of Customs duties, herein referred to as the General Preferential Tariff rates, equal to the lesser of

- ▶ the rates, excluding any discount authorized by Section 5 of the Act that would be applicable if the goods were entered under the British Preferential Tariff, and
- ▶ the rates that would be applicable if the goods were entered under the Most Favoured Nation Tariff reduced by one-third. For eligible goods, tariff rates are lower than Most Favoured Nation Tariffs, and may be lower than British Preferential Tariffs. Eligible countries are listed in Appendix D.

The rates of Customs duties, if any, under General Tariff, apply to all goods not entitled to admission under the Most Favoured Nation Tariff or under the British Preferential Tariff, or not entitled to rates of Customs duties more favourable than those of the British Preferential Tariff.

There are relatively few countries whose goods enter Canada under this tariff.

Most other countries also have several sets of tariff rates depending on the country of origin.

The European Economic Community has established variable tariffs for a number of goods, primarily agricultural products. If the price of the product within the Common Market is low, the tariff rate on imports from other countries is high. As the price of the product within the Common Market rises, the tariff rate on imports falls. Thus, the incomes of producers of these products within the Common Market is protected and prices are stabilized.

(ii) Value of the Product

The determination of the proper value of imported products for customs purposes is a difficult problem. Most countries establish a criterion for determining how the goods should be valued.

Canada bases its duty on the fair market value of like goods sold under similar conditions in the country of origin at the time and place of shipment. This value must not be less than the selling price to the purchaser in Canada.

Value for duty purposes of goods entering the United States is the freely offered price from the exporter to any purchaser in the United States, on the basis of non related buyers and sellers.

Most European and a number of other countries use the "Brussels definition of value". The value for duty purposes is the price which the goods would fetch when sold on an open market to a buyer (the importer) by a seller (the exporter) who are independent of each other, in the ordinary course of trade under fully competitive conditions.

(iii) Dumping

Dumping is the export of a product at below normal prices that causes injury to the domestic industry of the importing country. The normal prices are generally the domestic prices of the product in the exporting country. The "injury test" covers material injury or the threat of material injury to a domestic industry in the importing country of the material retardation of the establishment of a new domestic industry in the importing country.

Article VI of the General Agreement on Tariffs and Trade (GATT) provides for the levying of anti-dumping duties. The amount of the anti-dumping duty must not exceed the margin of dumping, i. e. the reduction below the normal price.

(iv) Subsidized Exports

A subsidized export is a product that receives direct or indirect subsidies which enable it to be exported at below normal prices. Article VI of GATT provides that countervailing duties can be applied to subsidized exports when they materially injure or threaten material injury to a domestic industry in the importing country or materially retard the establishment of a new domestic industry in the importing country. The amount of the countervailing duty must not exceed the estimated bounty or subsidy.

The United States Legislation with respect to countervailing duties differs significantly from the GATT agreement. The American legislation provides that countervailing duties are to be levied in all cases where the imported product has benefitted in the process of its manufacture, production or export, regardless of whether such import causes or threatens injury to United States industry. In short, the injury test is not required. The amount of the countervailing duty is equal to the value of the subsidy received.

The American legislation, if passed now, would contravene GATT. However, it was enacted well before GATT came into force and so is accepted under the agreement's "grandfather" provisions.

The United States currently levies duties on Michelin tires imported from Nova Scotia. The incentives provided by the Federal Department of Regional Economic Expansion and the Nova Scotia Department of Development were determined to be subsidies to the production of the tires. The nature of the incentives required a rather complex set of calculations to determine the total amount of the subsidy. As a result of the assumptions made in the calculations, the estimated subsidy declines as the volume of imports rises. Initially the countervailing duties were about 5 or 6 percent of the price of the tire. As the exports to the United States have grown, countervailing duties have fallen to current levels of 3 or 4 percent.

2. Exports

Most countries, including Canada have laws and regulations restricting exports of specified products. These tend to be products of strategic or military value. Export duties are also levied on some goods when exported, but this is not very common.

It is common practice to exempt exports from some taxes levied on domestically consumed products. Canada, for example, exempts most exports from federal sales taxes. This is not deemed to be an export subsidy by GATT. Rather it is judged to be a means of avoiding double taxation since it is assumed that the goods will be subjected to similar taxes in the importing country.

C. EXPORT DRAWBACKS AND BONDED WAREHOUSES

Canada provides arrangements in its customs legislation -- specifically export drawbacks and bonded warehouses -- that are substitutes for many of the features of free trade zones. These two arrangements are discussed below.

1. Bonded Warehouse

A bonded warehouse is a structure where goods imported into the country may be stored and undergo minor manipulation without payment of customs duties. The import duties become payable when the goods are removed from the bonded warehouse and sold in Canada. If the goods are re-exported no duties are paid.

Bonded warehouses may be privately or publicly owned and may take the form of buildings, piers, yards or ponds. Some are heated or refrigerated. They are usually required to be separated from other parts of the building or area by adequate partitions, walls, or fences. They are under bond to the government for payment of customs warehouse duties and taxes on goods stored or processed therein.

Goods may be retained in a bonded warehouse up to five years from entry. They may be stored, examined, sorted, packed, repacked, bottled, labelled, sampled, fumigated, destroyed, bought and sold, and used as security for bank credit. Certain manufacturing, such as grinding grain in bond, can also be carried out. Generally, however, any operation that could be construed as manufacturing, such as repackaging from bulk to unit containers, is prohibited.

A copy of the regulations relating to the operation of a bonded warehouse is included in Appendix E.

In short, a bonded warehouse is capable of fulfilling the functions of an import-oriented or an export-oriented free trade zone, as defined in the previous Chapter.

2. Export Drawbacks

There are four major categories of export drawbacks:

- ▶ imported materials used or consumed in the manufacture in Canada of goods for export;
- ▶ goods imported into Canada and then exported;
- ▶ goods supplied as ships stores and supplies;
- ▶ goods sold to the Canadian Commercial Corporation for export.

The last two categories are rather specialized and need not be examined in detail.

On the principle that certain goods supplied to ocean-going vessels and aircraft on international flights are "consumed" outside the country and may be deemed to have been exported a return of duties and taxes paid on such goods is permitted. When foreign governments make purchases from the Government of Canada they do so through the Canadian Commercial Corporation. Canadian manufacturers supplying goods or materials to the C.C.C. for export are entitled to drawback on the portion of goods supplied originally imported from a foreign country.

(a) Goods Imported into Canada and Then Exported

Goods imported into Canada and subsequently exported in relatively the same condition as imported (but not used in Canada) qualify for drawback under this provision.

This arrangement is an alternative to importing goods and keeping them in a bonded warehouse until they are re-exported. But it allows more manipulation than is permitted in a bonded warehouse. For example, the packaging of materials imported is permitted. Molasses imported in bulk, packaged into containers, which are exported qualify for drawback under this provision.

(b) Imported Materials in Exported Manufactures

The widest application of the drawback principle is in this area of imported goods which are used in some way in the manufacture of export items. For a variety of reasons Canadian manufacturers need to import certain goods, materials, products or items which are:

- ▶ used
- ▶ consumed
- ▶ incorporated in
- ▶ added to

or otherwise become a part of items for export trade.

These may include substances like coffee and sugar which are virtually unobtainable in Canada. They may be products like transistors which can be produced in greater volume and lower unit cost elsewhere. Or it may simply be an item which is in short supply in Canada.

The imported goods qualify for drawback when the manufactured products are exported. For example, if containers are imported and are used to pack Canadian made products which are exported, the containers qualify for drawback.

(c) Drawback Provisions

Canadian exporters, manufacturers and producers can now obtain drawbacks of 100 per cent of the customs duties and excise taxes paid on imported goods that are exported, or on imported materials or parts used in Canada in the manufacture of goods which are exported. Costs of this system consequently, represent the interest on any duty paid for the period it is held by the Crown. *

A copy of the regulations relating to export drawbacks on goods manufactured or produced in Canada are included in Appendix E. (A copy of the recent Order-in-Council increasing the drawbacks to 100% is not available at this time).

Export drawbacks are capable of providing the advantages with respect to customs formalities, offered by an export processing zone as defined in the preceding Chapter.

3. Low or Free Rates of Duty

Low or free rates of duty are also used by the Federal government to assist Canadian manufacturers whether they produce for domestic consumption or export. There are numerous low or free rates of customs duty for goods required by Canadian manufacturers but not available from Canadian production. These temporary tariff items to reduce or remove duty are administered by the Federal Department of Finance and issued as Orders-in-Council under Sections 10A of the Customs Tariff and 273(1) of the Customs Act.

In addition, Special Orders-in-Council under Section 17 of the Financial Administration Act have been and can be issued to exempt companies from payment of customs duties and sales tax when such exemption is in the public interest. A number of the remission orders are in force which grant to certain firms remission of duty and sales tax on those imported goods used by them exclusively in the manufacture of goods for export. Most of the remissions are based on the non-availability of the goods from Canadian sources.

4. Possible Revisions

Recently a Federal government task force undertook a study of the possible advantages to Canada of establishing free trade zones. The study is confidential and we have not been able to obtain a copy. The study formed the basis for the changes outlined in Bill C-44, "An Act Respecting Customs" which was given first reading on April 6, 1978.

Sections 20 through 25 deal with bonded warehouses, sections 27 through 37 deal with valuation for duty and sections 54 through 56 deal with drawbacks. All of these sections are attached as Appendix F. The principal change outlined in the bill is that for the purpose of obtaining drawbacks, goods are deemed to have been exported when they are placed in a bonded warehouse for exportation. This will enable a firm manufacturing for export to import materials and keep them in a bonded warehouse on his own property without paying duty. When the materials are needed for manufacturing the duties are payable. As soon as the goods are finished, they can be returned to the bonded warehouse for export and the drawback may be applied for. These procedures will reduce the period during which funds need be tied up.

Once the legislation has been passed it is likely that some of the regulations will be revised as well. We speculate that the revisions might include:

- ▶ arrangements will be concluded to allow firms that regularly use the drawback provisions to post a bond and periodically pay the net amount of customs duties and excises due. This would reduce the amount of capital tied up in customs duties and reduce the administrative work.

- ▶ A small expansion of the range of activities that can be carried out in a bonded warehouse.

Changes of this sort would probably be accompanied by efforts to simplify the administrative work.

No indication is available as to when these changes might become effective.

D. CUSTOMS TREATMENT OF FREE TRADE ZONES

(i) Country of Origin

A free trade zone may, or may not, affect the designated country of origin of goods imported into Canada. In the case of goods partially manufactured in a free trade zone and then shipped directly to Canada, the country of origin is based on the portion of the total value added in the free trade zone and in the various originating countries. In the case of goods shipped to Canada via a free trade zone without additional processing therein, the country of origin is determined by factors such as the ownership of the goods while in the free trade zone and international agreements between Canada and other countries.

Many other countries define the country of origin of goods by determination of the percentage of value, or value added in each country, (or host country in the case of free trade zones). For example, if greater than 50% value is added in a free trade zone, then the importing country will consider the host country of the free trade zone as the country of origin.

In the case of the United States, these matters are dealt with in Section 402 of the Valuation Statutes. No precise statements may be made, as the Statutes give consideration to "Substantial Transformation" in determining whether the host country of the free trade zone is the country of origin. Specific consideration must therefore be given to each case, by country and by commodity.

(ii) Value of Goods

Canada establishes the value of goods for customs purposes as the fair market value of like goods sold under similar conditions in the country of origin. In the case of goods originating in a free trade zone it is the fair market value in the host country that is used for customs purposes. Thus, even though the production costs are lower in the free trade zone than in the host country this does not lead to lower duties.

(iii) Countervailing Duties

The incentives provided to manufacturers located in a free trade zone may be offset by countervailing duties. This has been very rare in Canada, and most other developed countries, excepting the United States. Countervailing duties are far more likely to be imposed in that country as only the existence of benefits to industry need be documented, not actual injury or even threatened damages.

In other countries, before countervailing duties may be imposed, there is a need to demonstrate injury and to estimate the amount of the subsidy. Quotas and other measures are used instead. Further, the absence of countervailing duties is due in part to the desire of developed countries to treat less developed countries, where most free trade zones are located, generously in trade matters.

The United States permits, duty free, the return of American metal articles sent abroad for further processing or the return of American components sent abroad for assembly. These provisions are not specific to free trade zones, but they are designed to encourage the use of low-cost labour in other countries. Many of the export processing zones perform this type of function. Exports from such zones are unlikely to face countervailing duties in the United States since it is in the American interest to have the foreign work done at the lowest possible cost.

E. SUMMARY

We have considered the existing and proposed new legislation and regulations concerning bonded warehouses and duty drawbacks. We

conclude there are few arguments in favour of the establishment of a specific physical import-oriented Free Trade Zone in Nova Scotia. These conclusions do not necessarily relate to "re-export oriented" or "export processing" zones which are discussed in the next chapter.

IV

IS THERE A REQUIREMENT FOR AN EXPORT PROCESSING ZONE IN NOVA SCOTIA?

A. BACKGROUND

1. Port Facilities

Nova Scotia is fortunate to possess some of the finest port facilities to be found anywhere in the world. In addition to its many fine smaller harbours, the deep water superport at the Strait of Canso, and the natural ice free harbour at Halifax, with modern container terminal, bulk and break bulk facilities, are of particular significance to this study.

Canso's superport is capable of berthing the largest supertankers and OBO's (oil-bulk-ore carriers) afloat. It is one of very few harbours in the world with such potential. Gulf Oil Canada Limited operates a refinery at the Strait supplied by Mid East Crude Oil. The construction of facilities to permit operations of very large bulk carriers, with trans-shipment capabilities, as well as repair facilities for VLCC's and VLBC's is under consideration. Study is also being given to the potential for development of large underground storage of petroleum products in an area immediately adjacent to the Strait thus providing strategic reserves of such resources. Should this development prove to be feasible, the importation and subsequent export to Canada, or re-export to the United States would be facilitated by permitting duty free handling of the products. Such operations would be similar to certain sub zones of Foreign Trade Zones of the United States, which have been established for similar reasons.

The port of Halifax has the largest and best equipped container terminal in eastern Canada. This two berth, three crane facility has an annual throughput capability of some 180,000 TEU's and is now operating very near its capacity.

A second container terminal, to initially consist of one berth, two cranes, is under construction. Roll on - roll off capability is, or will be available at both terminals. Autoport, a modern receiving, processing and transshipment terminal has a capacity in excess of 100,000 vehicles annually. Surplus break bulk capacity exists; as do facilities for the import, storage and shipment of grains with an elevator capacity of five million bushels. There are two refineries, together with wharves and piers for the handling of oil, gypsum, vegetable oils, molasses and other commodities.

Halifax International Airport, located some twenty miles inland from the port at present handles no scheduled all cargo flights. Facilities are adequate for current levels of traffic, but the lengthening of runways and construction of new cargo handling facilities would be required to permit international operations by a fully loaded 747-F type aircraft.

2. Transportation Systems

Five major shipping lines provide regularly scheduled liner service for containerized cargos between Halifax and Europe, Mediterranean, Australia and the Far East. Numerous other carriers provide break bulk and general cargo services. Air Canada and Eastern Provincial Airlines provide regularly scheduled passenger and air cargo services at Halifax International Airport. Shipping and air freight capabilities are available elsewhere in the province, but at much lower levels of service.

The province in general, and the Halifax area in particular is well served by highway and railway transportation networks. "100" series highways within the province and the Trans Canada highway provide all weather networks connecting with U.S. and Canadian highways to such points as Boston, New York, Baltimore, and Montreal, Toronto, Chicago and the west.

Canadian National Railways provides adequate rail facilities and services. Daily all container trains and general freight services are operated to the principal inland ports of Montreal and Toronto. Connections to the United States are made at both ports. Through rail rates have been

negotiated with connecting railroads permitting C. N. to reach most points in the United States and Mexico.

3. Trade

In 1977, container facilities at the Port of Halifax enjoyed a record year with nearly 200,000 containers or 2,000,000 tons of cargo handled. Break bulk and bulk traffic also showed large increases. Autoport shipments exceeded 90,000 vehicles. Construction of a second container terminal with an annual handling capacity of 100,000 units was commenced. Increases in inland rail rates have kept the port only marginally less expensive than New York.

N.S. Population increased to 835,700, the labour force to 334,000, and unemployment to 36,000, or 10.7% on a seasonally adjusted basis. Employment in goods producing industries declined to 84,000; but increased to 214,000 in service producing industries.

In 1977, the value of Nova Scotian exports grew by some \$100 million over 1976. Renewed strength occurred in the export of foodstuffs (fish and dairy products), crude material shipments (vegetable products, gypsum and coal) and forest products (pulp, paper, paperboard and lumber). The value of fabricated materials dropped by some \$10 million, including industrial oils and chemical products (gasoline and fuel oils) and basic metal products (principally steel rails).

4. Bonded Warehouses and Duty Drawbacks

Customs bonded warehouses are located in the Halifax and Yarmouth areas and at few other locations within the province. These warehouses serve to facilitate the storage and subsequent re-export sale of tobacco and spirits for consumption outside Canada and are utilized by ships chandlers, airlines and ferry operators. Others are operated by those engaged in the supply of goods for domestic consumption including automobiles, spirits,

and electrical appliances. One such facility serves the offshore exploration effort where goods are imported and subsequently re-exported, but not manipulated during storage.

Details on the number, ownership and operations of such warehouses are confidential. However, these examples serve to illustrate the geographic distribution and types of utilization of bonded warehouses in Nova Scotia.

The extent to which the duty drawback provisions under the Customs Act are utilized by Nova Scotian exporters is not available. We speculate that most firms manufacturing for export are taking full advantage of these provisions of the Act.

B. NOVA SCOTIA IS A FREE TRADE ZONE

The preceding chapter reviewed the bonded warehousing and export drawback arrangements that are currently available in Canada. It was noted that one or the other of these arrangements provide virtually all of the advantages of the exemptions from customs formalities available in most free trade zones. This means, in effect, that Nova Scotia, indeed all of Canada, is a free trade zone. A bonded warehouse or an export-oriented manufacturing plant using imported components and materials can be established anywhere in Nova Scotia.

The possible changes to the bonded warehouse and export drawback arrangements, if they are implemented, will make Nova Scotia a more attractive free zone.

There is one possible significant limitation to the ability to import goods without payment of duty. This limitation applies only to machinery imported for use in the plant. If no comparable production machinery is available in Canada any applicable duty can be refunded under the Machinery Program of the Canadian Department of Industry, Trade and Commerce. If comparable Canadian machinery is available, the duties must be paid.

Nova Scotia offers a range of incentives to new industries that in some respects are better than incentives available in most free trade zones.

A brief comparison of the types of incentives offered follows:

▶ Assistance of a Capital Nature

In Nova Scotia equity, grants, forgivable loans, loans and guarantees are available to companies establishing new facilities and new product expansion. To assist in the development of natural resources, loans to 75% of fixed assets are available. For non natural resource utilization, grants to 50% of total capital employed including working capital, or to 80% of the capital costs are also available. Alternatively, grants are made on the basis of both capital costs and number of jobs created.

Few Free Trade Zones provide grants of a capital nature; Others permit accelerated depreciation allowances, some provide rent rebates or reduction allowances, still others construct standard warehouses and lease these to tenant companies. Generally speaking assistance of a capital nature is inferior to that available in Nova Scotia.

▶ Manpower Training

Nova Scotia has programs to fund expenses of persons seeking work in this area, relocation grants to move families to the province, and others which provide for reimbursement of trainees salaries and other related training costs.

Only Ireland, Puerto Rico and Singapore provide direct manpower training assistance through their Free Trade Zones, however, other countries have programs similar to those offered in Nova Scotia, but generally speaking, the benefits thereunder do not exceed those offered within this province.

▶ Profit Repatriation

Withholding tax must be paid to the government of Canada before dividends, (profits) are permitted to be moved offshore. This requirement can disadvantage foreign corporations or Canadian subsidiaries thereof if, the foreign parent corporation is not required to pay taxes in its country of origin, or if no reciprocal tax treaty exists between Canada and such foreign countries.

A number of Free Trade Zone host countries permit full repatriation of capital, dividends and profits.

▶ Import Duty Incentives

Almost all host countries provide permanent exemption from all import duties on capital goods, equipment and raw materials.

In Nova Scotia, exemption from such duties on equipment is available provided there is no like class or kind made in Canada; exemptions on goods and raw materials is more complex via the use of bonded warehouses and duty drawback procedures. Nova Scotia is at a procedural disadvantage.

▶ Wage Rates

Many countries, particularly developing countries have wage rates which are only a fraction of the cost of Nova Scotian labour. However, the levels of education, skills and experience of the work force in Nova Scotia are superior to those of the work force in many developing countries.

▶ Other Incentives

Nova Scotia offers a wide range of other incentives including marketing assistance, opportunity identification, management development, product design, export development, and promotion programs which are not offered by Free Trade Zones.

Alternatively, other Zones offer various incentives including reduced rates for utilities and services, subsidized rentals, special foreign exchange considerations, subsidized housing, freight rates and the like.

▶ Income and Other Tax Incentives

Income tax holidays, reductions or deferments and freedom from municipal taxes are incentives offered by most Free Trade Zones, together with, in many cases, complete freedom respecting foreign ownership and repatriation of capital and dividends. These incentives, are considered essential to the success of Free Trade Zones, to the extent of discussions held by the consultant with officials of the Free Trade Zones visited: this opinion is borne out by representatives of corporations contacted in those Zones. Such incentives are not available in Nova Scotia.

We discuss incentives available to firms seeking to locate in Nova Scotia briefly in Appendix G. Incentives by type offered by Free Trade Zones are compiled in Appendix H.

The financial effect on the operations of a typical Nova Scotia manufacturing corporation of providing incentives similar to those available in many Free Trade Zones is examined in Appendix I. The impact of taxes is reviewed in the analysis. The elimination of municipal taxes and/or corporate income taxes would constitute a financial benefit. However, all of these possible incentives combined are smaller than the advantage generated by the availability of low-cost labour. It must be stressed that the relative magnitudes of these incentives will be different for every firm, depending on the nature of its operations. We feel, however, that for most firms the results will follow the pattern described above.

The above noted analysis also shows that the 1% of duties not refunded and the cost of financing the funds tied up in duties are both rather small items. The recent changes in regulations virtually eliminate these costs.

Generally speaking, Nova Scotia is advantaged over some other parts of Canada. Some Federal Programs for financial assistance such as those of the Departments of Industry, Trade and Commerce; Manpower and Immigration, and those of the Federal Business Development Bank, the Export Development Corporation, are available to industry whether located in Nova Scotia or elsewhere in Canada. Other federal programs, namely those of the Department of Regional Economic Expansion, are only available to industries locating within designated areas of the country, including but not exclusive to Nova Scotia. Further, certain designated areas within Nova Scotia (the Halifax-Dartmouth and Strait of Canso areas, for example) have benefited from joint Federal-Provincial developments: These programs have been implemented to create the necessary infra structure essential to industrial growth and development including roads, piers and other transportation facilities; adequate water supplies and waste disposal plants. While such programs do not provide direct benefits to any particular corporation, they assist industrial development in such areas.

Like Nova Scotia's Industrial Estates Limited, other provinces in the Atlantic region of Canada have agencies whose purpose is to provide financial assistance to attract new industry to the region, and to assist smaller established businesses. These agencies administer provincial programs which generally speaking are similar, and which complement the federal programs available. Nova Scotia has some advantage over neighbouring provinces, particularly in its capacity to undertake equity financing through Mainland Investments Limited, and in other incentives available only in Cape Breton through the Cape Breton Development Corporation.

Other advantages are the provinces location, its proximity to great circle trade routes between Europe and the United States, its fine harbours and port facilities, its stable economic and political climate, and currently, the value of the Canadian dollar.

Disadvantages include its lack of close proximity to the major markets of Central Canada and the Eastern United States, its high costs of electrical energy, and a growing concern about the stability of its labour force and the number of strikes and lock outs.

C. NOVA SCOTIA AS AN EXPORT PROCESSING ZONE

An export processing zone, to recall the discussion of Chapter II, is an area that provides incentives to export-oriented manufacturing activities. It can be argued that Nova Scotia satisfies this definition as well. The incentives are available to all eligible firms regardless of whether they produce for local markets, Canadian markets or for export.

It can also be argued that Nova Scotia does not have incentives exclusively to export-oriented manufacturers. In this sense it is not an export processing zone.

Should Nova Scotia have a special zone and/or special incentives related exclusively for export-oriented manufacturing firms?

Before this question can be answered several assumptions need to be made. They are:

- ▶ The export drawback and bonded warehouse arrangements as they now exist or in a revised form will remain in existence. These arrangements are used by many firms across Canada most of whom would object to their discontinuation.
- ▶ The regional development incentives available through the Federal Department of Regional Economic Expansion and Nova Scotia Department of Development will continue as at present or in modified form.

The implication of these assumptions is that a special zone for export-oriented manufacturing industries would require incentives in excess of those currently available. The existing incentives are already available to export-oriented manufacturing firms. To attract such firms that currently do not find Nova Scotia sufficiently attractive will require more generous incentives.

1. An Export Processing Zone

To provide additional incentives to export-oriented manufacturing firms currently not located in Nova Scotia would probably involve the establishment of special zones. The reasons for this are primarily administrative. Some form of control would be necessary to ensure that the products produced are indeed exported. Establishing a special zone where the firms are located would be a convenient way of exercising such control.

The additional incentives would presumably be available only to firms that do not already export. Otherwise the incentives will be available to all exporters, which would increase the costs substantially. To ensure that the incentives are only provided to new export-oriented manufacturing operations they could be restricted to special areas where no such firms are presently located. These areas could be portions of existing industrial parks.

Finally, to ensure that the additional employment generated by the incentives occurs in areas where there is significant unemployment, the incentives could be restricted to designated zones.

The United States passed legislation permitting the establishment of a Domestic International Sales Corporation (DISC) to export American made products. The DISC corporations receive corporate income tax concessions. They are not geographically restricted.

It is not necessary, therefore, that the additional incentives to export-oriented manufacturing firms be restricted to specific zones. But export processing zones would have administrative advantages.

2. Corporate Income Tax Incentive

The major type of incentive not currently available in Nova Scotia is a corporate income tax concession - a tax holiday, deferment or reduction. An incentive of this type is available in many free trade zones.

Many zones offer municipal tax concessions as well. The use of such concessions is no longer encouraged in Nova Scotia so we will not consider them here.

The United States, within the past decade, introduced a similar incentive, in the form of the Domestic International Sales Corporation (DISC). American firms are permitted to establish a DISC subsidiary to export products manufactured in the United States. The DISC subsidiary receives corporate income tax concessions. It should be noted that the DISC legislation is rather controversial in the United States. The controversy centres on the effectiveness of the DISC corporations -- the number of jobs they create and the cost to the government.

Considerable international pressure has been exerted on the United States to discontinue the DISC concessions. Canada considered the possibility of levying countervailing duties but found that estimating the amount of the subsidy on each product was impossible. The DISC arrangement was challenged by the European Economic Community under GATT and was found to contravene the agreement.

The current round of GATT negotiations is reviewing the matter of export subsidies and countervailing duties. The DISC legislation will probably remain in effect at least until the negotiations are concluded.

To summarize, corporate income tax incentives related to the firms export activities are quite common. Several incentives of this type including the American DISC legislation have been judged to contravene GATT. The current round of GATT negotiations is reviewing the matter of export subsidies and countervailing duties.

It is possible that an income tax incentive for export-oriented manufacturing firms would be offset by countervailing duties in the United States. The Americans already levy countervailing duties to offset the regional development incentives provided to Michelin tire. The income tax incentives would be provided together with the regional development incentives. Furthermore, the income tax incentive would be specifically designed to encourage exports, while the regional development incentives are designed to attract all industry to less developed areas. The United States could determine that the income tax incentives are export subsidies and levy countervailing duties regardless of whether there is injury to American industry.

In conclusion, Nova Scotia does not have the low labour costs or the income and other tax concessions considered by many to be essential to the success of an Export Processing Zone. Further, export oriented industries considering establishing operations in Nova Scotia face the likelihood of the imposition of countervailing duties by the United States. The prospect of attracting such industries, at this time, does not appear to be great.

D. SUMMARY

Nova Scotia is a Free Trade Zone. It should be marketed and promoted as such. A bonded warehouse can be established anywhere in the province. Any manufacturing operation can take advantage of the export drawback provisions. These arrangements provide any Nova Scotia location with virtually all of the advantages of the freedom from customs formalities available in most free trade zones, though the required procedures to effect this freedom are somewhat more cumbersome than those of most Free Trade Zones.

The regional development incentives available to any manufacturing firm are comparable to those offered by many of the free trade zones.

Should Nova Scotia have a special zone and/or special incentives exclusively for export-oriented manufacturing firms? A special zone would be a useful administrative mechanism for ensuring that additional incentives are only available to newly established manufacturing operations and to ensure that the goods are exported. The incentives would need to be more generous than the existing regional development incentives -- probably corporate income tax concessions. These incentives would be export subsidies which violate GATT. The United States and possibly other countries could levy countervailing duties to offset the subsidies.

The matter of export subsidies and countervailing duties forms part of the current round of GATT negotiations. At the conclusion of these negotiations it will be possible to specify what sorts of subsidies could be offered to export-oriented manufacturers.

The questions of the benefits to Canada, in terms of the employment created, relative to the costs of the subsidies would still need to be examined. At this time it suffices to note that there is considerable controversy in the United States over the costs and benefits of the DISC corporations which receive income tax concessions on exports.

APPENDICES

APPENDIX A

FREE TRADE ZONES
REFERENCES UTILIZED

FREE TRADE ZONES
REFERENCES UTILIZED

<u>Article</u>	<u>Reference</u>
Panamas Free Trade Zone	Container News V8 N10 Oct/73 p25-27
Free Trade Zones Abroad Can Aid U.S. Exporters As Competition Mounts	Commerce Today V3 N9 Feb 5/73 p13-16
How Free Zones Cut Costs	CH 181
How Zones Facilitate Marketing	BI 73 339
Directory of U.S. Foreign Trade Zones	American Import/Export Bulletin 86:200 Apr/77
Foreign Trade Zones In The U.S. How They Work	il. U.S. News 81:79 Nov 8/76
Mexico - New Duty Free Zones That Aid U.S. Industry	Bus W p42 Feb 23/76
More Cities Set Up Foreign Trade Zones	Ind W 188:21 Jan 12/76
Panama's Colon Free Trade Zone Can Facilitate Latin America's Sales	Comm Today 5:29-30 Apr 14/75
In But Out - Foreign Trade Zones Merit Community Attention Today	Comm Today 5:12-14 Dec 9/74
More Cities Plan Free Trade Zones	Ind W 179:24-25 Oct 29/73
U.S. -Canadian Border Gets Its First Foreign Trade Zone	Comm Today 3:15 Jun 25/73

<u>Article</u>	<u>Reference</u>
Free Trade Zones Abroad Can Aid U.S. Exporters As Competition Mounts	Comm Today 3:13-16 Feb 5/73
Directory Of World Free Trade Zones	Bsns Abroad 96:50-51 May/71
Korea To Establish Three Free Export Zones On Southern Coast	Int Comm 75:27 Oct 20/69
New Machiasport Bid	Chem W 105:15 Jul 5/69
Ending Foreign Trade Zones?	Chem W 104:56 Jun 21/69
Duty Free Trade Zones Are Industry's New Shangri-la	Mod Manuf 2:86-87 Jun/69
Colon Free Zone: Doorstep For Latin American Trade	Bsns Abroad 94:27 May/69
Togo Creates Free Trade Zone At Port of Lome	Int Comm 75:24 Feb 24/69
Import Rules Proposed For Trade Zones	Oil & Gas J 66:69 Dec 16/68
Oil Stirs Trade Zone Troubles	Chem W 103:25-6 Dec 14/68
Colon Free Trade Zone Continues Up	Int Comm 72:39 Sep 12/66
Colon Free Zone Trade Expands: More Than 200 U.S. Firms Use Area To Sell To Latin America	Int Comm 72:8-10 Apr 4/66

<u>Article</u>	<u>Reference</u>
Caribbean Territories Organize Free Trade Area	Int Comm 72:46 Jan 17/66
Taiwan Accepting Bids For Space In Duty Free Export Processing Zone	Int Comm 71:24 Aug 9/68
How Foreign Trade Zones Help Cut Costs On Manufacturers' Goods For Overseas Sale	Bsns Abroad 92:27 Dec 11/67
Plant Your Plant At a Home Away From Home	Ind Dev 136:12-16 Nov/67
Shannon Mission Report: Shannon Industrial Estate; U.S. Businesses Are Discovering Benefits Of Locating Factories In Irish Free Port Complex	Int Comm 73:21 Jan 16/67
Foreign Trade Zone Begins Operation In Barranquilla	Int Comm 70:5-6 May 18/64
Thoman, Richard S., Free Ports and Foreign Trade Zones	Cornell Maritime Press, 1956
A Foreign Trade Zone for Puget Sound. Its Economic Desirability and Feasibility, by Charles J. Miller	Seattle Port Commission, 1948
Foreign Trade Zones In The U.S. How They Work	il U. S. News 81:79 Nov 8/76
How to Organize an FTZ, Seminar Pan Arab Operation. Alexandria	UNIDO ID/WG/244/5 February 21, 1977
The Advantages of a Free Zone	UNIDO ID/WG/244/8
Handbook On Export Free Zones (1976), Vienna, 1976, 117p. Tables, Diagrams, Kelieher, T.	UNIDO/IOD 31 07125

<u>Article</u>	<u>Reference</u>
Establishment of an Association of Industrial Free Zones, Report of an Expert Working Group, Vienna.	UNIDO 06954, 1975
Study on the Industrial and Commercial Free Zone Of Barranquilla, Columbia	UNIDO 05952, 1974
Industrial Free Zone Activities in the Philippines With Particular Focus on the Bataan Export Processing Zone	UNIDO 05830, 1974
Organization of Export-Oriented Free Zones and Free Ports; Study Based on Shannon (Ireland), Masan (Republic of Korea), and Hong Kong	UNIDO 05818, 1974
Export Oriented Industrial Free Zones	UNIDO 05623, 1974
A Case Study of the Masan Free Export Zone (Republic of Korea)	UNIDO 05622, 1974
Shannon Industrial Zone and Region	UNIDO 03690
Incentives for the Attraction and Promotion of Investment in an Industrial Free Zone	UNIDO 03687
Industrial Free Zones in the Context of Regional Development Planning	UNIDO 03685
Organization for the Management and Promotion of an Industrial Free Zone	UNIDO 03684
Free Trade Zones Around The World and Their use for Export-Oriented Industrial Operations	UNIDO 03450

<u>Article</u>	<u>Reference</u>
Country paper on Measures for Development of Export-Oriented Industries and the Present Situation and/or Plans on the Establishment of Industrial Free Zones (Philippines)	UNIDO 03446
Promotion Measures for Industrial Free Trade Zones	UNIDO 03412
Technical Assistance Available from UNIDO in Connection With the Planning, Establishment and Operation of Industrial Free Zones as Incentives for the Promotion of Export-oriented Industries	UNIDO 03410
Industrial Free Zones as Incentives to Promote Export-Oriented Industries	UNIDO 03409
Foreign Trade Zones Board 37 & 38th Annual Reports	Publication of U. S. Foreign Trade Zones Review Board
Foreign Trade Zones: An Update-by John J. DaPonte Jr.	Publication of U. S. Foreign Trade Zones Review Board
Some Comments on Foreign Trade Zones for Perspective Applicants by John J. DaPonte Jr.	Publication of U. S. Foreign Trade Zones Review Board
General Regulations Governing Foreign Trade Zones in the United States, with Rules of Procedures	Publication of U. S. Foreign Trade Zones Review Board
A List of U. S. Foreign Trade Zones and Applications Pending	Publication of U. S. Foreign Trade Zones Review Board
A Free Port for Nova Scotia The Case Examined By Hubert R. Kemp For The Department of Trade and Industry, Halifax, Nova Scotia, 1960	

Article

A Study of the Proposal to Create a Free Port Area at
Churchill, Manitoba

By The Manitoba Department of Industry and Commerce,
1973

Preliminary Study on the Establishment of a Brazilian
Industrial and Free Zone in Nova Scotia

By The Embassy of Brazil, April 1978

We have provided under separate cover a substantial list of other
references which we only indirectly used during our investigation.

APPENDIX B

DIRECTORY OF WORLD FREE TRADE

ZONES AND RELATED FACILITIES

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G. COMMERCIAL DEPOSIT	B-7
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DIRECTORY OF WORLD FREE TRADE

ZONES AND RELATED FACILITIES

A. INTRODUCTION

The following directory has been compiled from a variety of sources, It has not been possible to ensure that the lists are complete and accurate, In part, this is due to the proliferation of free trade zones and related facilities.

FREE TRADE ZONES

1. North America - U.S.A. (Foreign Trade Zones)

<u>Location</u>	<u>Number</u>	<u>Date Established</u>
New York City	1	1934
New Orleans, La.	2	1946
San Francisco, Ca.	3	1948
Seattle, Wash.	5	1949
Mayaguez, Puerto Rico	7	1961
Toledo, O.	8	1960
Honolulu	9	1965
Bay County, Michigan	10	1970
McAllen, Tex.	12	1970
Little Rock, Ark.	14	
Kansas City, Mo.	15	1973
Sault Ste. Marie, Mich.	16	1973
Kansas City, Kan.	17	1974
San Jose, Calif.	18	1974
Omaha, Neb.	19	1975
Portsmouth, Va.	20	1975
Dorchester Cou. S. Car.	21	1975
Chicago, Ill.	22	1976
Buffalo, N.Y.	23	1976
Pittston, Penn.	24	
Port Everglades, Fla.	25	1977
Shenandoah, Geo.	26	1977
Massachusetts	27	1977
New Bedford, Mass.	28	1977
Louisville, Ken.	29	1977
Salt Lake City, Utah	30	1977

<u>Location</u>	<u>Number</u>	<u>Date Established</u>
Granite City, Ill.	31	1977
Miami, Fla.	32	1977
Pittsburgh, Penn.	33	1977
Niagara Coun. N. Y.	34	1977
Harrisburg, Penn.	35	1978

2. Central America - Caribbean

<u>Country</u>	<u>Zone</u>	<u>Date Established</u>	
Barbados	Harbour	Recent	
	Seawell	"	
	Wildey	"	
	Pine	"	
	Newton	"	
	St. Lucy	"	
	Pelican	"	
Belize	Belize	Recent	
	Dominican Republic	San Pedro	1956
		La Romana	"
El Salvador	Santiago	"	
	San Bartolo	"	
	Ilopango Airport	"	
Haiti	Port Au Prince	"	
Mexico	Salina Cruz	"	
	Coatzacoalcos		
	Border Zones	1946	
	Netherlands Antilles	Aruba	1956
Curaco			
Panama	Colon	1948	
	Tocumen Airport	Recent	
Jamaica	Kingston		
Trinidad & Tobago	Port Lisas & others		
Nicaragua	Managua		

3. South America

<u>Country</u>	<u>Zone</u>	<u>Date Established</u>
Chile	Iquique	
Columbia	Barranquilla	1964
	Buenaventura	1970
	Cali	1973
	Cartagena	Recent
	Cucuta	"
	Santa Marta	"
Uruguay	Colonia	1949
	Nueva Palmira	1949
Venezuela	Estado Nueva Esparta	
	Margarita Island	

4. Europe

<u>Country</u>	<u>Zone</u>	<u>Date Established</u>
Ireland	Shannon Airport	1947

5. Africa

<u>Country</u>	<u>Zone</u>	<u>Date Established</u>
Dahomey	Cotonou	
Gambia	-	Recent
Liberia	Monrovia	1948
Mauritius	Port Louis	Recent
Morocco	Tangiers	1959
Senegal	Dakar	
Zaire	-	Recent

6. Middle East

<u>Country</u>	<u>Zone</u>	<u>Date Established</u>
✓ Bahrain	Mina Sulman	1958
Cyprus	Larnaca	
	Limassol	
Egypt	Alexandra	1973
	Cairo	1973
	Port Said	1973
	Suez	1973

<u>Country</u>	<u>Zone</u>	<u>Date Established</u>
Israel	Haifa	
Lybia	Tripoli	1964
Syria	Adra	Recent
	Aleppo	"
	Damascus	"
	Lattakia	"
	Tartous	"
✓ Singapore	Port of Singapore	1819

7. Far East

<u>Country</u>	<u>Zone</u>	<u>Date Established</u>
India	Kandla	1965
	Santa Cruz	1974
Indonesia	Jakarta	
Korea	Masan	1971
	Iri	1974
Malaysia	Malocca	
	Denang	
	Selangor	
	Johore	
Okinawa	Naha	1960
Philippines	Bataan	1969
Taiwan	Kaohsiung	
Togo	Lome	1968
Thailand	Sattahip	
Singapore	Port of Singapore	1819
Taiwan	Kaohsiung	
Togo	Lome	1968
Thailand	Sattahip	
Western Samoa	Vaitele	

C. FREE PORTS

<u>Country</u>	<u>Port</u>	<u>Date Established</u>
Afars and Issas	-	
Austria	Braz	1955
	Linz	1955
	Tyrol	
	Vienna	1955
Bahamas	Grand Bahama Island	1955
Bermuda	Ireland Island	1956
Brazil	Manaus	1957
Columbia	Providencia Islands	
	San Andres	
Denmark	Copenhagen	1960

<u>Country</u>	<u>Port</u>	<u>Date Established</u>
Finland	Hanka	1961
	Helsinki	1965
	Turku	1965
Germany	Bremen	1883
	Bremenhauen	1883
	Cuxhaven	
	Emden	
	Hamburg	1888
	Kiel	
Gibraltar	Gibraltar	1704
Greece	Thessaloniki	1925
	Piraeus	1950
Hong Kong	Hong Kong	1842
Italy	Genoa	
	Venice	
	Naples	
	Messina	
	Trieste	1955
	Lubuan	
Malaysia	Penang Islands	1948
	Cadiz	
Spain	Ceuta	
	Melilla	
	Canary Islands	
	Vigo	
	Aden	
South Yemen	Aden	
Sweden	Goteborg	1922
	Malmo	1922
	Stockholm	1919
Switzerland	Aarau	
	Basel-Dreisnitz	1904
	Basel-Rheinhafen	"
	Basel-CFF	"
	Chiasso-Stazione	
	Geneva	
	Geneva-Aerodrome de Cointrin	
	Geneva-Cornavin	
	Lausanne	
	St. Gallen	
	St. Margrethen	
	Zurich - Albisrieden	
Zurich - Aerodrome		

<u>Country</u>	<u>Port</u>	<u>Date Established</u>
Yugoslavia	Belgrade	1964
	Koper	1954
	Novi	
	Sad	
	Rijeka	1964
	Split	

D. FREE PERIMETERS

<u>Country</u>	<u>Locality</u>	<u>Date Established</u>
Argentina	Territory of Tierra del Fuego	
Chile	Provinces of: Aysen	
	Arica	
	Chiloe	
	Magallanes	
	Tarapaca	
Colombia	Amazonas Region	
Mexico	Baja California	
	Sonora	
	Quintana Roo	
Peru	Amazon Region	

E. FREE DEPOTS

<u>Country</u>	<u>Locality</u>	<u>Date Established</u>
Italy	Bari	
	Imperia	
	Leghorn	
	Palermo	

F. FREE DEPOSIT

<u>Country</u>	<u>Locality</u>	<u>Date Established</u>
Spain	Algeciras Alicante Bilbao Pasajes Santander	

G. COMMERCIAL DEPOSIT

Spain	Huelva La Coruna Las Palmas Malaga Seville Valencia	
-------	--	--

H. TRANSIT ZONES

<u>Country</u>	<u>Locality</u>	<u>Date Established</u>
Angola	Lobito	
Argentina	Barranqueras La Quiaca Pocitos Buenos Aires. Jujuy Mendoza Rosario Salta San Juan Empedrado Paso de los Libres Monte Caseros Condordia	

<u>Country</u>	<u>Locality</u>	<u>Date Established</u>
Brazil	Belem Corumba Porto Velho Manaus Paranagua Santos	
Chile	Antofagasta	
French Somali	Djibouti	
Greece	Thessaloniki	
India	Calcutta	
Iran	Khorramshahr	
Ivory Coast	Abidjan	
Mozambique	Beira Lourenco Marques	
Pakistan	Karachi	
Paraguay	Concepcion Encarnacion Asuncion	
Peru	Villeta Matarani Mollendo	
Senegal	Dakar	
Singapore	Transit zone for Southeast Asia	
Tanzania	Dar es Salaam	
Thailand	Kigoma Bangkok	

I. BONDED WAREHOUSES

<u>Country</u>	<u>Locality</u>	<u>Date Established</u>
Belgium	Antwerp Brugge - Zeebrugge Brussels Ghent Ostend Zaventem National Airport	

Country

Locality

Date
Established

Canada
Japan

Numerous
Hakodate
Kobe
Moji
Nagasaki
Nagoya
Osaka
Tokyo
Yokohama
Amsterdam
Rotterdam
Schiphol Airport

Netherlands

APPENDIX C

BRIEF HISTORY OF FREE TRADE

ZONES IN CANADA

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B. TWENTIETH CENTURY	C-1

BRIEF HISTORY OF FREE TRADE

ZONES IN CANADA

A. PRE-CONFEDERATION

In 1860 the colony of Canada established the ports of Gaspé and Sault Ste. Marie as free ports. This arrangement was terminated in 1864 because of serious problems of smuggling.

B. TWENTIETH CENTURY

During this century, proposals for the establishment of free trade zones or similar arrangements have been made for the following locations:

- ▶ Vancouver, B.C. 1908 and 1920
- ▶ Montreal, P.Q. 1920 and 1930
- ▶ Charlottetown, P.E.I. 1923
- ▶ Halifax, N.S. 1929
- ▶ Victoria, B.C. 1937
- ▶ Chippawa, Ont. 1943
- ▶ Quebec City, P.Q. 1945
- ▶ Mortier Bay, Nfld. 1955

In addition to these proposals, several feasibility studies have been carried out. Among the areas for which feasibility studies have been performed are:

- ▶ Nova Scotia 1969
- ▶ Churchill, Man. 1973
- ▶ Mirabel, P.Q. 1977

All of the feasibility studies have indicated that a free trade zone did not offer significant benefits over existing arrangements.

In 1908, the mayor of Vancouver, Mr. L. D. Taylor advocated that Vancouver be made a free port. In 1920, the Vancouver Board of Trade appointed a committee to study the issue. This committee unanimously recommended that a free trade area or a free port be established in Vancouver. A member of Parliament for Vancouver took up the matter with the Prime Minister, but no action was taken.

Also in 1920, the Montreal Harbours Board, backed by the Montreal Board of Trade, recommended a free port for that city. The discussion was reviewed in 1930 when the Montreal Harbour Commission, urged the establishment of a free port in the Montreal harbour area.

Recommendations for the establishment of free ports were made for Charlottetown in 1923 and for Halifax in 1929. As was the case in Vancouver and Montreal, the recommendations originated with local groups. No action was taken by the Federal government.

A desire by Victoria to establish a free trade zone led to the introduction of a bill in the House of Commons in 1937. This bill provided that "a public authority may apply to the Governor in Council for the right to establish, operate and maintain a free foreign trade zone, and that the Governor in Council might grant to the applicant the right to establish such a zone where goods could be landed free of customs duties and could be stored, exhibited, broken up, unpacked, repacked, assembled, distributed, sorted, refined, graded, cleaned, manufactured, treated or otherwise manipulated and mixed with any other goods of whatever origin, and be exported from the zone in the original package or otherwise."

The bill was not passed.

Seven years later, the village of Chippawa, Ontario, requested that a free zone be constructed at Chippawa by the Federal government. The demands of fighting World War II made this request a rather low priority, and no action was taken.

The city of Quebec requested the establishment of a free zone as a postwar employment project in 1945. The Minister of Transport, announced that an interdepartmental committee had been set up by the Federal government to study the specific recommendations submitted by the city of Quebec, and the general question of the establishment of free ports in Canada. The committee's report, completed in December 1946, was adverse to the establishment of free zones at that time.

In 1955, the Newfoundland Legislature passed an act establishing the Mortier Bay Development Co. Ltd. This company proposed to seek authority from the Federal government to establish a free port in Mortier Bay in the district of Placentia West. Under this act, the Lieutenant-Governor of Newfoundland was empowered to grant the company an area of land measuring approximately 100 square miles bordering on the shores of Mortier Bay. Within two years from the date of the passing of the act (April 27, 1955), the company was to prove to the satisfaction of the Minister of Public Works that the company has contracts for the expenditure within one year of that date of not less than \$100,000 for the construction of wharves, warehouses, cold storage plants or other terminal facilities at the port. If within the period of two years, the company failed to carry out this requirement, any land granted to it would revert to the government. The company was not able to meet its commitments for the establishment of the free port.

APPENDIX D

APPLICABLE TARIFF CLASSIFICATIONS
BY NATION

LIST OF COUNTRIES ENTITLED TO
BRITISH PREFERENTIAL TARIFF TREATMENT

The following is a list of countries enjoying British Preferential Treatment:-

United Kingdom of Great Britain and Northern Ireland	Montserrat
Republic of South Africa	British Virgin Islands
Australia	Grenada
New Zealand	St. Vincent
India	St. Lucia
Pakistan	Turks and Caicos Islands
Ceylon	Ascension
Eire	Bermuda
Bahamas	Guyana
Jamaica	British Honduras (Belize)
Barbados	Brunei
Trinidad and Tobago	Lesotho
Antigua	Botswana
St. Christopher-Nevis- Anguilla	British Solomon Islands Protectorate
Dominica	Cyprus
Cayman Islands	Channel Islands
Cook Islands	Norfolk Island
Fiji	Nauru
Falkland Islands	Papua
Ghana	St. Helena
Gambia	Rhodesia
Gilbert and Ellice Islands	Sierra Leone
Isle of Man	Singapore
Kenya	Christmas Island
Malaysia	Cocos Islands
Malta	Seychelles
Mauritius	Swaziland
Zambia	United Republic of Tanzania
Malawi	Tonga
Nigeria	Uganda
New Guinea	Western Samoa
	Bangladesh

In addition, any other British colony or protectorate or territory under British trusteeship, admitted to the benefits of the British Preferential Tariff in Canada, in the manner hereinafter provided.

Goods entitled to the benefits of the British Preferential Tariff shall be accorded such benefits when such goods are shipped on a bill of lading consigned to a consignee in a specified port in Canada when such goods are transferred at a port in a British possession, and conveyed without further transshipment into a port of Canada.

LIST OF COUNTRIES ENTITLED TO
MOST-FAVOURED-NATION TARIFF TREATMENT

Afghanistan (P. C. 1974-2773, 27/ 12/74)	Japan
Algeria	Korea, Republic of
Argentina	Kuwait
Austria	Laos
Bahrain (Bahrein)	Lebanon
Belgium - Luxemburg	Liberia
Bhutan (P. C. 1976-2714, 15/ 11/76)	Liechtenstein
Bolivia	Luxembourg
Brazil	Malagasy Republic
Bulgaria	Mali, Federation of
Burkina Faso	Mauritania
Burundi	Mexico
Cambodia	Morocco
Cameroon	Nepal (P. C. 1976-2714, 15/11/76)
Central African Republic	Netherlands
Chad	Nicaragua
Chile	Niger
China	Norway
Colombia	Panama
Congo (Brazzaville)	Paraguay
Congo (Leopoldville)	Peru
Costa Rica	Philippines
Cuba	Poland
Czechoslovakia	Portugal, Portuguese Adjacent Islands and Portuguese Overseas Provinces
Dahomey	Puerto Rico
Denmark (including Greenland)	Qatar
Dominican Republic	Romania, Socialist Republic of
Ecuador	Rwanda
Egypt	Senegal
El Salvador	Somalia (P. C. 1976-2714, 15/11/76)
Ethiopia	Spain and Spanish Possessions
Finland	Sudan (P. C. 1976-2714, 15/11/76)
France and French Overseas Territories	Sweden
Gabon	Switzerland
Germany, Federal Republic of	Syrian Arab Republic
Greece	Taiwan (Formosa)
Greenland	Thailand (P. C. 1969-837, 29/4/69)
	Togo
	Tunisia



Guam
Guatemala
Guinea
Haiti
Honduras
Hong Kong
Hungary
Iceland
Indonesia
Iran
Iraq
Israel
Italy
Ivory Coast

Turkey
Union of Soviet Socialist Republics
United Arab Republic (Egypt)
United States
Upper Volta
Uruguay
Venezuela
Viet-Nam
Virgin Islands, U. S. A.
(St. Croix, St. John and St.
Thomas)
Yemen Arab Republic (P. C. 1976-
2714, 15/11/76)
Yugoslavia

LIST OF COUNTRIES ENTITLED TO
GENERAL PREFERENTIAL TARIFF TREATMENT

Afghanistan (P. C. 1974-2772, 27/12/74)	French Territory of the Afars and the Issas
Algeria	Gabon
American Samoa	Gambia
Angola (P. C. 1976-2713, 15/11/76)	Ghana
Antigua	Gibraltar
Argentina	Gilbert and Ellice Islands
Ascension	Greece
Bahamas	Grenada
Bahrain	Guam
Bangladesh	Guatemala
Barbados	Guinea
Belize	Guinea-Bissau (P. C. 1976-2713, 15/11/76)
Bermuda	Guyana
Bhutan (P. C. 1976-2713, 15/11/76)	Haiti
Bolivia	Honduras
Botswana	Hong Kong
Brazil	India
British Indian Ocean Territory	Indonesia
British Solomon Islands	Iran
British Virgin Islands	Iraq
Brunei	Israel
Bulgaria	Ivory Coast
Burkina Faso	Jamaica
Burundi	Kenya
Cameroon	Khmer Republic
Cape Verde Islands (P. C. 1976-2713, 15/11/76)	Korea, Republic of
Cayman Islands	Kuwait
Central African Republic	Laos
Chad	Lebanon
Chile	Lesotho
Christmas Island	Liberia
Cocos Islands	Madagascar
Colombia	Malawi
Comoro Archipelago	Malaysia
Congo	Maldives
Cook Islands	Mali
Costa Rica	Malta
Cuba	Mauritania

Cyprus
Dahomey
Dominica
Dominican Republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Ethiopia
Falkland Islands
Fiji
French Polynesia
French Southern and Antarctic
Territories
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Pitcairn
Qatar
Romania
Rwanda
St. Christopher-Nevis-Anguilla
St. Helena
St. Lucia
Saint-Pierre and Miquelon
St. Vincent
Sao Tomé and Príncipe (P. C. 1976-
2713, 15/11/76)
Senegal
Seychelles
Sierra Leone
Singapore
Somalia (P. C. 1976-2713, 15/11/76)
Spanish North Africa
Sri Lanka
Sudan (P. C. 1976-2713, 15/11/76)
Surinam

Mauritius
Mexico
Montserrat
Morocco
Mozambique (P. C. 1976-2713,
15/11/76)
Nauru
Nepal (P. C. 1976-2713, 15/11/76)
Netherlands Antilles
New Caledonia and dependencies
Nicaragua
Niger
Nigeria
Norfolk Island
Swaziland
Syria
Tanzania
Thailand
Togo
Tonga
Trinidad and Tobago
Tristan da Cunha
Tunisia
Turkey
Turks and Caicos Islands
Uganda
United Arab Emirates
Upper Volta
Uruguay
Venezuela
Viet-nam, Republic of
Virgin Islands of the United States
Western Samoa
Yemen Arab Republic (P. C. 1976-
2713, 15/11/76)
Yemen, People's Democratic
Republic
Yugoslavia
Zaire
Zambia

APPENDIX E

REGULATIONS RESPECTING CUSTOMS

WAREHOUSES AND EXPORT DRAWBACKS



Ottawa, October 29, 1974

Ottawa, le 29 octobre 1974

CUSTOMS WAREHOUSING REGULATIONS

RÈGLEMENTS DES ENTREPÔTS DE DOUANE

These Regulations are established by authority of Order in Council P.C. 1968-857, 2nd May 1968, as amended, pursuant to section 273 of the *Customs Act*.

Les présents règlements ont été établis en vertu de l'autorité conférée par le décret du conseil C.P. 1968-857 du 2 mai 1968, modifié conformément à l'article 273 de la *Loi sur les douanes*.

SHORT TITLE

1. These Regulations may be cited as the *Customs Warehousing Regulations*.

TITRE ABRÉGÉ

1. Les présents règlements peuvent être cités sous le titre: *Règlements concernant les entrepôts de douane*.

INTERPRETATION

2. In these Regulations

(a) "bonded warehouse" means a Class II warehouse;

(b) "collector" means the collector of Customs at the port or place intended, or any person or lawful deputy appointed or authorized to do the duty of a collector thereat;

(c) "Customs Express Branch Warehouse" means a warehouse for the safekeeping, examination and appraisal by Customs of imported goods carried by means of air or rail express;

(d) "day" means a period of twenty-four consecutive hours commencing at five o'clock in the afternoon on any date;

(e) "Department" means the Department of National Revenue;

(f) "Deputy Minister" means the Deputy Minister of National Revenue for Customs and Excise;

(g) "Examining Warehouse" means a warehouse for the safekeeping, examination and appraisal by Customs of goods;

(h) "Highway Frontier Examining Warehouse" means a warehouse for the safekeeping, examination and appraisal by Customs of goods carried by commercial motor vehicle for clearance at a frontier port adjacent to the Canada-United States international boundary;

INTERPRÉTATION

2. Dans les présents règlements, l'expression

a) "entrepôt réel" désigne un entrepôt de la classe II;

b) "receveur" désigne le receveur des douanes du bureau ou de l'endroit désigné, ou toute personne déléguée, désignée ou autorisée légalement à remplir les fonctions de receveur audit bureau ou endroit;

c) "entrepôt de la division des messageries douanières" signifie un entrepôt pour la garde, la vérification et l'appréciation par la Douane des marchandises importées comme messageries par avion ou par chemin de fer;

d) "jour" signifie une période de vingt-quatre heures consécutives commençant à cinq heures du soir à n'importe quelle date;

e) "Ministère" signifie le ministère du Revenu national;

f) "Sous-ministre" désigne le sous-ministre du Revenu national, pour les douanes et l'accise;

g) "entrepôt de vérification" s'entend d'un entrepôt pour la garde, la vérification et l'appréciation par la Douane des marchandises;

h) "entrepôt frontière routier de vérification" signifie un entrepôt pour la garde, la vérification et l'appréciation par la Douane de marchandises transportées par véhicule automobile commercial et devant être dédouanées à un bureau frontière adjacent à la frontière internationale entre le Canada et les États-Unis;

(i) "Minister" means the Minister of National Revenue;

(j) "Outside Customs Area" means an outside area designated by the collector for the safekeeping, examination and appraisal by Customs of any consignment of goods that is too large or too heavy to be stored in a warehouse;

(k) "Queen's Warehouse" means

(i) a warehouse provided by the Department, or

(ii) an area designated by the collector, for the safekeeping of unclaimed, abandoned, seized or forfeited goods;

(l) Revoked by P.C. 1974-1664, July 23, 1974.

(m) "warehouse" means any place approved or appointed by the Deputy Minister in which imported goods may be deposited, kept or secured pending Customs clearance and includes any area designated by the collector as a Queen's Warehouse or Outside Customs Area.

APPLICATION

3. These Regulations apply to all Class I and Class II warehouses and to all areas designated as Queen's Warehouses or Outside Customs Areas.

4. No storage charges are payable under these Regulations in respect of goods stored in any warehouse if the storage facilities are not provided by Her Majesty the Queen in right of Canada.

APPOINTMENT OF WAREHOUSES

5. Warehouses may be appointed in accordance with these Regulations for the storage and safekeeping of imported goods before or after entry.

6. Application for appointment of a warehouse shall be made to the Deputy Minister on an approved form accompanied by plans of the proposed warehouse and security in an amount determined in accordance with these Regulations by the collector at the port where the proposed warehouse is situated.

7. Appointment of a Class II warehouse shall not be granted unless

(a) the building or enclosure is of a construction, type and size suitable for the operation of such warehouse; and

i) "Ministre" désigne le ministre du Revenu national;

j) "endroit en dehors d'un local douanier" signifie un endroit désigné par un receveur pour la garde, la vérification et l'appréciation par la Douane de tout envoi de marchandises qui est trop volumineux ou trop pesant pour être mis dans un entrepôt;

k) "dépôt de douane" signifie

(i) un entrepôt fourni par le Ministère, ou

(ii) un endroit désigné par le receveur pour la garde de marchandises non réclamées, abandonnées, saisies ou confisquées;

l) Abrogé par C.P. 1974-1664, 23 juillet 1974.

m) "entrepôt" signifie un endroit agréé ou désigné par le Sous-ministre où des marchandises importées peuvent être déposées, gardées ou mises en sûreté avant leur dédouanement et comprend tout endroit désigné par le receveur comme dépôt de douane ou comme endroit en dehors d'un local douanier.

APPLICATION

3. Le présent règlement s'applique à tous les entrepôts de la classe I et de la classe II et à tous les endroits désignés comme dépôts de douane ou comme endroits en dehors d'un local douanier.

4. Il n'y a pas de frais d'entreposage à payer en vertu des présents règlements à l'égard des marchandises mises dans un entrepôt si les installations d'entreposage ne sont pas fournies par Sa Majesté la Reine du chef du Canada.

DÉSIGNATION D'ENTREPÔTS

5. Des entrepôts peuvent être désignés en conformité des présents règlements pour l'entreposage et la garde de marchandises importées avant ou après le dédouanement.

6. Une demande de désignation d'un entrepôt doit être présentée au Sous-ministre sur une formule agréée, accompagnée des plans de l'entrepôt qu'on se propose d'établir et d'un cautionnement d'un montant déterminé, conformément aux présents règlements, par le receveur du bureau où l'entrepôt doit être situé.

7. La désignation d'un entrepôt de la classe II ne sera pas accordée à moins que

a) le bâtiment ou l'enceinte ne soit d'une construction, d'un genre et d'une grandeur convenables pour le fonctionnement d'un tel entrepôt; et

(b) the building or enclosure is situated in a location satisfactory to the Deputy Minister.

8. No major alteration may be made to a warehouse appointed under these Regulations without the prior permission of the Deputy Minister and no minor alteration may be made to such a warehouse without the prior permission of the collector.

9. Appointment of a warehouse may be revoked by the Deputy Minister at any time for cause.

10. The keeper of a warehouse is responsible to the Crown for the safekeeping of all goods stored therein pending the due entry or lawful removal of the goods and is liable to Her Majesty for all Customs duties and sales and excise taxes payable thereon unless he can produce the goods or show to the satisfaction of the collector that they have been duly entered or lawfully removed.

11. The collector may, in his discretion, designate any area as a Queen's Warehouse or Outside Customs Area whether or not the storage facilities are provided by the Department.

CLASS I - CANADIAN GOVERNMENT WAREHOUSES

12. Class I warehouses consist of the following subclasses of warehouses operated by the Department on Canadian Government property or property approved by the Department:

- (a) Customs Express Branch Warehouses;
- (b) Examining Warehouses;
- (c) Highway Frontier Examining Warehouses;
- (d) Outside Customs Areas; and
- (e) Queen's Warehouses.

13. (1) The storage charges payable in respect of goods stored in a Class I warehouse are the charges set out in Schedule A in respect of the appropriate subclass of warehouse, the goods stored and the applicable period of storage.

(2) The charges set out in Schedule A are payable upon removal of goods from warehouse.

b) le bâtiment ou l'enceinte ne soit située dans un endroit satisfaisant pour le Sous-ministre.

8. Aucun changement important ne doit être fait dans un entrepôt désigné en vertu des présents règlements sans la permission préalable du Sous-ministre, et aucun changement de peu d'importance ne doit être fait dans un tel entrepôt sans la permission du receveur.

9. La désignation d'un entrepôt peut être révoquée en tout temps par le Sous-ministre, pour cause.

10. L'exploitant d'un entrepôt est comptable envers la Couronne de la garde de toutes les marchandises qui y sont entreposées en attendant leur dédouanement ou leur enlèvement légal, et il doit répondre à Sa Majesté de tous les droits de douane et de toutes les taxes de vente et d'accise exigibles à leur égard, à moins qu'il ne puisse exhiber les marchandises ou convaincre le receveur qu'elles ont été dûment dédouanées ou enlevées légalement.

11. Le receveur peut, à sa discrétion, désigner tout endroit comme dépôt de douane ou comme endroit en dehors d'un local douanier, que les installations d'entreposage soient fournies ou non par le Ministère.

CLASSE I - ENTREPÔTS DU GOUVERNEMENT CANADIEN

12. Les entrepôts de la classe I comprennent les sous-classes suivantes d'entrepôts tenus par le Ministère sur une propriété du Gouvernement canadien ou sur des propriétés agréées par le Ministère:

- a) Entrepôts de la Division des messageries douanières;
- b) Entrepôts de vérification;
- c) Entrepôts frontières routiers de vérification;
- d) Endroits en dehors d'un local douanier; et
- e) Dépôts de douane.

13. (1) Les frais d'entreposage exigibles à l'égard des marchandises mises dans un entrepôt de la classe I sont les frais indiqués dans l'Annexe A pour la sous-classe appropriée d'entrepôts, les marchandises et la période d'entreposage en cause.

(2) Les frais indiqués dans l'Annexe A sont exigibles lors de l'enlèvement des marchandises de l'entrepôt.

(3) No storage charges are payable in respect of goods during the free storage period which shall terminate

(a) in the case of goods stored in a Customs Express Branch Warehouse, three days after the arrival of goods thereat;

(b) in the case of goods stored in an Examining Warehouse, three days after

(i) the release of the goods therefrom for home consumption, or

(ii) the arrival of the goods thereat for identification prior to exportation or destruction thereof; and

(c) in the case of goods stored in a Highway Frontier Examining Warehouse or an Outside Customs Area, four days after the arrival of the goods thereat.

(4) Where any goods stored in a warehouse named in items 1 to 4 of Schedule A are transferred to a Queen's Warehouse after they have been stored for more than thirty days, for the purpose of computing the storage charges payable, the goods shall be deemed to have been transferred to the Queen's Warehouse at nine o'clock in the morning on the first business day following the expiration of the first thirty-day storage period and if storage charges are computed at a rate per day, they shall be computed on the basis that a day is a period of twenty-four hours commencing at nine o'clock in the morning.

(5) A storage period referred to in subsection (1) or (3) shall be calculated from five o'clock in the afternoon of the date on which the goods

(a) arrived at the warehouse; or

(b) in the case of an Examining Warehouse, were released for delivery.

(6) In computing a free storage period in respect of any goods stored in a Class I warehouse, only days on which the warehouse is open for business shall be included.

14. Goods remaining on hand in a Customs Express Branch Warehouse for more than three business days following the date of release of the goods shall be subject to examining warehouse storage charges computed from the expiration of such three-day period and such charges shall be in addition to any applicable Customs Express Branch Warehouse charges in respect of the goods.

(3) Il n'y a pas de frais d'entreposage à payer à l'égard de l'entreposage de marchandises au cours de la période d'entreposage gratuit qui prend fin

a) dans le cas des marchandises entreposées dans un entrepôt de la Division des messageries douanières, trois jours après l'arrivée des marchandises à cet entrepôt;

b) dans le cas des marchandises entreposées dans un entrepôt de vérification, trois jours après

(i) la remise des marchandises pour consommation intérieure, ou

(ii) l'arrivée des marchandises à l'entrepôt pour identification avant leur exportation ou leur destruction; et

c) dans le cas des marchandises entreposées dans un entrepôt frontière routier de vérification ou dans un endroit en dehors d'un local douanier, quatre jours après l'arrivée des marchandises audit entrepôt ou audit endroit.

(4) Quand des marchandises mises dans un entrepôt spécifié aux articles 1 à 4 de l'Annexe A sont transférées à un dépôt de douane après avoir été entreposées pendant plus de trente jours, aux fins du calcul des frais d'entreposage exigibles, les marchandises seront considérées comme ayant été transférées au dépôt de douane à neuf heures du matin le premier jour ouvrable suivant l'expiration de la première période d'entreposage de trente jours et si les frais d'entreposage sont calculés à raison de tant par jour, un jour sera réputé une période de vingt-quatre heures commençant à neuf heures du matin.

(5) La période d'entreposage dont il est question au paragraphe (1) ou (3) sera calculée comme commençant à cinq heures du soir à la date à laquelle les marchandises

a) sont arrivées à l'entrepôt; ou

b) ont fait l'objet d'une mainlevée dans le cas d'un entrepôt de vérification.

(6) Aux fins du calcul de la période d'entreposage gratuit relativement à toutes marchandises mises dans un entrepôt de la classe I, seuls les jours pendant lesquels l'entrepôt est ouvert seront compris.

14. Les marchandises demeurant dans un entrepôt de la Division des messageries douanières pendant plus de trois jours ouvrables après la date de remise des marchandises, seront frappées des frais d'entreposage des entrepôts de vérification, calculés à compter de l'expiration de cette période de trois jours et ces frais seront en plus de tous les frais des entrepôts de la Division des messageries douanières relativement à ces marchandises.

15. (1) Notwithstanding section 13, storage charges are not payable for that portion of the storage period during which goods imported for other than commercial use are withheld from persons in accordance with regulations administered on behalf of a department or agency of the government of Canada or any province.

(2) The Minister may in whole or in part exempt from the charges prescribed in Schedule A

- (a) personal baggage of any class; and
- (b) goods remaining in a warehouse for reasons beyond the control of the importer.

CLASS II – BONDED WAREHOUSES

16. (1) Class II warehouses consist of the following subclasses of warehouses operated or owned by persons other than the Crown and used for the storage and safekeeping of imported goods after entry:

- (a) an entire building or part of a building devoted to the safekeeping of imported goods consigned or sold to the warehouse keeper or other persons;
- (b) a yard, shed or other suitable enclosure or area devoted to the safekeeping of imported goods too large or too heavy for lodging in a warehouse described in paragraph (a); and
- (c) an entire building or part of a building devoted solely to the safekeeping of domestic or imported ships stores that are in bond.

(2) The Deputy Minister may require a Class II, subclass (a) or (c) warehouse consisting of a part of a building to be completed separated from the remainder of the building by adequate partitions or walls.

17. (1) Security for a Class II warehouse shall be a bond

- (a) in a form approved by the Deputy Minister;
- (b) of a guarantee company whose bonds have been approved by the Department of Finance; and

15. (1) Nonobstant l'article 13, les frais d'entreposage ne sont pas exigibles pour la partie de la période d'entreposage pendant laquelle les marchandises importées à des fins autres que commerciales sont retenues par les autorités conformément aux règlements appliqués au nom d'un ministère ou d'un organisme du Gouvernement du Canada ou de toute province.

(2) Le Ministre peut exempter complètement ou partiellement des frais prescrits dans l'Annexe A

- a) les bagages personnels de toute classe; et
- b) les marchandises demeurant dans un entrepôt pour des raisons indépendantes de la volonté de l'importateur.

CLASSE II – ENTREPÔTS RÉELS

16. (1) Les entrepôts de la classe II comprennent les sous-classes suivantes d'entrepôts exploités par une personne autre que la Couronne, ou appartenant à cette personne, et utilisés pour l'emmagasinage et la garde de marchandises importées après leur dédouanement:

- a) tout un bâtiment ou une partie de bâtiment consacré à la garde de marchandises importées, expédiées ou vendues au détenteur d'entrepôt ou à d'autres personnes;
- b) un parc, un hangar ou un autre enclos ou endroit convenable consacré à la garde de marchandises importées qui sont trop encombrantes ou trop pesantes pour être admises à un entrepôt décrit à l'alinéa a); et
- c) tout un bâtiment ou une partie de bâtiment affecté uniquement à la garde d'approvisionnements de navires de provenance nationale ou importés qui sont sous douane.

(2) Le Sous-ministre peut exiger qu'un entrepôt de la classe II a) ou c) consistant en une partie de bâtiment soit complètement séparé du reste du bâtiment par des cloisons ou des murs suffisants.

17. (1) La garantie à l'égard d'un entrepôt de la classe II sera un cautionnement qui devra

- a) être sous une forme agréée par le Sous-ministre;
- b) émaner d'une société de caution dont les cautionnements sont acceptés par le ministère des Finances; et

(c) in an amount, subject to subsection (2), equal to the Customs duty and sales and excise taxes payable on the estimated average value of goods to be stored in the warehouse during the fiscal year for which the bond is given as security.

(2) A security bond for a Class II warehouse shall be in an amount of not less than \$5,000.00 and not more than \$250,000.00.

(3) Notwithstanding subsection (1), security for a Class II warehouse may be any security acceptable to the Deputy Minister.

(4) One security bond may be filed for all Class II warehouses operated by a warehouse keeper within a single port area but such a bond shall be in an amount of not less than \$5,000.00 and not more than \$250,000.00 for each warehouse.

18. A security bond of any board, commission or government agency authorized by the law of any province to sell or permit the sale of intoxicating liquors is acceptable without suréties as security for imported intoxicating liquors kept in Class II, subclass (a) warehouse.

19. At the discretion of the Deputy Minister, any Class II warehouse may be secured by locks supplied by the Department.

20. (1) Subject to subsection (2), an annual licence fee of \$400.00 for a Class II, subclass (a) or (b) warehouse and an annual licence fee of \$50.00 for a Class II, subclass (c) warehouse is payable to the collector upon approval of an application for appointment of the warehouse and thereafter on or before the 1st day of April of each year to cover the period ending the 31st day of March next following.

(2) Where more than one Class II, subclass (a) or (b) warehouse is operated by a warehouse keeper on separate premises within the same port area, the annual licence fee payable in respect thereof is \$400.00 for one warehouse and \$200.00 for each additional warehouse.

(3) An application for appointment of a warehouse made on or after the 1st day of October may be accepted for the remainder of the period ending the 31st day of March next following on payment of one-half the applicable licence fee prescribed in subsection (1) or (2) as the full annual licence fee for that year.

c) être d'un montant, sous réserve du paragraphe (2), équivalent aux droits de douane et aux taxes de vente et d'accise exigibles sur la valeur moyenne probable des marchandises à déposer dans l'entrepôt au cours de l'année financière pour laquelle le cautionnement est donné comme garantie.

(2) Un cautionnement à l'égard d'un entrepôt de la classe II sera d'au moins \$5,000 et d'au plus \$250,000.

(3) Nonobstant le paragraphe (1), le cautionnement à remettre pour un entrepôt de la classe II peut être tout cautionnement accepté par le Sous-ministre.

(4) Un cautionnement peut être produit pour tous les entrepôts de la classe II exploités par un détenteur d'entrepôt dans le périmètre d'un seul bureau, mais un tel cautionnement sera d'au moins \$5,000 et d'au plus \$250,000 pour chaque entrepôt.

18. Un cautionnement d'une commission ou d'un autre organisme du Gouvernement autorisé par la loi d'une province quelconque à faire la vente ou à permettre la vente de boissons enivrantes est acceptable sans caution pour les boissons enivrantes importées et gardées dans un entrepôt de la classe II a).

19. À la discrétion du Sous-ministre, un entrepôt quelconque de la classe II peut être mis sous les cadenas fournis par le Ministère.

20. (1) Sous réserve du paragraphe (2), un droit annuel de \$400 pour un entrepôt de la classe II, a) ou b), et un droit annuel de \$50 pour un entrepôt de la classe II c) doivent être remis au receveur une fois que la demande de permission de tenir un entrepôt aura été agréée et ensuite pour le 1^{er} avril de chaque année, à l'égard de la période se terminant le 31^e jour de mars suivant.

(2) Lorsque plus d'un entrepôt de la classe II a) ou b) est exploité par un détenteur d'entrepôts dans des endroits distincts dans le même périmètre du bureau, le droit annuel exigible au sujet de ces entrepôts est de \$400 pour un entrepôt et de \$200 pour chaque entrepôt additionnel.

(3) Une demande de désignation d'entrepôt, présentée le 1^{er} octobre ou après cette date, peut être acceptée pour le reste de la période se terminant le 31 mars suivant sur le paiement de la moitié du droit applicable prescrit au paragraphe (1) ou (2) comme droit annuel complet pour cette année-là.

(4) A single licence fee is payable with respect to Class II, subclass (a) or (b) warehouses operated by a warehouse keeper on the same premises.

(4) Un seul droit est exigible au sujet d'entrepôts de la classe II *a*) ou *b*) exploités par un détenteur d'entrepôts dans le même local.

21. Charges for the attendance of Customs officers at Class II warehouses shall be assessed in accordance with the *Customs Special Service Regulations* and the warehouse keeper, the owner of the goods and the importer thereof are jointly and severally liable for payment thereof to Her Majesty.

21. Les frais exigibles pour les visites des agents de douane aux entrepôts de la classe II sont établis suivant les taux indiqués dans les *Règlements sur les services spéciaux de douane* et le détenteur d'entrepôts, le propriétaire et l'importateur des marchandises sont conjointement et solidairement responsables de leur paiement à Sa Majesté.

22. Licence fees and attendance charges in respect of a Class II Customs warehouse shall not be collected in respect of such a warehouse that is located on the same premises as an excise bonding warehouse when sufficient excise staff is readily available to provide both Customs and excise services.

22. Les droits et les frais de visites à l'égard d'un entrepôt de douane de la classe II ne doivent pas être perçus lorsque cet entrepôt est situé dans le même local qu'un entrepôt d'accise auquel un personnel suffisant d'accise peut être facilement affecté pour assurer les services exigés par la douane et l'accise.

23. (1) All warehoused goods in a bonded warehouse shall be cleared from that warehouse within two years from the date of the first entry and warehousing thereof except that the Deputy Minister may, in his discretion authorize the retention of any such goods in the warehouse for any additional period of time not in excess of three years.

23. (1) Toutes les marchandises placées dans un entrepôt de douane doivent être retirées de cet entrepôt dans les deux ans qui suivent la date d'importation et de l'entreposage; cependant, le Sous-ministre peut, à sa discrétion, autoriser le maintien des marchandises à l'entrepôt pendant une période additionnelle ne dépassant pas trois ans.

(2) Goods retained in a bonded warehouse pursuant to an authorization given under subsection (1) shall be cleared therefrom

(2) Les marchandises retenues dans un entrepôt de douane suivant l'autorisation donnée en vertu du paragraphe (1) doivent être retirées de cet entrepôt

(a) within five years; or

a) dans les cinq ans; ou

(b) where the extension so authorized is for a shorter period than three years, within two years plus that shorter period from the date of the first entry and warehousing thereof.

b) lorsque la prolongation autorisée vise une période de moins de trois ans, dans les deux ans plus cette période plus courte à compter de la date de l'importation et de l'entreposage.

(3) Notwithstanding subsections (1) and (2), the Deputy Minister may, in his discretion, authorize the retention in a bonded warehouse, for any period of time, spare parts for aircraft and vessels and oceanic cable and related parts and equipment not intended for consumption in Canada.

(3) Nonobstant les paragraphes (1) et (2), le Sous-ministre peut, à sa discrétion, autoriser le maintien dans un entrepôt de douane pendant toute période, de pièces détachées d'aéronefs, de navires, de câbles océaniques et leurs pièces et leur équipement qui ne sont pas destinés à la consommation au Canada.

24. No imported cigars, cigarettes or manufactured tobacco shall be exported from a bonded warehouse free of duties and taxes without the prior written permission of the Minister.

24. Les cigares, cigarettes ou tabacs fabriqués importés ne doivent pas être exportés d'un entrepôt de douane en exemption des droits et des taxes sans une autorisation préalable obtenue du Ministre par écrit.

25. (1) No person other than an officer or member of a board, commission or government agency authorized by the *Importation of Intoxicating Liquors Act* to import intoxicating liquors may enter and keep intoxicating liquors in a Class II warehouse.

(2) Notwithstanding subsection (1), ships stores spirits may be entered and kept in a Class II, subclass a) or c) warehouse provided the warehouse keeper has obtained written permission from a board, commission or government agency authorized by the law of any province to sell or permit the sale of intoxicating liquors.

(3) The transfer of ships stores spirits between bonded warehouses operated other than by a board, commission or government agency authorized by the law of any province to sell or permit the sale of intoxicating liquors is prohibited.

(4) Notwithstanding subsection (1), intoxicating liquors imported by a licensed distiller or brewer for blending purposes only, or imported for sacramental or medicinal purposes or for manufacturing or commercial use, but not for manufacture or use as a beverage, may be entered for warehouse under such conditions as may be prescribed by the Minister.

(5) Notwithstanding subsection (1), intoxicating liquors may be entered and kept in a Class II, subclass (a) warehouse for sale on site by duty free sales outlets at marine terminals on the Atlantic and Pacific coasts and at international airports in Canada if

(a) the intoxicating liquors are delivered on board

(i) an ocean-going ship of not less than fifty tons register tonnage, or

(ii) an aircraft operating internationally in the transportation of passengers or goods or both for reward

to persons leaving Canada on a direct voyage or flight to a foreign destination; and

(b) the keeper of that warehouse has obtained the written permission of the board, commission or government agency authorized by the law of the province in which the sale occurs to sell or permit the sale of intoxicating liquors.

25. (1) Nulle personne autre qu'un agent ou un membre d'une commission ou d'un autre organisme du gouvernement autorisé par la *Loi sur l'importation des boissons enivrantes* à importer des boissons enivrantes ne peut entrer et garder ces boissons dans un entrepôt de la classe II.

(2) Nonobstant le paragraphe (1), des spiritueux pour approvisionnement de navires peuvent être entrés et gardés dans un entrepôt de la classe II a) ou b) pourvu que l'exploitant de l'entrepôt ait obtenu la permission écrite d'une commission ou d'un organisme du gouvernement autorisé par la Loi d'une province quelconque à faire la vente ou à permettre la vente de boissons enivrantes.

(3) Il est interdit de transférer des spiritueux pour approvisionnement de navires d'un entrepôt à un autre, quand ces entrepôts sont exploités par des personnes autres qu'une commission ou un organisme du gouvernement autorisé par la Loi d'une province quelconque à faire la vente ou à permettre la vente de boissons enivrantes.

(4) Nonobstant le paragraphe (1), les boissons enivrantes importées par un distillateur ou un brasseur muni de licence aux fins de coupage seulement, ou importées aux fins sacramentelles ou médicinales, ou en vue de la fabrication ou du commerce, mais non pour la fabrication de breuvages ni pour la consommation comme breuvages, peuvent entrer en entrepôt dans les conditions fixées par le Ministre.

(5) Nonobstant le paragraphe (1), les boissons enivrantes peuvent être admises et gardées dans un entrepôt de la classe II, sous-classe a), pour être vendues sur les lieux par des établissements de vente en franchise situés dans des terminus maritimes sur les côtes atlantique et pacifique et dans les aéroports internationaux au Canada si

a) les boissons enivrantes sont livrées à bord

(i) d'un navire au long cours d'un tonnage enregistré d'au moins cinquante tonneaux, ou

(ii) d'un aéronef en service international se livrant au transport de passagers ou de marchandises ou des deux moyennant rémunération

à des personnes quittant le Canada à bord d'un tel navire ou d'un tel aéronef se dirigeant directement vers l'étranger; et si

b) l'exploitant de cet entrepôt a obtenu une autorisation écrite de la régie, commission ou agence gouvernementale habilitée par la loi de la province où la vente a lieu à vendre ou à autoriser la vente de boissons enivrantes.

26. (1) Subject to subsection (2), where a deficiency is found in the recorded quantity of goods stored in a bonded warehouse, all Customs duties and sales and excise taxes in respect to the deficiency shall be paid in full before any further ex-warehouse entries from that warehouse are approved.

(2) Where wines or spirits in cask have been entered into a bonded warehouse and are ex-warehoused therefrom during a period after entry set out in Column I of Schedule B, the collector may accept a deficiency in volume not exceeding the percentage set out opposite that period in Column II of that Schedule as being a deficiency arising from natural causes.

* Sections 27 to 33 are revoked by P.C. 1974-1664, July 23, 1974.

26. (1) Sous réserve du paragraphe (2), lorsqu'on a trouvé un manquant dans la quantité inscrite des marchandises placées dans un entrepôt de douane, tous les droits de douane et les taxes de vente et d'accise au sujet de ce manquant seront payés complètement avant que toutes autres déclarations de sortie de cet entrepôt ne soient agréées.

(2) Quand du vin ou de l'alcool en tonneaux a été admis à un entrepôt réel et est sorti de cet entrepôt au cours d'une période après l'entrée mentionnée dans la colonne I de l'annexe B, le receveur peut admettre un manquant dans le volume ne dépassant pas le pourcentage mentionné vis-à-vis de cette période dans la colonne II de cette Annexe comme étant un manquant dû à des causes naturelles.

Les articles 27 à 33 sont abrogés par le C.P. 1974-1664, 23 juillet 1974.

ANNEXE A

Colonne I Genre d'entrepôt	Colonne II Désignation des marchandises	Colonne III Frais d'entreposage	Colonne IV Période à l'égard de laquelle des frais d'entreposage sont exigibles
1. Entrepôt de la division des messageries douanières	1. (1) Tout envoi de mar- chandises (peu importe le nombre de paquets) impor- tées comme messageries par avion ou par chemin de fer et pesant a) moins de 15 livres b) de 15 livres à 200 livres c) plus de 200 livres (2) Tout envoi de marchan- dises importées comme mes- sageries par air ou par chemin fer	1. (1) a) 25c. par mois ou fraction de mois b) \$1 par mois ou fraction de mois c) 50c. par 100 livres ou fraction de 100 livres par mois ou fraction de mois (2) Frais indiqués à l'article 5 et applicables aux marchandises	1. (1) Période d'entreposage pendant les 30 premiers jours après l'arrivée des marchan- dises moins la période d'en- treposage gratuit (3 jours) (2) Période d'entreposage après les 30 premiers jours
2. Entrepôt de vérification	2. (1) Tout envoi de mar- chandises importées autre- ment que comme messageries transportées par avion ou par chemin de fer (2) Toute marchandise qui doit être identifiée avant d'être exportée ou détruite	2. (1) 25c. par 100 livres ou fraction de 100 livres par jour ou fraction de jour (2) 25c. par 100 livres ou fraction de 100 livres par jour ou fraction de jour (3) Frais indiqués à l'article 5 et applicables aux marchandises	2. (1) Période d'entreposage pendant les 30 premiers jours qui suivent la mainlevée moins la période d'entreposage gratuit (3 jours) (2) Période d'entreposage pendant les 30 premiers jours qui suivent l'arrivée des mar- chandises moins la période d'entreposage gratuit (3 jours) (3) Période d'entreposage après les 30 premiers jours
Entrepôt frontière routier de vérification	3. Tout envoi de marchan- dises importées et transpor- tées par véhicule automobile commercial aux fins de dé- douanement à un bureau à la frontière entre le Canada et les États-Unis	3. (1) 25c. par 100 livres ou fraction de 100 livres par jour ou fraction de jour (2) Frais indiqués à l'article 5 et applicables aux marchandises	3. (1) Période d'entreposage pendant les 30 premiers jours qui suivent l'arrivée des mar- chandises moins la période d'entreposage gratuit (4 jours) (2) Période d'entreposage après les 30 premiers jours
Endroit en dehors d'un local douanier	4. Tout envoi de marchan- dises importées qui est trop volumineux ou trop pesant pour être mis dans un entre- pôt	4. (1) \$10 par jour ou fraction de jour (2) Frais indiqués à l'article 5 et applicables aux marchandises	4. (1) Période d'entreposage pendant les 30 premiers jours qui suivent l'arrivée des mar- chandises moins la période d'entreposage gratuit (4 jours) (2) Période d'entreposage après les 30 premiers jours
Dépôt de douane	5. (1) Automobile, camion ou autre véhicule et machine automobile (2) Tout envoi de mar- chandises importées autre que les marchandises dési- gnées dans le paragraphe (1)	5. (1) \$20 par mois ou fraction de mois † (2) 25c. par 100 livres ou fraction de 100 livres par jour ou fraction de jour	5. (1) Toute période d'entre- posage (2) Toute période d'entre- posage

Notes: 1. Aucune somme n'est exigible en vertu des présents règlements si l'entrepôt ou l'endroit d'entreposage n'est pas fourni par le Ministère.

2. Pour le calcul de la période d'entreposage gratuit, il faut omettre les jours où l'entrepôt n'est pas ouvert au public.

En vigueur à compter du 1^{er} février 1964.

SCHEDULE A

Column I Type of Warehouse	Column II Description of Goods	Column III Storage Charge	Column IV Period in respect of which storage charge is payable
1. Customs Express Branch Warehouse	1. (1) Any consignment of goods irrespective of the number of packages imported by air or rail express weighing (a) less than 15 lbs. (b) 15 lbs. to 200 lbs. (c) over 200 lbs. (2) Any consignment of goods imported by air or rail express	1. (1)(a) \$.25 per month or parts thereof (b) \$1.00 per month or parts thereof (c) \$.50 per 100 lbs. or parts thereof per month or part thereof (2) Charge set out in item 5 that is applicable to the goods	1. (1) Period of storage during first thirty days after arrival of goods minus free storage period (3 days) (2) Period of storage after first thirty days
2. Examining Warehouse	2. (1) Any consignment of imported goods carried by means other than air or rail express (2) Any goods for identification prior to exportation or destruction	2. (1) \$.25 per 100 lbs. or part thereof per day or part thereof (2) \$.25 per 100 lbs. or part thereof per day or part thereof (3) Charge set out in item 5 that is applicable to the goods	2. (1) Period of storage during first thirty days after release of goods minus free storage period (3 days) (2) Period of storage during first thirty days after arrival of goods minus free storage period (3 days) (3) Period of storage after first thirty days
3. Highway Frontier Examining Warehouse	3. Any consignment of imported goods carried by commercial motor vehicle for clearance at a Canada-U.S.A. frontier port	3. (1) \$.25 per 100 lbs. or part thereof per day or part thereof (2) Charge set out in item 5 that is applicable to the goods	3. (1) Period of storage during first thirty days after arrival of goods minus free storage period (4 days) (2) Period of storage after first thirty days
4. Outside Customs Area	4. Any consignment of imported goods that is too large or too heavy to be stored in a warehouse	4. (1) \$10.00 per day or part thereof (2) Charge set out in item 5 that is applicable to the goods	4. (1) Period of storage during first thirty days after arrival of goods minus free storage period (4 days) (2) Period of storage after first thirty days
5. Queen's Warehouse	5. (1) Automobile, truck or other vehicle and self-propelled machinery. (2) Any consignment of imported goods other than goods described in sub-item (1)	5. (1) \$20.00 per month or part thereof † (2) \$.25 per 100 lbs. or part thereof per day or part thereof	5. (1) Any period of storage (2) Any period of storage

Notes: 1. No storage charges are payable under these Regulations if the warehouse or storage area is not provided by the Department.

2. In calculating the free storage period omit dates on which warehouse is not open for business.

† Effective 1st February 1964.

October 29, 1974

SCHEDULE B

ANNEXE B

Column I	Column II	Colonne I	Colonne II
Period after entry for warehousing	Allowable deficiency in volume of original contents as warehoused	Période après la déclaration d'entrepôt	Manquants autorisés dans le volume du contenu primitif mis en entrepôt
1. Not less than six months and not over one year.....	1%	1. Au moins six mois et pas plus d'une année.....	1%
2. Over one year but not over one and one-half years.....	2%	2. Plus d'une année, mais pas plus d'une année et demie.....	2%
3. Over one and one-half years but not over two years.....	3%	3. Plus d'une année et demie, mais pas plus de deux années.....	3%
4. Over two years but not over two and one-half years.....	4%	4. Plus de deux années, mais pas plus de deux années et demie.....	4%
5. Over two and one-half years but not over three years.....	5%	5. Plus de deux années et demie, mais pas plus de trois années.....	5%
6. Over three years but not over three and one-half years.....	6%	6. Plus de trois années, mais pas plus de trois années et demie.....	6%
7. Over three and one-half years but not over four years.....	7%	7. Plus de trois années et demie, mais pas plus de quatre années.....	7%
8. Over four years.....	8%	8. Plus de quatre années.....	8%

GENERAL INFORMATION

1. Merchandise which has been unloaded into a frontier examining warehouse shall not be reloaded on a vehicle until it has been released by Customs for delivery, remanifesting or export unless forwarding has been authorized on the waybill or other specific instructions are provided by the importer.

2. If space is available, truckers operating repetitively may park vehicles overnight on Customs property or in Customs detention yards. Vehicles containing merchandise using Customs facilities for day or night parking are to be sealed if applicable at time of arrival and the usual sealing charges will be assessed.

3. Application for permission to operate a Customs warehouse shall be made in writing to the Deputy Minister by the prospective warehouse keeper on an approved form obtainable from and filed in triplicate with the collector at the port where the proposed warehouse is to be established. The application shall be accompanied by a plan drawn by a competent draftsman, and security in an amount determined by the collector.

RENSEIGNEMENTS GÉNÉRAUX

1. Les marchandises qui ont été déchargées à un entrepôt frontière de vérification ne seront pas rechargées sur un véhicule tant que la douane n'en aura pas permis la livraison, l'acheminement par nouveau manifeste ou l'exportation, à moins que l'expédition ne soit autorisée sur le connaissement ou la lettre de voiture ou que l'importateur ne donne d'autres instructions précises.

2. Si l'espace est disponible, les camionneurs, dont l'activité les amène fréquemment sur les lieux, peuvent faire stationner leurs véhicules la nuit sur les terrains de la douane ou dans les parcs de détention de la douane. Les véhicules contenant des marchandises et se servant des commodités de la douane pour le stationnement le jour ou la nuit doivent être plombés, s'il y a lieu, à leur arrivée; les frais ordinaires de plombage seront exigés.

3. La permission de tenir un entrepôt de douane doit être demandée par écrit au Sous-ministre par le futur entreposeur, sur une formule agréée que peut fournir le receveur au bureau où l'entrepôt projeté doit être établi et qui doit lui être adressée en triple. La demande doit être accompagnée d'un plan dressé par un dessinateur compétent et d'un cautionnement du montant fixé par le receveur.

4. Where the average duty and taxes on warehoused goods exceed the amount of bond, a new bond or a rider to the existing bond shall be given for a sum sufficient to cover the additional amount payable.

5. (1) An entry for warehouse form B 6 Red shall be presented to the collector by the owner of goods to be entered for warehouse, removed to another bonded warehouse or where the property of goods in bond is being transferred.

(2) An entry ex-warehouse form B 6 Green shall be presented to the collector by the owner of goods to be removed from a warehouse for any reason other than removal to another bonded warehouse.

(3) Notwithstanding subsection (2), warehoused goods may be temporarily removed from warehouse for exhibition provided the conditions set forth in Memorandum D4-2 are met and the exhibition is to be held at the same port at which the goods are warehoused. The goods are to be released under form E 29B, an extra copy of which is to be given to the port warehouse control section for record purposes. Upon the return of the goods to the warehouse by common carrier, the owner of the goods must present to the collector form B 6 Red in duplicate, one copy of which will serve as cancellation of the form E 29B; the second copy will be given to the warehouse control section for attachment to the original entry for warehouse.

6. Goods for which an entry ex-warehouse has been accepted shall be removed from warehouse immediately, provided that the collector may, on written application by the owner or importer, permit the goods to remain in warehouse for a reasonable period, if the circumstances so warrant.

7. The keeper of a Class II (a) warehouse in which imported raw leaf tobacco is kept may on the 10th, 20th and last day of each month be permitted to enter for consumption the quantities removed from warehouse for manufacturing purposes since the last entry.

8. Entry of coal or coke kept in a Class II (b) warehouse shall be made weekly for the quantity removed for consumption or export during this period.

4. Lorsque la moyenne des droits et des taxes sur les marchandises entreposées dépasse la somme fixée par le cautionnement, un nouveau cautionnement ou un avenant du cautionnement existant pour une somme capable de couvrir le montant supplémentaire devra être remis.

5. (1) Une déclaration pour la mise en entrepôt, formule B 6 rouge, doit être présentée au receveur par le propriétaire des marchandises devant être déclarées pour l'entreposage ou transportées à un autre entrepôt, ou lorsqu'il se produit une mutation de propriété des marchandises entreposées.

(2) Une déclaration de sortie d'entrepôt, formule B 6 verte, doit être remise au receveur par le propriétaire des marchandises devant être retirées d'un entrepôt pour une raison autre qu'une mutation d'entrepôt.

(3) Nonobstant le paragraphe (2), les marchandises entreposées peuvent être retirées temporairement d'un entrepôt aux fins d'exposition, pourvu que les conditions énoncées dans le mémorandum D4-2 soient remplies et que l'exposition soit tenue dans le périmètre du même bureau où les marchandises sont entreposées. La mainlevée doit être obtenue au moyen de la formule E 29B, dont un exemplaire supplémentaire doit être remis à la section chargée du contrôle de l'entrepôt du bureau, pour sa documentation. Dès que le voiturier retourne les marchandises à l'entrepôt, le propriétaire des marchandises doit présenter au receveur la formule B 6 rouge en double, dont un exemplaire servira à annuler la formule E 29B, le deuxième exemplaire devant être transmis à la section chargée du contrôle de l'entrepôt pour être annexée à la déclaration primitive de mise en entrepôt.

6. Les marchandises pour lesquelles une déclaration de sortie d'entrepôt a été acceptée doivent être immédiatement retirées de l'entrepôt. Toutefois, si les circonstances le permettent, le receveur peut, sur demande écrite du propriétaire ou de l'importateur, autoriser que les marchandises demeurent en entrepôt pendant une période raisonnable.

7. L'exploitant d'un entrepôt de la classe II (a), dans lequel est gardé du tabac naturel en feuilles importé, peut déclarer pour la consommation le 10, le 20 et le dernier jour de chaque mois les quantités qu'il a enlevées de l'entrepôt aux fins de fabrication depuis la dernière déclaration.

8. La quantité de charbon ou de coke enlevée d'un entrepôt de la classe II (b) au cours d'une semaine, pour la consommation ou l'exportation, doit faire l'objet d'une déclaration hebdomadaire.

9. Wine, spirits and raw leaf tobacco may remain in warehouse for a maximum period of 4 years from the date first entered for warehouse. Upon application to the Deputy Minister the time for which such goods may remain in warehouse may be extended beyond the aforesaid period, provided that any deficiency in measurement of wines and spirits in casks found in the quantity as originally warehoused in excess of that provided in section 78 of the *Customs Act* shall be duty paid before such extension is granted.

10. To facilitate checking and ex-warehousing, the warehouse keeper shall arrange goods in the warehouse in such a manner as to provide ready identification of the goods with the relative entry numbers or assigned stock code numbers.

11. Where shipments involving shortages of one or more packages are entered for warehouse a "nil" entry for consumption ex-warehouse may be passed for the quantity short-shipped, provided evidence has been produced to verify the shortage and the entry ex-warehouse is supported by a certificate of short-landing or bears reference to and is verified by a short report. Under this procedure the entry for warehouse is to account for the total quantity invoiced with a notation indicating the number of packages short.

12. Where evidence of short-shipment is not produced within 60 days of the date of warehousing, an entry for consumption ex-warehouse is to be passed accounting for duty and taxes on the quantity of goods short-shipped. Notwithstanding the foregoing, where any quantity of warehoused goods is to be ex-warehoused prior to the expiration of the 60 days, the entry for consumption ex-warehouse must also account for any shortage which has not been properly verified.

13. Where it is determined that discrepancies exist between the balance of goods on hand in the bonded warehouse and the quantity on record, the owner of the goods shall be requested to pass immediately an entry accounting for the duties and taxes on all goods found short. Such entries must be paid before further ex-warehouse entries may be accepted.

14. Any person who unlawfully removes goods from any customs warehouse shall incur the penalties imposed on persons illegally importing or smuggling goods into Canada.

9. Les vins, les alcools et le tabac naturel en feuilles peuvent rester en entrepôt pendant une période maximale de 4 ans après la date de leur entrée primitive en entrepôt. Sur demande faite au Sous-ministre, le délai pendant lequel ces marchandises peuvent rester en entrepôt peut être prolongé au-delà de la période susdite, pourvu que tout manquant trouvé dans la quantité de vin et d'alcool en tonneaux, qui a été entreposée en premier lieu, et dépassant celui prévu à l'article 78 de la *Loi sur les douanes*, fasse l'objet de l'acquiescement des droits avant l'autorisation de cette prolongation.

10. Afin de faciliter la vérification et la sortie d'entrepôt, l'exploitant de l'entrepôt disposera les marchandises dans l'entrepôt de façon à en faciliter l'identification au moyen du numéro de la déclaration qui s'y rattache ou du numéro de code assigné au stock.

11. Lorsque des expéditions comportant des manquants d'un ou de plusieurs paquets sont déclarées pour l'entreposage, une déclaration marquée "Néant" de sortie d'entrepôt pour la consommation peut être dressée pour la quantité manquante à l'expédition, pourvu qu'on ait produit une preuve de ce manquant et que la déclaration de sortie d'entrepôt soit justifiée par un certificat de manquant ou porte une mention à ce propos dans un bref rapport qui en établit l'exactitude. D'après cette façon de procéder, la déclaration d'entrepôt doit indiquer la quantité totale facturée, avec mention précisant le nombre des paquets manquants.

12. Si on ne peut prouver dans les 60 jours de la date de l'entreposage que des marchandises manquaient à l'expédition, une déclaration de sortie d'entrepôt pour la consommation doit être préparée pour rendre compte des droits et des taxes sur la quantité de marchandises manquantes à l'expédition. Néanmoins, lorsqu'une quantité de marchandises entreposées doit être sortie d'entrepôt avant l'expiration du délai de 60 jours, la déclaration de sortie d'entrepôt pour la consommation doit également spécifier tout manquant qui n'a pas été vérifié correctement.

13. Lorsqu'il est constaté que des manquants existent entre le reste des marchandises en entrepôt et la quantité inscrite, le propriétaire des marchandises sera prié de produire immédiatement une déclaration pour acquitter les droits et les taxes sur toutes les marchandises trouvées manquantes. Il faut régler le cas de ces déclarations avant que d'autres déclarations de sortie d'entrepôt puissent être acceptées.

14. Toute personne qui enlève illégalement des marchandises d'un entrepôt de douane encourra les peines imposées aux personnes qui importent illégalement ou qui passent en contrebande des marchandises au Canada.

PRESENTATION OF WAREHOUSE
ENTRIES

Entries for Warehouse and Transfer of Property in Goods
Warehoused

15. Goods to be entered for warehouse shall be documented on form B 6 Red in six copies distributed as follows: original to be retained on port file in the records room, one copy each to the port warehouse control section, Headquarters or Regional Headquarters as the case may be, Statistics Canada, the importer and the warehouse keeper. Importers or their agents may block out that portion of the warehouse keeper's copy which reveals value and the amount of duty and tax payable.

16. Where a complete shipment arrives and the importer wishes to have a portion of the shipment removed immediately from a suffrance warehouse for consumption pending presentation of the B 6 Red entry, collectors may authorize such removal on form E 20, which must also indicate the portion of the shipment to be entered for warehouse. Within the period prescribed in Memorandum D44-2 the importer must present a confirming B 6 Red entry accounting for the entire quantity shown on form E 20 and a B 6 Green consumption entry covering the actual quantity of goods which were not delivered to the bonded warehouse. Where a shortage exists in a shipment full details are to be noted on form E 20 and the B 6 Green consumption entry presented within the aforementioned prescribed period must also account for duty and taxes applicable with respect to the shortage.

17. (1) Where feasible the quantity of goods warehoused shall be shown on form B 6 Red in units appropriate to the intended ex-warehousing operation, e.g., where it is determined that a shipment of 12 cases containing 12 boxes will be ex-warehoused in the smaller units, form B 6 Red shall show the number of packages warehoused as being 144 rather than 12. In this instance the words "originally contained in 12 cases" will be shown on the first line of the "Description of Goods" column. It is important that the latter information be shown in order to effect a proper manifest cancellation.

(2) In the event that goods are warehoused in the quantity as indicated on the manifest and the owner of the goods determines at a later date that ex-warehousing is to be made in smaller units, the owner is to submit a substitute B 6 Red entry in duplicate indicating the new number of units. One copy of the substitute entry is to be attached to and bear the entry number of the prime warehouse entry. The validated duplicate copy to be returned to the owner will serve as permission to repack the goods.

October 29, 1974

PRÉSENTATION DES DÉCLARATIONS
POUR LA MISE EN ENTREPÔT

Déclarations pour la mise en entrepôt et mutation de
propriété des marchandises entreposées

15. Les marchandises devant être déclarées pour la mise en entrepôt doivent faire l'objet de la présentation de la formule B 6 rouge en six copies qui seront distribuées comme il suit: l'original doit être consigné au dossier du bureau, dans la salle des archives, et une copie doit parvenir respectivement à la section chargée du contrôle de l'entrepôt du bureau, à l'Administration centrale ou à l'Administration régionale, selon le cas, au Statistique Canada, à l'importateur et à l'entreposeur. Les importateurs ou leurs agents peuvent oblitérer la partie de la copie qui révèle la valeur et le montant des droits et des taxes à payer.

16. Lorsqu'une expédition complète arrive et que l'importateur désire faire enlever immédiatement une partie de cette expédition d'un entrepôt d'attente en vue de la consommation, en attendant la présentation de la déclaration B 6 rouge, les receveurs peuvent autoriser cet enlèvement au moyen de la formule E 20, qui doit également indiquer la partie de l'expédition à déclarer pour la mise en entrepôt. L'importateur doit présenter, dans le délai prescrit par le mémorandum D44-2, une confirmation de déclaration B 6 rouge rendant compte de toute la quantité indiquée sur la formule E 20 et une déclaration B 6 verte de consommation se rapportant à la quantité réelle de marchandises qui n'ont pas été livrées à l'entrepôt. Lorsqu'un manquant existe dans une expédition, les détails complets doivent être mentionnés sur la formule E 20 et la déclaration B 6 verte de consommation, présentée dans le délai prévu plus haut, doit aussi rendre compte des droits et des taxes applicables à ce manquant.

17. (1) Lorsque la chose est possible, la quantité de marchandises entreposées doit être mentionnée sur la formule B 6 rouge en unités répondant au mode projeté de sortie d'entrepôt, e.g., lorsqu'il est établi qu'une expédition de 12 caisses contenant 12 boîtes sera sortie de l'entrepôt en unités plus petites, la formule B 6 rouge indiquera le nombre de colis entreposés comme étant 144 plutôt que 12. En l'occurrence, les mots "contenu en premier lieu dans 12 caisses" figureront sur la première ligne de la colonne "Désignation des marchandises". Il est important que ce dernier renseignement soit donné afin qu'on puisse effectuer l'annulation correcte du manifeste.

(2) Dans le cas où la quantité de marchandises telle qu'elle figure sur le manifeste est entreposée et où le propriétaire des marchandises décide plus tard que la sortie d'entrepôt se fera en unités plus petites, le propriétaire doit présenter une nouvelle déclaration B 6 rouge en double, spécifiant le nouveau nombre d'unités. Une copie de cette nouvelle déclaration doit être attachée à la déclaration et revêtue du numéro de la déclaration primitive de mise en entrepôt. Le duplicata validé, à retourner au propriétaire, lui servira de permission pour remballer les marchandises.

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18. (1) The transfer of property in goods warehoused shall be declared on a separate form B 6 Red. Forms B 6 Red used for this purpose shall bear the entry number of the original warehouse entry.

(2) When transfer of goods is effected, the value for consumption entry of such goods may not be less than that envisaged by sections 36 to 44 of the *Customs Act*. Such value for duty must take into consideration the trade status of the transferee, the actual selling price, the quantities involved, and the other criteria outlined in the valuation sections of the *Customs Act*. When any doubt exists entries of this nature are to be referred to the Tariff Programs and Appraisal Branch at Ottawa.

(3) In accordance with section 75(2) of the *Customs Act* no less than one whole package may be transferred and no more than three transfers of the same goods shall be allowed before entry thereof for consumption or for exportation.

19. (1) Transferred goods remaining in the same bonded warehouse or removed to another bonded warehouse within the port shall be documented on form B 6 Red prepared in duplicate, with the original attached to the entry for warehouse on file in the port warehouse control section and the duplicate returned to the transferee.

(2) Where transferred goods are removed to a bonded warehouse at another port, form B 6 Red is to be presented in triplicate and the third copy certified and mailed to the receiving port, indicating any previous transfers allowed. This will ensure that not more than three transfers are effected for the same goods, and the triplicate copy will also serve as an invoice for the re-warehouse entry.

(3) It shall be the responsibility of the transferee to present an entry for warehouse at the receiving port.

(4) Goods imported under an order bill of lading in favour of a bank or shipper's agent may be entered for warehouse in the name of the bank or shipper's agent at any time the consignee is not in a position to obtain release of the goods, and B 6 Red entries are to be endorsed "subject to amendment". After the consignee has made settlement with the bank or agent, a transfer entry on form B 6 Red may be accepted. Such transfers shall be exempt from the provisions of section 75(2) of the *Customs Act*.

18. (1) La mutation de propriété des marchandises entreposées doit être déclarée sur une formule B 6 rouge distincte. Les formules B 6 rouge employées à cette fin doivent porter le numéro de la déclaration primitive de mise en entrepôt.

(2) Lorsque le transfert des marchandises est effectué, la valeur de ces marchandises aux fins de la déclaration pour la consommation ne peut être inférieure à celle envisagée par les articles 36 à 44 de la *Loi sur les douanes*. Cette valeur imposable doit tenir compte de la catégorie commerciale du cessionnaire, du prix de vente réel, des quantités dont il est question et des autres critères énoncés aux articles de la *Loi sur les douanes* relativement à l'appréciation. S'il existe des doutes à ce propos, les déclarations de cette nature doivent être déferées à la Direction des programmes tarifaires et appréciation.

(3) Suivant l'article 75(2) de la *Loi sur les douanes*, au moins un paquet complet peut être transféré et pas plus de trois transferts de marchandises semblables ne seront permis avant la déclaration pour la consommation ou pour l'exportation.

19. (1) Les marchandises transférées qui restent dans le même entrepôt ou qui sont transportées à un autre entrepôt dans le ressort du bureau donnent lieu à la production de la formule B 6 rouge préparée en double, l'original étant attaché à la déclaration d'entrepôt dans le dossier de la section chargée du contrôle de l'entrepôt du bureau et le double devant être retourné au cessionnaire.

(2) Lorsque des marchandises transférées sont transportées à un entrepôt relevant d'un autre bureau, la formule B 6 rouge doit être présentée en triple et le troisième exemplaire doit être attesté et envoyé par la poste au bureau de réception, indiquant tous les transferts accordés auparavant. Ceci assurera que pas plus de trois transferts sont effectués pour les mêmes marchandises et le triplicata servira également de facture pour la déclaration de remise en entrepôt.

(3) Il incombera au cessionnaire de présenter une déclaration d'entrepôt au bureau de réception.

(4) Les marchandises importées en vertu d'un connaissement à ordre en faveur d'une banque ou de l'agent de l'expéditeur peuvent être déclarées pour la mise en entrepôt au nom de la banque ou de l'agent de l'expéditeur chaque fois que le destinataire n'est pas en mesure d'obtenir mainlevée des marchandises; les déclarations B 6 rouge doivent porter la mention "sous réserve de modification". Après que le destinataire aura conclu un règlement avec la banque ou l'agent, une déclaration de mutation sur la formule B 6 rouge pourra être acceptée. Ces mutations seront exemptes des dispositions de l'article 75(2) de la *Loi sur les douanes*.

20. (1) Where goods in which property has not been transferred are removed to another bonded warehouse within the same port, two copies of form B 6 Red are to be submitted and validated. The original shall be attached to the port copy of the prime entry for warehouse and the duplicate will be returned to the owner of the goods.

(2) Where such goods are removed to a bonded warehouse in another port, four copies of form B 6 Red are to be submitted and validated. Three copies shall be mailed to the receiving port to be used as combination invoices and a new entry for warehouse and the fourth copy shall be attached to the port copy of the prime entry for warehouse.

21. It is to be noted that Statistics Canada does not require a copy of an entry covering goods in which property has been transferred or goods removed to another bonded warehouse.

22. If warehoused goods are removed in bond for consumption at another port, four copies of form B 6 Red are to be submitted and validated. Three copies shall be mailed to the receiving port to be used as invoices in support of the consumption entry and the fourth copy shall be attached to the port copy of the prime entry for warehouse.

23. Goods removed to a bonded warehouse within a port area or at another port shall be documented on a manifest appropriate to the mode of transport. Manifest documentation is to be noted by Customs on forms B 6 Red in the field provided for this purpose. The warehouse keeper may be provided with a copy of the manifest as his authority to release goods from his custody.

ENTRIES EX-WAREHOUSE

24. All goods to be entered ex-warehouse for consumption, ships stores or export shall be documented on form B 6 Green. The purpose for which the goods are to be entered ex-warehouse shall be shown in the field provided in the upper portion of the form.

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20. (1) Lorsque des marchandises pour lesquelles une mutation de propriété ne s'est pas produite sont transportées à un autre entrepôt dans le ressort du même bureau, deux exemplaires de la formule B 6 rouge doivent être produits et validés. L'original doit être annexé à l'exemplaire, retenu au bureau, de la déclaration primitive de mise en entrepôt et le double doit être renvoyé au propriétaire des marchandises.

(2) Lorsque ces marchandises sont transportées à un entrepôt qui relève d'un autre bureau, quatre exemplaires de la formule B 6 rouge doivent être présentés et validés. Trois exemplaires doivent être envoyés par la poste au bureau de réception pour servir de facture et de nouvelle déclaration d'entrepôt combinée, le quatrième exemplaire devant être annexé à l'exemplaire, retenu au bureau, de la déclaration primitive de mise en entrepôt.

21. On remarquera que Statistique Canada n'exige pas d'exemplaire d'une déclaration visant des marchandises pour lesquelles une mutation de propriété s'est produite ou des marchandises qui ont été transportées à un autre entrepôt.

22. Si des marchandises entreposées sont transportées en continuation d'entrepôt pour la consommation à un autre bureau de douane, quatre exemplaires de la formule B 6 rouge doivent être présentés et validés. Trois exemplaires doivent être envoyés par la poste au bureau de réception où elles serviront de factures à l'appui de la déclaration pour la consommation. Le quatrième exemplaire doit être annexé à l'exemplaire, retenu au bureau, de la déclaration primitive de mise en entrepôt.

23. Les marchandises transportées à un entrepôt dans le ressort d'un bureau de douane ou d'un autre bureau doivent faire l'objet d'un manifeste approprié au mode de transport. Ce manifeste doit être noté par la douane sur les formules B 6 rouge dans le blanc prévu à cette fin. Un exemplaire de ce manifeste pourra être remis à l'entreposeur et lui servira d'autorisation pour la mainlevée des marchandises qu'il a sous sa garde.

DÉCLARATIONS DE SORTIE D'ENTREPÔT

24. Toutes les marchandises devant être déclarées à la sortie d'entrepôt pour la consommation, pour approvisionnements de navires ou pour l'exportation, devront être inscrites sur les formules B 6 verte. Le but dans lequel les marchandises doivent être déclarées à la sortie d'entrepôt doit être mentionné dans le blanc prévu à la partie supérieure de la formule.

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25. (1) Entries ex-warehouse shall be prepared in six copies distributed as follows: original to be retained on port file in the records room, one copy each to the port warehouse control section, Headquarters or Regional Headquarters as the case may be, Statistics Canada, the importer and the warehouse keeper.

(2) In the case of entries for ships stores two additional copies shall be prepared for use in accordance with Memorandum D19E.

(3) When alcoholic beverages are being shipped for export a seventh copy of form B 6 Green shall be prepared and accompany the goods. This copy, returned to the sending port after having been validated in the country of destination, will serve as authority for cancellation of the surety bond as required in sections 89(2) and 90 of the *Customs Act*.

26. The sixth copy of the ex-warehouse entry is to be given to the owner of the goods, who will present this copy to the warehouse keeper as the delivery order. Customs officers will complete the delivery order block on this copy only and no other type of form is to be used for this purpose. Importers or their agents may block out that portion of the delivery order copy which reveals value and the amount of duty and taxes payable.

27. All goods exported ex-warehouse shall be forwarded under covering manifest which will serve as cancellation of the relevant B 6 Green entry. Form B 13 export entries are to be prepared in accordance with Memorandum D22-1, section 8, showing the port, date and number of the B 6 Green entry in the body of the form.

28. Deficiencies in volume with respect to wines and spirits in cask allowed in accordance with Schedule B of Memorandum D20 are to be accounted for on form B 6 Green as "entries in liquidation".

IMPORTED RAW LEAF TOBACCO

29. (1) A licensed tobacco or cigar manufacturer who operates a Customs bonded warehouse shall be responsible for ascertaining and reporting, in terms of standard pounds, the quantity of all imported raw leaf tobacco received and ex-warehoused for consumption.

(2) Imported raw leaf tobacco is to be released on form C 6 and delivered directly to the manufactory for the purpose of establishing the standard weight prior to passing the B 3 or B 6 Red entry.

25. (1) Les déclarations de sortie d'entrepôt doivent être préparées en six exemplaires qui seront distribués comme il suit: l'original doit être retenu au dossier du bureau, dans la salle des archives, et une copie doit parvenir respectivement à la section chargée du contrôle de l'entrepôt du bureau, à l'Administration centrale ou à l'Administration régionale, selon le cas, au Statistique Canada, à l'importateur et à l'entreposeur.

(2) Dans le cas de déclarations pour approvisionnements de navires, deux exemplaires supplémentaires doivent être préparés pour usage conformément au mémorandum D19E.

(3) Lorsque des boissons alcooliques sont expédiés en vue de l'exportation, un septième exemplaire de la formule B 6 verte doit être préparé et accompagner les marchandises. Cet exemplaire, retourné au bureau d'expédition après avoir été validé dans le pays de destination, servira d'autorisation pour l'annulation du cautionnement requis d'après les articles 89(2) et 90 de la *Loi sur les douanes*.

26. Le sixième exemplaire de la déclaration de sortie d'entrepôt doit être remis au propriétaire des marchandises qui le présentera à l'entreposeur comme ordre de livraison. Les agents de douane donneront le certificat inscrit sur l'ordre de livraison sur cet exemplaire seulement: on ne doit employer aucun autre genre de formule à ce propos. Les importateurs ou leurs agents peuvent oblitérer la partie de l'exemplaire de l'ordre de livraison qui révèle la valeur et le montant des droits et des taxes à payer.

27. Toutes les marchandises exportées après sortie d'entrepôt doivent être expédiées avec un manifeste, qui servira à annuler la déclaration B 6 verte qui s'y rattache. Les déclarations d'exportation, formules B 13, doivent être dressées suivant les instructions contenues à l'article 8 du mémorandum D22-1, indiquant le bureau, la date et le numéro de la déclaration B 6 verte dans le corps de la formule.

28. Les manquants dans le volume des vins et des alcools en tonneaux, autorisés suivant l'annexe B du mémorandum D20, doivent être inscrits sur la formule B 6 verte comme "déclarations en voie de liquidation".

TABAC NATUREL EN FEUILLES IMPORTÉ

29. (1) Le fabricant de tabac ou de cigares muni d'une licence, qui exploite un entrepôt réel, sera tenu de déterminer et de déclarer, en livres normales, tout le tabac naturel en feuilles importé qu'il a reçu et qui est sorti d'entrepôt pour la consommation.

(2) La mainlevée du tabac naturel en feuilles importé sera accordée selon la formule C 6. On livrera ce tabac directement à la fabrique afin d'y établir le poids régulier avant que soit présentée une déclaration B 3 ou B 6 rouge.

(3) Duty-paid foreign raw leaf tobacco shall be released by Customs only to licensed tobacco or cigar manufacturers. Accordingly, when such raw leaf tobacco is imported by a licensed tobacco packer the goods must be entered for warehouse. Before a B 6 Green entry ex-warehouse for consumption may be accepted, a B 6 Red transfer entry must be presented transferring the tobacco to the licensed manufacturer who, in turn, will be responsible for the preparation of the consumption entry.

30. (1) On receipt, all imported raw leaf tobacco shall be weighed by the licensee.

(2) A copy of the weigh sheet showing particulars of all packages received and weighed, shall be attached to the Customs entry papers.

(3) The weighing shall be under the general supervision of an officer.

31. Packages of reasonably uniform size may be weighed in by pallets and the original package numbers, the total gross, tare and net weights of each pallet or lot weighed at one time shall be recorded on the weigh sheet.

32. On the Customs entry "packages" shall be stated:

(a) in terms of the unit (i.e. packages, pallets, etc.) indicated on the manifest, and

(b) in terms of the unit by which the tobacco will be warehoused; for example, if tobacco manifested by pallets is intended to be ex-warehoused by individual packages, the warehouse entry should show: "X" pallets consisting of "Y" (individual) packages.

33. (1) Samples for moisture testing shall be taken from each grade, or lot, on the following basis: one sample from every ten packages or fraction thereof, up to 50 packages, plus one sample from every 25 packages, or fraction thereof, in excess of 50 packages in each grade or lot.

(2) The minimum number of samples from any lot shall be two when the number of packages is ten or less, or three when the number of packages is 20 or less.

(3) Where individual tests vary more than 1% plus or minus from the average, additional tests shall be taken.

(3) Les Douanes n'accorderont la mainlevée du tabac naturel en feuilles, venant de l'étranger et sur lequel les droits ont été acquittés, qu'à un fabricant de tabac ou de cigares muni d'une licence. Par conséquent, lorsque pareil tabac naturel en feuilles est importé par un paquetteur de tabac muni d'une licence, il doit faire l'objet d'une déclaration d'entrepôt. Avant qu'une déclaration B 6 verte de sortie d'entrepôt pour la consommation puisse être acceptée, une déclaration de mutation B 6 rouge doit être présentée, visant le transfert du tabac au fabricant muni d'une licence qui sera alors tenu de préparer la déclaration de consommation.

30. (1) À son arrivée, tout le tabac naturel en feuilles importé sera pesé par le détenteur de licence.

(2) Une copie de la feuille de pesage contenant la description de tous les paquets reçus et pesés sera annexée aux documents relatifs à la déclaration douanière.

(3) Le pesage se fera sous la surveillance générale d'un agent.

31. Les paquets qui ont sensiblement les mêmes dimensions peuvent être pesés par palettes. Les numéros primitifs des paquets, le poids brut total, la tare et le poids net total de chaque palette ou de chaque lot pesé à un moment donné seront portés sur la feuille de pesage.

32. Dans la déclaration douanière les "paquets" seront exprimés:

a) en unités (c.-à-d. paquets, palettes, etc.) indiquées sur le manifeste, et

b) en unités d'entreposage du tabac: par exemple, si le tabac visé par un manifeste dans lequel la quantité est exprimée en palettes doit être sorti d'entrepôt en paquets séparés, la déclaration d'entrepôt devra porter la mention suivante: "X" palettes contenant "Y" paquets (séparés).

33. (1) Les échantillons destinés aux essais de teneur en eau seront prélevés sur chaque catégorie ou lot de la façon suivante: un échantillon par dix paquets ou fraction de ce nombre pour les 50 premiers paquets et un échantillon par 25 paquets ou fraction de ce nombre après les 50 premiers paquets de chaque catégorie ou lot.

(2) Le nombre minimal d'échantillons prélevés sur chaque lot sera de deux lorsque le nombre des paquets ne dépasse pas dix et de trois lorsqu'il ne dépasse pas vingt.

(3) Lorsque le résultat des épreuves révèle un écart de 1 p. 100 en plus ou en moins de la moyenne, d'autres essais devront être effectués.

34. Moisture tests shall be made by the licensee in an acceptable or approved method under the general supervision of an officer.

35. (1) The tests shall be averaged to determine the moisture content of each grade.

(2) Results of the tests shall be recorded on the relative weigh sheets.

(3) The standard weight for each grade of tobacco shall be computed and shown on the relative weigh sheets and Customs documents.

36. (1) The B 3 or B 6 Red entry shall account for the total number of packages shipped according to the manifest and invoice, as well as any excess packages.

(2) The standard weight for any packages short received shall be based on the average net weight and moisture content of the tobacco received, as determined by the licensee under the general supervision of an officer.

(3) If there is any evidence that part of the contents of a package has been removed, or lost, the difference between the weight of the intact packages and the quantity actually contained in the deficient package shall be considered a shortage and assessed for duty.

37. (1) The B 6 Red entry shall bear the following certificate:

"I certify that the standard weight of each type of tobacco as described hereon has been determined in an approved manner.

.....
Officer

.....
Date Stamp

(2) After the entry has been passed by the collector, a copy shall be returned to the Excise Officer.

38. (1) Where packages are of an approximately uniform weight, an average standard weight per package, established by dividing the total standard weight by the number of packages may be used.

(2) Withdrawals computed on this basis shall be credited for duty in whole pounds, remaining poundage being accounted for on the last package.

34. Les essais de teneur en eau seront effectués par le détenteur de licence d'une manière acceptable ou agréée, sous la surveillance générale d'un agent.

35. (1) On établira la moyenne des résultats de ces épreuves afin de déterminer la teneur en eau de chaque catégorie.

(2) Les résultats des épreuves seront inscrits sur les feuilles de pesage pertinentes.

(3) Le poids régulier du tabac dans chaque catégorie sera calculé et inscrit sur les feuilles de pesage et les documents douaniers pertinents.

36. (1) Il sera tenu compte dans les déclarations B 3 ou B 6 rouge du nombre total de paquets expédiés selon le manifeste et la facture ainsi que de tous paquets en surplus.

(2) Le poids régulier de tous paquets manquant à l'arrivé se fondera sur le poids net moyen et la teneur moyenne en eau du tabac reçu, tels que les a déterminés le détenteur de licence sous la surveillance générale d'un agent.

(3) S'il y a des preuves qu'une partie du contenu d'un paquet a été enlevée ou perdue, la différence entre le poids des paquets intacts et la quantité contenue réellement dans le paquet incomplet sera considérée comme étant un manquant et fera l'objet d'une cote représentant les droits.

37. (1) Le certificat suivant devra apparaître sur la déclaration B 6 rouge:

"Je certifie que le poids régulier de chaque espèce de tabac, tel qu'il est inscrit sur la présente, a été déterminé de la manière agréée.

.....
Agent

.....
Timbre dateur

(2) Après que le receveur aura présenté la déclaration, un exemplaire en sera retourné à l'agent d'accise.

38. (1) Lorsque les paquets auront approximativement le même poids, il sera possible d'utiliser un poids régulier moyen, établi en divisant le poids régulier total par le nombre de paquets.

(2) Les sorties calculées sur cette base seront créditées aux fins des droits en livres entières et le poids excédentaire sera reporté au dernier paquet.

(3) After the entry has been passed by the collector, a copy shall be returned to the Excise Officer.

46. Standard weight for Customs purposes for converted leaf tobacco for use in the manufacture of cigar binders and cigar wrappers shall be determined on the same basis as raw leaf tobacco.

(3) Après que le receveur aura présenté la déclaration, un exemplaire en sera retourné à l'agent d'accise.

46. Aux fins des Douanes, le poids régulier du tabac en feuilles transformé, qui est utilisé à la fabrication de sous-capes et de capes de cigares, sera déterminé selon les mêmes modalités qui s'appliquent dans le cas du tabac naturel en feuilles.

*Le Sous-ministre du Revenu national,
Douanes et Accise.*



G.L. Bennett,
*Deputy Minister of National Revenue,
Customs and Excise.*

* Memorandum D20, June 10, 1968, is superseded.

En remplacement du mémorandum D20, 10 juin 1968.

Files: 8455-4; 8571-0

October 29, 1974

Dossiers: 8455-4; 8571-0

29 octobre 1974

Form D 10

Appendix

SPECIMEN

No.

Amount \$

BOND FOR CUSTOMS WAREHOUSES

KNOW ALL MEN BY THESE PRESENTS: that we,

of in the Province of

hereinafter called the "Principal", and hereinafter called the "Surety", are jointly and severally bound unto Our Sovereign Lady the Queen, her heirs and successors, as represented by the Minister of National Revenue of Canada, hereinafter called the "Obligee", in the penal sum of Dollars (\$) of the lawful money of Canada, to be paid to the said Obligee, for which payment well and faithfully to be made, we jointly and severally bind ourselves and our respective heirs, executors, administrators, successors and assigns firmly by these presents, sealed with our respective seals and dated the day of in the year of Our Lord one thousand nine hundred and

WHEREAS the Principal has made application to the Collector of Customs and Excise for the Port of for permission to operate a Customs Warehouse Class located at pursuant to the provisions of the Customs Act and the Customs Warehousing Regulations and is required pursuant thereto to furnish and maintain security in the sum of Dollars (\$) of the lawful money of Canada for the purpose of securing the due performance of the obligations imposed on the said Principal by the said Customs Act and Customs Warehousing Regulations;

NOW the condition of the above written obligation is such that if the Principal or his heirs, executors, administrators, successors or assigns shall well, truly and faithfully perform and fulfil the obligations imposed on the said Principal by the Customs Act and the Customs Warehousing Regulations lawfully established thereunder, then this obligation shall be void and of no effect but otherwise shall be and remain in full force, virtue and effect. Notwithstanding the foregoing, it is understood and agreed that the liability of the Surety hereunder shall be limited to the amount stated herein and shall not be cumulative from year to year during the existence of this bond.

PROVIDED that if the Surety shall at any time give thirty days' prior written notice of its intention to terminate the obligation hereby undertaken by mailing a registered letter addressed to the Collector of Customs and Excise for the Port of, then this obligation and all liability of the Surety hereunder shall cease and determine so far as concerns any act or dealing on the part of the Principal subsequent to the termination of the obligation hereby undertaken, but otherwise shall remain in full force, virtue and effect in respect of any act or dealing on the part of the Principal from the date hereof to the date of such termination. Notice of any claim hereunder shall be given to the Surety within one year following the date of termination as herein provided.

IN WITNESS WHEREOF the Principal has hereunto set his hand and seal and the Surety has caused these presents to be sealed with its corporate seal, attested to by the signatures of its duly authorized officials, the day and year first above written.

Signed, sealed and delivered

in the presence of

.....

..... Seal
Principal

..... Seal
Surety

Authorized Official
or
..... Officials



Ottawa, October 30, 1974

Ottawa, le 30 octobre 1974

CUSTOMS SUFFERANCE WAREHOUSES

These Regulations are made by Order in Council P.C. 1974-1663, July 23, 1974 pursuant to the sections 273 and 278 of the *Customs Act*.

REGULATIONS RESPECTING THE APPOINTMENT OF CUSTOMS SUFFERANCE WAREHOUSES

SHORT TITLE

1. These Regulations may be cited as the **Customs Sufferance Warehouses Regulations**.

INTERPRETATION

- 2. In these Regulations,
 - “Act” means the *Customs Act*; (*Loi*)
 - “bonded carrier” means any person who has been authorized under the Act to transport goods in bond; (*transporteur cautionné*)
 - “Department” means the Department of National Revenue; (*Ministère*)
 - “sufferance warehouse” means a sufferance warehouse appointed under section 4; (*entrepôt d’attente*)
 - “warehouse keeper” means the owner of a sufferance warehouse or, if the warehouse is leased, the lessee and includes a bonded carrier to whom space in a sufferance warehouse is leased. (*entreposeur*)

APPLICATION

3. These Regulations apply to every sufferance warehouse appointed under these Regulations and every warehouse that was appointed as a sufferance warehouse under the **Customs Warehousing Regulations** prior to the coming into force of these Regulations.

APPOINTMENT OF SUFFERANCE WAREHOUSES

4. The Deputy Minister may appoint sufferance warehouses in which goods may be landed and stored in the manner described in subsections 278 (1) and (2) of the Act.

ENTREPÔTS D’ATTENTE DE DOUANE

Le présent règlement a été établi par le Décret C.P. 1974-1663 du 23 juillet 1974 conformément aux articles 273 et 278 de la *Loi sur les douanes*.

RÈGLEMENT CONCERNANT L’ÉTABLISSEMENT DES ENTREPÔTS D’ATTENTE DE DOUANE

TITRE ABRÉGÉ

1. Le présent règlement peut être cité sous le titre: **Règlement sur les entrepôts d’attente de douane**.

INTERPRÉTATION

- 2. Dans le présent règlement,
 - “entreposeur” désigne le propriétaire d’un entrepôt d’attente ou, si l’entrepôt est loué, le locataire, y compris un transporteur cautionné à qui un espace est loué dans l’entrepôt d’attente; (*warehouse keeper*)
 - “entrepôt d’attente” s’entend d’un entrepôt d’attente établi en vertu de l’article 4; (*sufferance warehouse*)
 - “Loi” désigne la *Loi sur les douanes*; (*Act*)
 - “ministère” désigne le ministère du Revenu national; (*Department*)
 - “transporteur cautionné” désigne toute personne qui a été autorisée en vertu de la Loi à transporter des marchandises en douane. (*bonded carrier*)

APPLICATION

3. Le présent règlement s’applique à tous les entrepôts d’attente établis en vertu du présent règlement ou en vertu du **Règlement sur les entrepôts de douane** avant l’entrée en vigueur du présent règlement.

ÉTABLISSEMENT DES ENTREPÔTS D’ATTENTE

4. Le sous-ministre peut établir des entrepôts d’attente où les marchandises peuvent être débarquées et emmagasinées comme prévu aux paragraphes 278(1) et (2) de la Loi.

5. Every application for appointment of a sufferance warehouse shall be made to the collector on a form approved by the Minister and shall be accompanied by plans of the warehouse.

6. (1) A sufferance warehouse may be appointed only if

(a) the volume and nature of business in the area or region in which it will be located is such that a sufferance warehouse is needed;

(b) the warehouse will be located within a reasonable distance of major transportation routes and Customs port facilities; and

(c) the structure of the warehouse and the financial resources of the applicant are such that he will be able to provide the facilities, equipment, services and personnel described in sections 7 and 8.

(2) Where applications have been made for the appointment of sufferance warehouses, preference shall be given to any applications made in respect of warehouses that are owned or controlled by Canadian citizens and, where there is more than one such application, preference shall be given to the first such application received.

RESPONSIBILITY OF WAREHOUSE KEEPER

7. Every warehouse keeper shall

(a) provide, at a reasonable charge, adequate space for bonded carriers to store goods in bond;

(b) provide a detention compound or parking area adjacent to the sufferance warehouse where goods in bond in vehicles or containers may be safely held pending unloading;

(c) lease, at a reasonable charge, adequate storage space in the warehouse building to any bonded carrier who has requested and needs space for his exclusive use in warehousing goods in bond;

(d) lease, at a reasonable charge, office space in the warehouse building to any licensed Customs House Broker who has requested and needs space for his exclusive use, if it is reasonably practicable to provide such space; and

(e) provide to any person, upon request, a schedule of warehouse rental rates and charges.

5. Toute demande d'établissement d'un entrepôt d'attente doit être présentée au receveur sur une formule approuvée par le ministre et doit être accompagnée des plans de l'entrepôt.

6. (1) Un entrepôt d'attente peut être établi aux conditions suivantes seulement:

a) si le volume et la nature des affaires dans la région où il sera situé en justifient le besoin;

b) si l'entrepôt sera situé à une distance raisonnable des principales routes de transport et des installations d'un bureau de douane; et

c) si la structure de l'entrepôt et les ressources financières du demandeur lui permettront de fournir les installations, le matériel, les services et le personnel prévus aux articles 7 et 8.

(2) En cas de réception de plusieurs demandes d'établissement d'un entrepôt d'attente, la préférence est accordée d'abord à celles qui visent des entrepôts appartenant à des citoyens canadiens ou contrôlés par des citoyens canadiens et, en second lieu à la première reçue.

RESPONSABILITÉ DE L'ENTREPOSEUR

7. Un entreposeur doit

a) fournir, à un prix raisonnable, l'espace voulu aux transporteurs cautionnés pour emmagasiner des marchandises en douane;

b) fournir une enceinte de retenue ou une zone de stationnement attenante à l'entrepôt d'attente où les marchandises en douane se trouvant dans des véhicules ou des conteneurs peuvent être conservées en sécurité en attendant le déchargement;

c) louer, à un prix raisonnable, un espace d'entreposage voulu dans l'entrepôt à tout transporteur cautionné qui a demandé de l'espace et qui en a besoin pour son usage exclusif, afin d'entreposer les marchandises en douane;

d) louer, à un prix raisonnable, de l'espace de bureau dans l'entrepôt à tout courtier en douane muni de licence qui l'a demandé et qui en a besoin pour son usage exclusif, s'il est raisonnablement possible de fournir cet espace; et

e) fournir, sur demande, un tarif des prix de location de l'entrepôt.

8. A warehouse keeper, at the request of and in conformity with specifications provided by the Department, shall provide for the use of Customs officers assigned for duty at his sufferance warehouse and at no expense to the Crown

- (a) an office and space for examining goods;
- (b) furniture;
- (c) washroom facilities;
- (d) light, heat and telephone;
- (e) cleaning services; and
- (f) equipment and personnel adequate for Customs checking and examination.

CANCELLATION OF APPOINTMENT

9. (1) The appointment of a sufferance warehouse may be cancelled where

- (a) the warehouse keeper fails to comply with any provision of these Regulations or any law relating to Customs;
- (b) the ownership or control of the warehouse is changed; or
- (c) any major alterations are made to its structure without prior permission of the Deputy Minister.

(2) The cancellation of an appointment of a sufferance warehouse does not relieve the warehouse keeper of any responsibility or liability imposed on him by subsection 278 (4) of the Act.

ACKNOWLEDGING DEPOSIT OR STORAGE

10. Where requested by the carrier, every warehouse keeper shall acknowledge the deposit or storage of goods in the sufferance warehouse by

- (a) making a notation on a copy of the bill of lading, way bill or other transportation document or on the Customs manifest; or
- (b) issuing a transfer document to the carrier.

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8. À la demande du Ministère et conformément aux prescriptions données par ce dernier, un entreposeur doit fournir gratuitement à la Couronne, à l'usage des agents de douane affectés à l'entrepôt d'attente,

- a) un bureau et l'espace nécessaire pour examiner les marchandises;
- b) des meubles;
- c) une salle de toilette;
- d) l'éclairage, le chauffage et le téléphone;
- e) des services de nettoyage; et
- f) le matériel et le personnel voulus pour permettre la vérification et la visite douanières.

ANNULATION

9. (1) L'établissement d'un entrepôt d'attente peut être annulé dans les cas suivants:

- a) si l'entreposeur omet de se conformer à l'une des dispositions du présent règlement ou d'une loi concernant les douanes;
- b) si le droit de propriété ou le contrôle de l'entrepôt est cédé; ou
- c) si des modifications importantes sont apportées à la structure de l'entrepôt sans l'autorisation préalable du sous-ministre.

(2) L'annulation de l'établissement d'un entrepôt d'attente ne dégage pas l'entreposeur de la responsabilité que lui impose le paragraphe 278(4) de la Loi.

RÉCÉPISSÉ DE DÉPÔT OU D'ENTREPOSAGE

10. Lorsque le transporteur le demande, tout entreposeur doit reconnaître le dépôt ou l'entreposage de marchandises dans l'entrepôt d'attente

- a) en faisant une inscription sur un exemplaire du connaissement, de la lettre de voiture ou de tout autre document de transport ou sur le manifeste douanier; ou
- b) en remettant un document de transfert au transporteur.

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SECURITY

11. (1) Subject to subsections (2) and (3), no appointment of a sufferance warehouse shall be made by the Deputy Minister unless the warehouse keeper provides security by bond

(a) of a guarantee company approved by the Treasury Board;

(b) in a form approved by the Minister; and

(c) in an amount determined by the Deputy Minister, which amount shall be not less than twenty thousand dollars and not more than one hundred thousand dollars.

(2) Subject to subsection (3), the security to be provided in respect of a sufferance warehouse operated solely for shipment of fruit and vegetables arriving by commercial vehicle shall be in the amount of five thousand dollars.

(3) The Deputy Minister may, in his discretion, accept security other than that specified in subsection (1) or (2).

GENERAL INFORMATION

1. Sufferance warehouses consist of the following sub-classes of warehouses for the landing, storage, safekeeping, transfer, examination, delivery and forwarding of imported goods before entry:

(a) a warehouse operated or provided by a railway, express, airline or shipping company;

(b) a warehouse for in bond goods arriving by commercial motor vehicle; and

(c) all sufferance warehouses not described in paragraph (a) or (b).

2. Applications for the establishment of Class (c) sufferance warehouses are to be approved only for third party interests, i.e., freight forwarders, consolidators, pool car operators, harbour commissions.

3. An application for permission to operate a sufferance warehouse may be made in writing by the prospective warehouse keeper on form E 20, obtainable from the collector at the port where the proposed warehouse is to be established.

GARANTIE

11. (1) Sous réserve des paragraphes (2) et (3), le sous-ministre n'établit aucun entrepôt d'attente à moins que l'entreposeur ne fournisse une garantie par cautionnement

a) émanant d'une société de garantie approuvée par le Conseil du Trésor;

b) sous une forme approuvée par le Ministre; et

c) d'un montant déterminé par le sous-ministre, montant d'au moins vingt mille dollars et d'au plus cent mille dollars.

(2) Sous réserve du paragraphe (3), le montant de la garantie à fournir à l'égard d'un entrepôt d'attente exploité uniquement pour les expéditions de fruits et de légumes qui arrivent par véhicule commercial est de cinq mille dollars.

(3) Le sous-ministre peut, à son gré, accepter toute autre garantie que celle précisée au paragraphe (1) ou (2).

RENSEIGNEMENTS GÉNÉRAUX

1. Les entrepôts d'attente comprennent les sous-classes suivantes d'entrepôt pour le déchargement, l'emmagasinage, la garde, le transfert, la vérification, la livraison et l'acheminement des marchandises importées avant leur déclaration:

a) un entrepôt tenu ou fourni par les compagnies de chemin de fer, les messageries, les services de transport aérien ou les compagnies de navigation;

b) un entrepôt pour les marchandises transportées sous douane et arrivant par véhicule automobile commercial; et

c) tous les entrepôts d'attente non désignés aux alinéas a) ou b).

2. Les demandes d'établissement d'entrepôts d'attente de la classe c) doivent être approuvées seulement dans l'intérêt de tiers, c.-à-d. des expéditeurs de fret, des groupeurs, des exploitants de wagons d'expédition en commun, de commissions des ports.

3. Une demande de permis d'exploitation d'entrepôt d'attente peut être faite par écrit par l'entreposeur éventuel sur une formule E 20 qu'il peut obtenir du receveur du bureau où l'entrepôt projeté doit être établi.

4. The application is to be accompanied by the following

- (a) a plan of the entire building indicating
 - (i) if building is existing or to be constructed;
 - (ii) type of construction;
 - (iii) area within building to be used for in bond goods;
 - (iv) location of all partitions, doors, windows, stairs, etc.;
 - (v) location and dimensions of Customs office and examining room;
 - (vi) location of telephone, lights and source of heat in the Customs office and examining room; and
 - (vii) location of washroom facilities.
- (b) a site plan of the property showing the location of the warehouse building and the detention compound or parking area;
- (c) exterior photographs of the building; and
- (d) a map of the city or town showing location of the proposed sufferance warehouse.

5. The following are minimum building requirements of a sufferance warehouse

- (a) a Customs office having an area of at least 120 square feet;
- (b) an examining area of at least 150 square feet, or a combined Customs office – examining room having an area of at least 250 square feet. Space so allocated as examination area is to be suitably protected from the elements; and
- (c) a minimum area of 750 square feet exclusively for the storage of in bond shipments with access from the outside provided by a freight door.

6. In the construction of a sufferance warehouse no deviation from the plans as submitted may be allowed without prior approval of the Deputy Minister.

7. Applications for new sufferance warehouses, together with the supporting documents are to be forwarded to the Regional Collector for submission to the Sufferance Warehouse Advisory Committee, c/o Transportation Division, Headquarters Operations.

8. The Sufferance Warehouse Advisory Committee will consist of

- (a) the persons for the time holding the office of
 - (i) Chief, Transportation, Headquarters Operations;

4. La demande doit être accompagnée des documents suivants:

- a) Un plan du bâtiment complet indiquant
 - (i) si le bâtiment existe ou doit être construit;
 - (ii) le genre de construction;
 - (iii) la partie du bâtiment destinée aux marchandises en entrepôt;
 - (iv) l'endroit où se trouvent les cloisons, les portes, les fenêtres, les escaliers, etc.;
 - (v) l'endroit où se trouvent le bureau de douane et la salle de vérification et leurs dimensions;
 - (vi) l'endroit où se trouvent le téléphone, l'éclairage et les appareils de chauffage dans le bureau de douane et la salle de vérification; et
 - (vii) l'endroit où se trouvent les salles de toilette.
- b) Un plan de la propriété indiquant le site de l'entrepôt et l'endroit de détention ou le parc de stationnement.
- c) Des photographies extérieures du bâtiment; et
- d) Une carte de la ville ou de la cité indiquant le site de l'entrepôt d'attente projeté.

5. Les exigences minimales relatives à la construction d'un entrepôt d'attente sont les suivantes:

- a) un bureau de douane d'au moins 120 pieds carrés;
- b) un secteur de vérification d'au moins 150 pieds carrés, ou un bureau de douane et une salle de vérification combinés d'au moins 250 pieds carrés. La superficie ainsi attribuée au secteur de vérification doit être convenablement protégée des éléments; et
- c) un secteur d'au moins 750 pieds carrés destiné exclusivement à l'entreposage des expéditions en douane, auquel on peut accéder de l'extérieur par une porte pour les marchandises.

6. Au cours de la construction d'un entrepôt d'attente, il ne sera pas permis de s'écarter des plans soumis sans l'approbation préalable du Sous-ministre.

7. Les demandes relatives à de nouveaux entrepôts d'attente doivent être envoyées, avec les documents à l'appui, au receveur régional pour qu'il les soumette au Comité consultatif des entrepôts d'attente, a.b.s. de la Division des transports, Opérations de l'administration centrale.

8. Le Comité consultatif des entrepôts d'attente comprendra

- a) les personnes qui occuperont les postes suivants:
 - (i) chef, Transports, Opérations de l'administration centrale;

(ii) Regional Collector having jurisdiction over the port where the establishment of a sufferance warehouse is being considered; and

(iii) Chief, Operational Services.

(b) a person designated by the Deputy Minister.

9. The committee is to advise and make recommendations to the Deputy Minister respecting the establishment of sufferance warehouses, the appointment of sufferance warehouse keepers and the suspension or revocation of sufferance warehouse appointments.

10. It must be understood that a sufferance warehouse authority is not part of the assets of any warehouse, nor does the transfer of ownership include the automatic transfer of sufferance authority to the new owner.

11. When a change of ownership is contemplated, the owner will advise the Department of his intention to discontinue operation of the sufferance warehouse at least 60 days prior to the effective date of the transfer of ownership.

12. The party to whom the warehouse is being transferred is to make application on form E 20 for permission to operate the sufferance warehouse under the same procedure as would apply if a new warehouse was being established, except that plan specifications and details of the accommodations for Customs may not be required.

13. Where a section of a sufferance warehouse is leased by an operator to an authorized bonded carrier to be used as a sufferance warehouse, the application is to be made by the lessee on form E 20, accompanied by the appropriate security and a diagram of the floor plan designating the area leased. No space so leased shall be less than 750 square feet.

14. In order that the lessor and lessee may be aware of the effective date of the changes in their responsibilities, the application and supporting documents are to be submitted to the Collector through the warehouse operator (lessor). Similarly, acknowledgement and approval of the application will be forwarded to the lessee through the warehouse operator.

15. Where major alterations are to be made to a sufferance warehouse, a letter from the Regional Collector recommending approval of the alterations, together with a drawing showing the proposed alterations is to be submitted to Headquarters. Any minor alterations are to be made known to the local collector and where a number of minor alterations were made over a period of time extensively alters the original dimensions of the building, an up to date drawing, incorporating these changes is to be forwarded for departmental record.

(ii) receveur régional de qui relève le bureau où l'on projette d'établir un entrepôt d'attente; et

(iii) chef, Services d'exploitation.

b) une personne désignée par le Sous-ministre.

9. Le comité doit conseiller le Sous-ministre et lui faire des recommandations au sujet de l'établissement d'entrepôts d'attente, de la nomination des propriétaires ou des locataires d'entrepôts d'attente et de la suspension ou la révocation de nominations relatives aux entrepôts d'attente.

10. Il doit être entendu qu'une autorisation d'entrepôt d'attente ne fait pas partie des valeurs actives d'un entrepôt et que le transfert des titres de propriété ne comporte pas le transfert automatique au nouveau propriétaire de l'autorisation relative à l'entreposage.

11. Lorsqu'un changement de propriétaire est envisagé, le propriétaire informera le Ministère de son intention de cesser d'exploiter l'entrepôt d'attente au moins 60 jours avant la date d'entrée en vigueur du transfert des titres de propriété.

12. La personne à qui l'entrepôt est transféré doit demander, au moyen d'une formule E 20, la permission d'exploiter l'entrepôt d'attente suivant la même procédure qui s'appliquerait à l'établissement d'un nouvel entrepôt, sauf qu'il est possible que les spécifications du plan et les détails relatifs aux installations pour les douanes ne soient pas exigés.

13. Lorsqu'une partie d'un entrepôt d'attente est louée par un exploitant à un transporteur cautionné autorisé pour servir d'entrepôt d'attente, le locataire devra faire la demande au moyen d'une formule E 20 accompagnée de la garantie appropriée et d'un schéma de l'étage indiquant le secteur loué. Aucun espace loué de cette manière ne sera inférieur à 750 pieds carrés.

14. Afin que le bailleur et le locataire puissent connaître la date d'entrée en vigueur du changement de leurs responsabilités, la demande et les documents à l'appui doivent être présentés au receveur par l'intermédiaire de l'exploitant d'entrepôt (bailleur). De même, l'accusé de réception et l'approbation de la demande seront envoyés au locataire par l'intermédiaire de l'exploitant d'entrepôt.

15. Lorsque des modifications importantes doivent être faites à un entrepôt d'attente, une lettre du receveur régional recommandant l'approbation des modifications doit être soumise à l'administration centrale avec un dessin indiquant les modifications projetées. Les modifications de peu d'importance doivent être signalées au receveur régional et, lorsqu'une série de modifications de peu d'importance faites pendant une certaine période modifient considérablement les dimensions originales du bâtiment, un plan à jour, indiquant ces changements, doit être envoyé pour le dossier du Ministère.

16. Section 9(1)(a) of the Regulations provides that the appointment of a sufferance warehouse may be cancelled where the warehouse keeper fails to comply with any provision of the regulations. For the purpose of this section, a review of established warehouses will be conducted following the proclamation of the regulations and owners and operators of warehouses found to be deficient as to operational requirements, equipment and accommodation will be allowed a period of eighteen months to upgrade their facilities.

17. Security for a sufferance warehouse will be in an amount calculated on the basis of \$1,000 for each 1,000 shipments or releases per year destined to the warehouse facility. No bond so entered into will be less than \$20,000 nor exceed \$100,000.

18. While security need not be submitted with an application, collectors are to ensure that proper security is filed prior to the date on which a new warehouse commences operation.

19. Collectors are to notify their Regional Office whenever security covering a sufferance warehouse is altered for any reason, or such a warehouse is closed.

20. Unless alternative arrangements have been made between the operator of a sufferance warehouse and the parties using the warehouse facilities, responsibility for allocation of personnel to locate, open and close packages for Customs rests with the warehouse operator.

21. Section 278(4) of the *Customs Act* provides that the operator of a sufferance warehouse is responsible to the Crown for the safekeeping of all goods stored therein pending due entry or lawful removal of the goods and is liable for all Customs duties and sales and excise taxes payable thereon unless he can produce the goods or show to the satisfaction of the Department that they have been duly entered or lawfully removed.

22. Goods which have remained on hand for 30 days or more in a sufferance warehouse will be recorded as unclaimed, subject to disposal pursuant to section 23 of the *Customs Act*.

16. L'article 9(1)a) du règlement stipule que l'établissement d'un entrepôt d'attente peut être annulé lorsque l'entreposeur omet de se conformer à l'une des dispositions du présent règlement. Aux fins de cet article, une étude des entrepôts établis sera faite après la proclamation du règlement et les propriétaires et les exploitants d'entrepôts qui ne seront pas en règle sous les rapports des exigences d'exploitation, du matériel et de l'aménagement auront 18 mois pour mettre leurs installations à jour.

17. La garantie relative à un entrepôt d'attente sera d'un montant calculé à raison de \$1,000 pour 1,000 expéditions ou mainlevées annuelles destinées à l'entrepôt. Aucun cautionnement ainsi engagé ne sera inférieur à \$20,000 ou supérieur à \$100,000.

18. Bien qu'il ne soit pas nécessaire de présenter une garantie avec une demande, les receveurs doivent s'assurer que la garantie appropriée est déposée avant la date d'ouverture d'un nouvel entrepôt.

19. Chaque fois qu'une garantie relative à un entrepôt d'attente sera modifiée pour quelque raison que ce soit, ou qu'un tel entrepôt sera fermé, les receveurs devront en aviser leur bureau régional.

20. À moins que d'autres arrangements n'aient été conclus entre l'exploitant d'un entrepôt d'attente et les personnes qui l'utilisent, c'est à l'exploitant d'entrepôt que revient la responsabilité de désigner les personnes responsables de pépérer, d'ouvrir et de fermer les colis.

21. L'article 278(4) de la *Loi sur les douanes* stipule que l'exploitant d'un entrepôt d'attente est responsable envers la Couronne de la bonne garde de tous les effets y emmagasinés jusqu'à ce qu'ils aient été régulièrement déclarés ou licitement enlevés et il est responsable de tous les droits de douane et de toutes les taxes de vente et d'accise payables à leur égard, sauf s'il peut présenter les effets ou prouver, à la satisfaction du Ministère, que les effets ont été régulièrement déclarés ou licitement enlevés.

22. Les marchandises qui sont demeurées dans un entrepôt d'attente pendant 30 jours ou plus seront inscrites comme étant des marchandises non réclamées et on pourra s'en défaire conformément à l'article 23 de la *Loi sur les douanes*.

Le Sous-ministre du Revenu national,
Douanes et Accise.



G.L. Bennett,
Deputy Minister of National Revenue,
Customs and Excise.

Files: 8455-4; 8571-0

October 30, 1974

Dossiers: 8455-4; 8571-0

30 octobre 1974

Form D 20

APPENDIX

No.

Amount \$

BOND FOR CUSTOMS SUFFERANCE WAREHOUSES

KNOW ALL MEN BY THESE PRESENTS: that we,

of in the Province of hereinafter called the "Principal", and hereinafter called the "Surety", are jointly and severally bound unto Our Sovereign Lady the Queen, her heirs and successors, as represented by the Minister of National Revenue of Canada, hereinafter called the "Obligee", in the penal sum of Dollars (\$.....) of the lawful money of Canada to be paid to the said Obligee, for which payment well and faithfully to be made, we jointly and severally bind ourselves and our respective heirs, executors, administrators, successors and assigns firmly by these presents, sealed with our respective seals and dated theday of..... in the year of Our Lord one thousand nine hundred and

WHEREAS the Principal has made application to the Collector of Customs and Excise for the Port of..... for permission to operate a Customs Sufferance Warehouse Class..... located at..... pursuant to the provisions of the Customs Act and the Customs Sufferance Warehouses Regulations and is required pursuant thereto to furnish and maintain security in the sum of Dollars(\$.....) of the lawful money of Canada for the purpose of securing the due performance of the obligations imposed on the said Principal by the said Customs Act and Customs Sufferance Warehouses Regulations;

NOW the condition of the above written obligation is such that if the Principal or his heirs, executors, administrators, successors or assigns shall well, truly and faithfully perform and fulfil the obligations imposed on the said Principal by the Customs Act and the Customs Sufferance Warehouses Regulations lawfully established thereunder, then this obligation shall be void and of no effect but otherwise shall be and remain in full force, virtue and effect. Notwithstanding the foregoing, it is understood and agreed that the liability of the Surety hereunder shall be limited to the amount stated herein and shall not be cumulative from year to year during the existence of this bond.

PROVIDED that if the Surety shall at any time give thirty days' prior written notice of its intention to terminate the obligation thereby undertaken by mailing a registered letter addressed to the Collector of Customs and Excise for the Port of, then this obligation and all liability of the Surety hereunder shall cease and determine so far as concerns any act or dealing on the part of the Principal subsequent to the termination of the obligation hereby undertaken, but otherwise shall remain in full force, virtue and effect in respect of any act or dealing on the part of the Principal from the date hereof to the date of such termination. Notice of any claim hereunder shall be given to the Surety within one year following the date of termination as herein provided.

IN WITNESS WHEREOF the Principal has hereunto set his hand and seal and the Surety has caused these presents to be sealed with its corporate seal, attested to by the signatures of its duly authorized officials, the day and year first above written.

Signed, sealed and delivered in the presence of

.....

} Seal
Principal
} Seal
Surety
Authorized Official
or
} Officials

October 30, 1974



Ottawa, June 22, 1977

Ottawa, le 22 juin 1977

DRAWBACK

DRAWBACK

**REGULATIONS RESPECTING DRAWBACK OF CUSTOMS
DUTIES AND EXCISE TAXES PAID IN RESPECT
OF CERTAIN GOODS MANUFACTURED OR
PRODUCED IN CANADA AND
EXPORTED**

**RÈGLEMENT SUR LE DRAWBACK CONCERNANT
LES DROITS DE DOUANE ET DES TAXES
D'ACCISE PAYÉS À L'ÉGARD DE
CERTAINES MARCHANDISES FABRIQUÉES
OU PRODUITES AU CANADA ET EXPORTÉES**

P.C. 1976-2484 7 October, 1976 (SOR/76-680, October 13, 1976)

C.P. 1976-2484 7 octobre 1976 (DORS/76-680, 13 octobre 1976)

His Excellency the Governor General in Council on the recommendation of the Minister of National Revenue, the Minister of Finance and the Minister of Industry, Trade and Commerce, pursuant to sections 275 and 276 of the *Customs Act* and section 44 of the *Excise Tax Act*, is pleased hereby to amend the Canadian Manufactured Goods Exported Drawback Regulations made by Order in Council P.C. 1973-120 of 16th January, 1973, as amended, in accordance with the schedule hereto.

Sur avis conforme du ministre du Revenu national, du ministre des Finances et du ministre de l'Industrie et du Commerce et en vertu des articles 275 et 276 de la *Loi sur les douanes* et de l'article 44 de la *Loi sur la taxe d'accise*, il plaît à Son Excellence le Gouverneur général en conseil de modifier, conformément à l'annexe ci-après, le Règlement sur les drawbacks relatifs aux marchandises de fabrication canadienne exportées établi par le décret C.P. 1973-120 du 16 janvier 1973, dans sa forme modifiée.

SHORT TITLE

TITRE ABRÉGÉ

1. These Regulations may be cited as the Canadian Manufactured Goods Exported Drawback Regulations.

1. Le présent règlement peut être cité sous le titre: Règlement sur les drawbacks relatifs aux marchandises de fabrication canadienne exportées.

INTERPRETATION

INTERPRÉTATION

2. In these Regulations

2. Dans le présent règlement,

"materials" includes articles;

"matières" comprend les articles;

"materials of the same class" means materials that are so similar that

"matières de même catégorie" désigne des matières qui sont si semblables

(a) they can be, or

a) qu'elles peuvent, ou

(b) but for their difference in colour they could be

b) si ce n'était de leur différence de couleur, qu'elles pourraient

used interchangeably in the manufacture or production of goods;

être utilisées indifféremment pour la fabrication ou la production de marchandises;

"Minister" means the Minister of National Revenue.

"Ministre" désigne le ministre du Revenu national.

GENERAL

3. Subject to these Regulations, the Minister shall authorize the payment to the exporter, manufacturer or producer of goods as exported of a drawback of ninety-nine per cent of the Customs duty and Excise taxes paid on or in respect of

(a) imported materials used in, wrought into or attached to goods manufactured or produced in Canada and exported therefrom;

(b) imported materials, other than fuel or plant equipment, directly consumed in the manufacture or production of goods exported; and

(c) imported materials, other than fuel or plant equipment, in a quantity sufficient to manufacture or produce the goods exported, where

(i) domestic materials of the same class as those imported are used or directly consumed in the manufacture or production of, or wrought into or attached to, the goods exported, and

(ii) the imported materials were used in the plant manufacturing or producing the goods exported during the twelve month period immediately preceding the manufacture or production of such goods.

4. Revoked. (P.C. 1977-1257, May 5, 1977, SOR/77-388, May 6, 1977).

5. Where any imported materials enter a process of manufacture that results in the production of a by-product, the drawback payable in respect of those materials shall be reduced by the same proportion that the value of the by-product bears to the total value of all production from the materials.

6. (1) Where any imported materials enter a process of manufacture that results in the production of merchantable scrap or waste, the drawback payable in respect of those materials shall be reduced by a sum to be arrived at by applying to the Canadian sales value of the merchantable scrap or waste, the prevailing rate of Customs duty on merchantable scrap or waste of the same kind when imported as such.

(2) Notwithstanding subsection (1), no reduction referred to therein shall be calculated on a higher rate of Customs duty than was paid on the imported materials from which the scrap or waste was derived.

DISPOSITIONS GÉNÉRALES

3. Sous réserve du présent règlement, le Ministre autorise le paiement à l'exportateur, au fabricant ou producteur des marchandises telles qu'exportées d'un drawback de quatre-vingt-dix-neuf pour cent des droits de douane et des taxes d'accise payés à l'égard

a) de matières importées qui ont été employées ou façonnées dans des marchandises fabriquées ou produites au Canada et exportées du Canada ou qui y ont été unies;

b) des matières importées, sauf le combustible ou l'outillage d'usine, consommées directement dans la fabrication ou la production de marchandises exportées; et

c) des matières importées, sauf le combustible ou l'outillage d'usine, en quantité suffisante pour fabriquer ou produire les marchandises exportées, lorsque

(i) des matières nationales de la même classe que les matières importées sont employées ou directement consommées dans la fabrication ou la production des marchandises exportées, ou sont façonnées dans ces marchandises ou y sont unies; et que

(ii) les matières importées ont été utilisées dans l'usine qui fabrique ou produit les marchandises exportées dans les douze mois qui précèdent immédiatement la fabrication ou la production de ces marchandises.

4. Abrogé. (C.P. 1977-1257, 5 mai 1977, DORS/77-388, 6 mai 1977).

5. Lorsque des matières importées entrent dans un procédé de fabrication qui entraîne la production d'un sous-produit, le drawback payable à l'égard de ces matières doit être réduit dans la même proportion que celle qui existe entre la valeur du sous-produit et la valeur globale de l'ensemble de la production réalisée à partir de ces matières.

6. (1) Lorsque des matières importées entrent dans un procédé de fabrication qui entraîne la production de déchets ou de rebuts vendables, le drawback payable à l'égard de ces matières doit être réduit d'un montant qu'on obtiendra en appliquant à la valeur marchande canadienne des déchets ou rebuts vendables le taux courant des droits de douane applicables aux déchets ou aux rebuts vendables de la même espèce lorsqu'ils sont importés comme tels.

(2) Nonobstant le paragraphe (1), aucune réduction y mentionnée ne doit être calculée en utilisant un taux de droit de douane supérieur à celui qui a été payé sur les matières importées dont les déchets ou les rebuts proviennent.

7. No payment shall be made in respect of any claim for drawback unless the Customs duty and Excise taxes on the materials in respect of which the claim referred to in section 8 is made were paid within the three year period immediately preceding the date of exportation of the Canadian manufactured goods and have not been refunded.

8. A claim for drawback shall

(a) be made in such form as the Minister may prescribe;

(b) be accompanied by

(i) waivers from any other person who, pursuant to these Regulations could be entitled to claim drawback, and

(ii) such other evidence of entitlement to the drawback as is satisfactory to the Minister; and

(c) be filed at a Customs office within two years of the date of exportation shown on each export entry referred to in the claim.

9. (1) Subject to subsection (2), there shall be deducted from the drawback otherwise payable under section 3 the amount of anti-dumping duty paid or payable in respect of goods described in the schedule.

(2) Subsection (1) applies only if the initial documents for entry for consumption were delivered to the collector

(a) on or after October 13, 1976 in the case of the goods described in item 1 of the schedule; or

(b) on or after April 22, 1977 in the case of the goods described in item 2 of the schedule. (P.C. 1977-1094, April 21, 1977, SOR/77-332, April 22, 1977).

10. No payment of drawback in respect of goods exported referred to in section 3 shall be made where those goods were used for any purpose subsequent to manufacture or production and prior to export.

7. Aucun paiement n'est fait à l'égard d'une demande de drawback, à moins que les droits de douane et les taxes d'accise sur les matières qui font l'objet de la demande dont il est question à l'article 8 n'aient été payés dans les trois années qui ont précédé la date d'exportation des marchandises de fabrication canadienne et qu'ils n'aient pas été remboursés.

8. Une demande de drawback doit être

a) établie en la forme que peut prescrire le Ministre;

b) accompagnée

(i) d'une renonciation de toute autre personne qui, aux termes du présent règlement, pourrait être admise à demander un drawback, et

(ii) des autres preuves documentaires d'admissibilité au drawback, jugées acceptables par le Ministre; et

c) déposée à un bureau de douane dans les deux ans qui suivent la date d'exportation indiquée dans chaque déclaration d'exportation mentionnée dans la demande.

9. (1) Sous réserve du paragraphe (2), on doit déduire du drawback exigible en vertu de l'article 3 le montant des droits antidumping payés ou exigibles à l'égard des marchandises décrites à l'annexe.

(2) Le paragraphe (1) ne s'applique que si les premiers documents d'entrée aux fins de consommation ont été remis au receveur

a) à compter du 13 octobre 1976, dans le cas des marchandises décrites à l'article 1 de l'annexe; ou

b) à compter du 22 avril 1977, dans le cas des marchandises décrites à l'article 2 de l'annexe. (C.P. 1977-1094, 21 avril 1977, DORS/77-332, 22 avril 1977).

10. Aucun paiement de drawback ne sera fait en ce qui concerne les marchandises visées à l'article 3, si ces marchandises ont été utilisées à une fin postérieure à la fabrication ou à la production et antérieure à l'exportation.

SCHEDULE

ANNEXE

1. Single row tapered roller bearings of an outside diameter not exceeding 6.625 inches and parts thereof originating in Japan.

2. Fabrics woven from slit-film tapes of polyethylene resin

(a) uncoated, or

(b) coated or laminated on one or both sides with polyethylene film

originating in Japan. (P.C. 1977-1094, April 21, 1977, SOR/77-332, April 22, 1977).

1. Roulements à une seule rangée de galets coniques et leurs pièces, en provenance du Japon, d'un diamètre extérieur d'au plus 6.625 pouces.

2. Tissus à trame et à chaîne obtenus de rubans de fils de films de résine de polyéthylène

a) non enduits, ou

b) enduits ou laminés sur un ou deux côtés d'un film de polyéthylène

en provenance du Japon. (C.P. 1977-1094, 21 avril 1977, DORS/77-332, 22 avril 1977).

GENERAL INFORMATION

RENSEIGNEMENTS GÉNÉRAUX

1. A claim on form K 32 is to be typed or legibly written in ink and filed, in duplicate, at a Customs Office.

2. Drawback is not payable in respect of Customs penalties imposed on imported goods.

3. The following documents should be delivered with the claim for drawback:

(a) A copy of the Canada Customs Export Entry certified by the Collector of Customs and Excise at the port of exit where the goods were entered for exportation from Canada.

(b) A true copy of the sales invoice pertaining to the goods described on the export entry.

(c) The original and one copy of Certificate of Importation, Sale or Transfer when the claimant entitled to drawback is not the importer.

(d) The original and one copy of Certificate of Sale for Exportation when the claimant is the manufacturer or producer but not the exporter of the finished goods.

(e) A list, in triplicate, of the import entries quoted in the claim, arranged by name of port, fiscal year and in numerical order.

1. Une demande sur une formule K 32 doit être dactylographiée ou écrite lisiblement à l'encre et être présentée, en duplicata, à un bureau de douane.

2. Aucun drawback n'est payable à l'égard des amendes douanières imposées sur des marchandises importées.

3. Les documents suivants devraient être produits avec la demande de drawback:

a) Une copie de la déclaration d'exportation certifiée par le receveur des Douanes et de l'Accise au bureau de sortie où les marchandises ont été déclarées aux fins d'exportation du Canada.

b) Une copie conforme de la facture de vente ayant trait aux marchandises désignées sur la déclaration d'exportation.

c) L'original et une copie du certificat à l'égard d'importation, de vente ou de transfert lorsque le demandeur admissible à un drawback n'est pas l'importateur.

d) L'original et une copie du certificat à l'égard de vente pour l'exportation lorsque le demandeur est le fabricant ou le producteur mais non l'exportateur des marchandises finies.

e) Une liste, en triplicata, des déclarations d'importation mentionnées dans la demande, disposée selon le nom du bureau, l'année financière et par ordre numérique.

4. Detailed information regarding drawback qualifications and requirements may be obtained at Drawback Offices located at:

4. De plus amples renseignements concernant les conditions d'admissibilité et les exigences auxquelles il faut satisfaire aux fins des drawbacks peuvent être obtenus aux bureaux de drawback situés à:

Halifax, N.S.	Halifax Insurance Building, 5670 Spring Garden Road, P.O. Box 1658, B3J 2Z8	Halifax (N.-É.)	Édifice Halifax Insurance 5670, chemin Spring Garden case postale 1658 B3J 2Z8
Quebec, Que.	Custom House, 2 St. Andre, P.O. Box 2267, G1K 7P6	Québec (P.Q.)	Bureau de douane 2, rue St-André case postale 2267 G1K 7P6
Montreal, Que.	Custom House, 400 Youville Square, H2Y 3N4	Montréal (P.Q.)	Bureau de douane 400, place Youville H2Y 3N4
Ottawa, Ont.	Custom House, 1650 Carling Ave., K2A 3Y1	Ottawa (Ont.)	Bureau de douane 1650, av. Carling K2A 3Y1
Oshawa, Ont.	312 Simcoe St. S., L1H 4H7	Oshawa (Ont.)	312 sud, rue Simcoe L1H 4H7
Toronto, Ont.	Manulife Centre, 55 Bloor St. W., M5W 1A3	Toronto (Ont.)	Centre Manulife 55 ouest, rue Bloor M5W 1A3
Hamilton, Ont.	Dominion Public Bldg., 10 John Street, S., P.O. Box 877, L8N 3N9	Hamilton (Ont.)	Édifice Public Dominion 10 sud, rue John case postale 877 L8N 3N9
London, Ont.	451 Talbot St., P.O. Box 5940, Station A, N6A 4T9	London (Ont.)	451, rue Talbot case postale 5940 Succursale A N6A 4T9
Windsor, Ont.	Dominion Public Bldg., 185 Ouellette Avenue, N9A 4H8	Windsor (Ont.)	Édifice Public Dominion 185, av. Ouellette N9A 4H8
Winnipeg, Man.	Federal Bldg., 269 Main St., R3C 1B3	Winnipeg (Man.)	Édifice Fédéral 269, rue Main R3C 1B3
Regina, Sask.	104 Towne Square, 1919 Rose St., S4P 3P1	Regina (Sask.)	104, place Towne 1919, rue Rose S4P 3P1

Calgary, Alta.

Custom House,
134-11th Avenue S.E.,
T2G 0X5

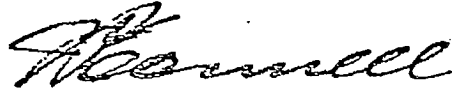
Calgary (Alb.)

Édifice des Douanes
134 sud-est, 11^e avenue
T2G 0X5

Vancouver, B.C.

1001 W. Pender St.,
V6E 2M8

Vancouver (C.-B.)

1001 rue Pender ouest
V6E 2M8*Sous-ministre du Revenu national,
Douanes et Accise.*

J.P. Connell,
*Deputy Minister of National Revenue,
Customs and Excise.*

Memorandum D17-4, November 17, 1976, is superseded.

En remplacement du mémorandum D17-4, 17 novembre 1976.

File: 6521-0

Dossier: 6521-0

June 22, 1977

22 juin 1977



Ottawa, June 20, 1977

Ottawa, le 20 juin 1977

DRAWBACK

DRAWBACK

**REGULATIONS RESPECTING THE PAYMENT
OF DRAWBACK ON GOODS IMPORTED INTO
CANADA AND EXPORTED**

**RÈGLEMENT SUR LES DRAWBACKS RELATIFS
AUX MARCHANDISES IMPORTÉES AU
CANADA ET EXPORTÉES**

The following regulations are made by Order in Council P.C. 1973-417, February 20, 1973, as amended, pursuant to sections 114 and 275 of the *Customs Act* and section 44 of the *Excise Tax Act*. Order in Council P.C. 1965-294 of February 19, 1965 is revoked.

Les règlements suivants ont été établis par le décret C.P. 1973-417 du 20 février 1973, dans sa forme modifiée, en vertu des articles 114 et 275 de la *Loi sur les douanes* et de l'article 44 de la *Loi sur la taxe d'accise*. Le décret C.P. 1965-294 du 19 février 1965 est annulé.

SHORT TITLE

TITRE ABRÉGÉ

1. These Regulations may be cited as the **Goods Imported and Exported Drawback Regulations**.

1. Le présent règlement peut être cité sous le titre: **Règlement sur les drawbacks relatifs aux marchandises importées et exportées**.

INTERPRETATION

INTERPRÉTATION

2. In these Regulations, "Minister" means the Minister of National Revenue.

2. Dans le présent règlement, "Ministre" désigne le ministre du Revenu national.

GENERAL

DISPOSITIONS GÉNÉRALES

3. Subject to these Regulations, the Minister shall authorize the payment to an exporter or importer of goods of a drawback of ninety-nine per cent of the Customs duty and excise taxes paid on imported goods that are exported and that have not

3. Sous réserve du présent règlement, le Ministre autorise le paiement à l'exportateur ou à l'importateur d'un drawback de quatre-vingt-dix-neuf pour cent des droits de douane et des taxes d'accise payés sur des marchandises importées qui sont exportées et

(a) been used in Canada for any purpose other than exclusively in the development or production of goods that are to be exported;

a) qui n'ont pas été utilisés au Canada à une fin quelconque, sauf exclusivement à la mise au point ou à la production de marchandises qui doivent être exportées;

(b) been used as plant equipment; and

b) qui n'ont pas été utilisées comme outillage d'usine; et

(c) been damaged prior to such export.

c) qui n'ont pas été endommagées avant une telle exportation.

4. Revoked. (P.C. 1977-1259, May 5, 1977).

4. Abrogé. (C.P. 1977-1259, 5 mai 1977).

5. A claim for drawback shall

(a) be made in such form as the Minister may prescribe;

(b) be accompanied by

(i) waivers from any person, other than the claimant, who, pursuant to these Regulations, could be entitled to claim a drawback, and

(ii) such other evidence of entitlement to the drawback as is satisfactory to the Minister; and

(c) be filed at a Customs office within two years of the date of exportation shown on each export entry referred to in the claim.

5. Une demande de drawback doit

a) être présentée en la forme que peut prescrire le Ministre;

b) accompagnée de

(i) renonciations émanant de toute personne, sauf le demandeur, qui, en vertu du présent règlement, aurait le droit de demander un drawback, et

(ii) toute autre preuve d'admissibilité au drawback jugée satisfaisante par le Ministre; et

c) présentée à un bureau de douane dans les deux ans qui suivent la date d'exportation indiquée sur chaque déclaration d'exportation mentionnée dans la demande.

6. No payment shall be made in respect of any claim for drawback unless the Customs duty and excise taxes on the goods in respect of which the claim referred to in section 5 is made were paid within the three-year period immediately preceding the date of exportation of the imported goods and have not been refunded.

6. Aucun paiement n'est fait à l'égard d'une demande de drawback, à moins que les droits de douane et les taxes d'accise sur les marchandises qui font l'objet de la demande mentionnée à l'article 5 n'aient été payés pendant la période de trois ans ayant précédé immédiatement la date d'exportation des marchandises importées et qu'ils n'aient pas été remboursés.

GENERAL INFORMATION

1. A claim on form K 32 is to be typed or legibly written in ink and filed, in duplicate, at a Customs office.

2. Drawback is not payable in respect of Customs penalties imposed on imported goods.

3. The following documents should be delivered with the claim for drawback:

(a) A copy of the Canada Customs Export Entry certified by the Collector of Customs and Excise at the port of exit where the goods were entered for exportation from Canada.

(b) A true copy of the

(i) sales invoice pertaining to the goods described on the export entry in the case of sale, or

(ii) credit note in the case of goods returned for credit, or

(iii) through bill of lading in the case of goods on a consignment basis.

RENSEIGNEMENTS GÉNÉRAUX

1. Une demande sur une formule K 32 doit être dactylographiée ou écrite lisiblement à l'encre et être présentée, en duplicata, à un bureau de douane.

2. Aucun drawback n'est payable à l'égard des amendes douanières imposées sur des marchandises importées.

3. Les documents suivants devraient être produits avec la demande de drawback:

a) Une copie de la déclaration d'exportation certifiée par le receveur des Douanes et de l'Accise au bureau de sortie où les marchandises ont été déclarées aux fins d'exportation du Canada.

b) Une copie conforme

(i) de la facture de vente ayant trait aux marchandises désignées sur la déclaration d'exportation dans le cas d'une vente, ou

(ii) de la note de crédit dans le cas de marchandises retournées aux fins de crédit, ou

(iii) du connaissement direct dans le cas de marchandises en consignation.

(c) The original and one copy of Certificate of Importation, Sale or Transfer when the claimant entitled to drawback is not the importer.

(d) The original and one copy of Certificate of Sale for Exportation when the claimant entitled to drawback is not the exporter.

(e) A copy of the outwards waybill or air manifest issued by a common carrier in the case of goods exported otherwise than by mail from Canada for personal or household use or as gifts or as an accommodation for other persons.

(f) A list, in triplicate, of the import entries quoted in the claim, arranged by name of port, fiscal year and in numerical order.

4. Detailed information regarding drawback qualifications and requirements may be obtained at Drawback Offices located at:

Halifax, N.S.

Halifax Insurance Building,
5670 Spring Garden Road,
P.O. Box 1658,
B3J 2Z8

Quebec, Que.

Custom House,
2 St. Andre Street,
P.O. Box 2267,
G1K 7P6

Montreal, Que.

Custom House,
400 Youville Square,
H2Y 3N4

Ottawa, Ont.

Custom House,
1650 Carling Avenue,
K2A 3Y1

c) L'original et une copie du certificat à l'égard d'importation, de vente ou de transfert lorsque le demandeur admissible à un drawback n'est pas l'importateur.

d) L'original et une copie du certificat à l'égard de vente destinée à l'exportation lorsque le demandeur admissible à un drawback n'est pas l'exportateur.

e) Une copie du manifeste aérien ou de la feuille de route de sortie, délivrée par un transporteur public, dans le cas de marchandises exportées autrement que par la poste du Canada pour usage personnel ou domestique ou comme cadeaux ou pour rendre service à d'autres personnes.

f) Une liste, en triplicate, des déclarations d'importation mentionnées dans la demande, disposée selon le nom du bureau, l'année financière et par ordre numérique.

4. De plus amples renseignements concernant les conditions d'admissibilité et les exigences auxquelles il faut satisfaire aux fins des drawbacks peuvent être obtenus aux bureaux de drawbacks situés à:

Halifax (N.-É.)

Édifice Halifax Insurance
5670, chemin Spring Garden
case postale 1658
B3J 2Z8

Québec (Qué.)

Bureau de douane
2, rue St-André
case postale 2267
G1K 7P6

Montréal (Qué.)

Bureau de douane
400, place Youville
H2Y 3N4

Ottawa (Ont.)

Bureau de douane
1650, avenue Carling
K2A 3Y1

Oshawa, Ont.

312 Simcoe St. S.,
L1H 4H7

Toronto, Ont.

Manulife Centre,
55 Bloor St. W.,
M5W 1A3

Hamilton, Ont.

Dominion Public Bldg.,
10 John Street, S.,
P.O. Box 877,
L8N 3N9

London, Ont.

451 Talbot St.,
P.O. Box 5940,
Station A,
N6A 4T9

Windsor, Ont.

Dominion Public Bldg.,
185 Ouellette Avenue,
N9A 4H8

Winnipeg, Man.

Federal Bldg.,
269 Main St.,
R3C 1B3

Regina, Sask.

104 Towne Square,
1919 Rose St.,
S4P 3P1

Calgary, Alta.

Custom House,
134-11th Avenue S.E.,
T2G 0X5

Vancouver, B.C.

1001 W. Pender St.,
V6E 2M8

Oshawa (Ont.)

312 sud, rue Simcoe
L1H 4H7

Toronto (Ont.)

Manulife Centre
55 ouest, rue Bloor
M5W 1A3

Hamilton (Ont.)

Édifice Public Dominion
10 sud, rue John
case postale 877
L8N 3N9

London (Ont.)

451, rue Talbot
case postale 5940
succursale A
N6A 4T9

Windsor (Ont.)

Édifice Public Dominion
185, av. Ouellette
N9A 4H8

Winnipeg (Man.)

Edifice Fédéral
269, rue Main
R3C 1B3

Regina (Sask.)

104, place Towne
1919, rue Rose
S4P 3P1

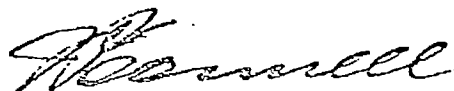
Calgary (Alb.)

Bureau de douane
134 sud-est, 11^e avenue
T2G 0X5

Vancouver (C.-B.)

1001 ouest, rue Pender
V6E 2M8

*Sous-ministre du Revenu national,
Douanes et Accise.*



J.P. Connell,
Deputy Minister of National Revenue,
Customs and Excise.

APPENDIX F

SELECTED SECTIONS FROM BILL C-44,

"AN ACT RESPECTING CUSTOMS"

SELECTED SECTIONS FROM BILL C-44,
"AN ACT RESPECTING CUSTOMS"

A. INTRODUCTION

Bill C-44 was introduced to simplify customs procedures and to increase flexibility within the present system.

Bonded warehouses and duty drawback constitute an alternative to free trade zones. Thus any improvement in the operation of those systems adversely affects the feasibility of a free trade zone.

The following are sections of the revised act as it pertains to bonded warehouses and duty drawback.

	<i>Warehouses</i>	<i>Entrepôts</i>	
Licences for sufferance or bonded warehouses	20. (1) Subject to the regulations, the Minister may, where he deems it necessary or desirable to do so, issue to any person qualified under the regulations a licence for the operation of any place (a) as a sufferance warehouse for the examination of imported goods that have not been released, or (b) as a bonded warehouse for the storage of imported goods that have not been	20. (1) Sous réserve des règlements et lorsqu'il le juge à propos, le Ministre peut délivrer à toute personne reconnue compétente en vertu des règlements, un permis l'autorisant à exploiter tout lieu comme a) entrepôt d'attente en vue de l'examen des marchandises importées qui n'ont pas fait l'objet d'une mainlevée, ou b) entrepôt réel pour l'entreposage de marchandises importées qui n'ont pas fait	Permis pour les entrepôts d'attente et les entrepôts réels
	35	40	
	40	45	

or place under his control that is attached to or forms part of any place where such goods are reported, loaded, unloaded or stored, and open any package or container of such goods or remove any covering therefrom.

pénétrer dans tout local dont il est responsable et qui fait partie de l'endroit ou est attaché à l'endroit où lesdites marchandises font l'objet d'une déclaration, sont chargées, 5 déchargées ou entreposées; elle doit également ouvrir les colis ou les contenants où sont placées les marchandises ou enlever leur emballage.

Records

(5) Subject to subsection (6), every person who

(5) Sous réserve du paragraphe (6), toute personne qui

Archives

(a) transports or causes to be transported goods into Canada, or

a) transporte ou fait transporter des marchandises au Canada, ou

(b) transports or causes to be transported within Canada goods that have been imported but have not been released

b) transporte ou fait transporter à l'intérieur du Canada des marchandises qui ont été importées mais n'ont pas fait l'objet d'une mainlevée

shall keep in Canada such records for such period of time as may be prescribed and shall, where an officer so requests, make them available to the officer.

doit conserver au Canada pendant la durée prescrite, des archives et les mettre à la disposition de tout fonctionnaire désirant les consulter.

Exemption

(6) The Minister may, subject to such terms and conditions as he may specify, exempt any person or class of persons from the requirement to keep records or from the requirement to keep records in Canada where he deems it unnecessary or impracticable to keep records or to keep them in Canada.

(6) Le Ministre peut, aux modalités qu'il peut préciser, exempter une personne ou une catégorie de personnes de l'obligation de conserver des archives ou de l'obligation de conserver des archives au Canada lorsqu'il estime qu'il n'est pas nécessaire ou pratique de le faire.

Exemption

Transportation over territory outside Canada

19. Goods that are transported from one place in Canada to another place in Canada over territory or waters outside Canada in accordance with such terms and conditions and subject to such bonds or other security as may be prescribed shall be treated, with respect to their liability to or exemption from duties, as if they had been transported entirely within Canada.

19. Les marchandises transportées d'un point du Canada à un autre, à travers un territoire ou des eaux situées à l'extérieur du Canada, aux modalités et sous réserve des cautions ou autres garanties pouvant être prescrites, sont considérées par rapport aux droits, comme si elles étaient transportées entièrement à l'intérieur du Canada.

Transport des marchandises sur un territoire étranger

Warehouses

Entrepôts

Licences for sufferance or bonded warehouses

20. (1) Subject to the regulations, the Minister may, where he deems it necessary or desirable to do so, issue to any person qualified under the regulations a licence for the operation of any place

20. (1) Sous réserve des règlements et lorsqu'il le juge à propos, le Ministre peut délivrer à toute personne reconnue compétente en vertu des règlements, un permis l'autorisant à exploiter tout lieu comme

Permis pour les entrepôts d'attente et les entrepôts réels

(a) as a sufferance warehouse for the examination of imported goods that have not been released, or

a) entrepôt d'attente en vue de l'examen des marchandises importées qui n'ont pas fait l'objet d'une mainlevée, ou

(b) as a bonded warehouse for the storage of imported goods that have not been

b) entrepôt réel pour l'entreposage de marchandises importées qui n'ont pas fait

released or of any goods that are destined for exportation

and may specify in the licence any restriction as to the classes of goods that may be received therein or the circumstances in which goods may be received therein and he may, subject to the regulations, amend, suspend, renew, cancel or reinstate any such licence.

Operator of
sufferance
warehouse may
not refuse
goods

(2) Subject to the regulations, the operator of a sufferance warehouse shall not refuse to receive any goods brought to the warehouse that qualify under the terms of his licence.

Access to goods
in warehouse

(3) The operator of a sufferance warehouse or bonded warehouse shall, where an officer so requests, afford the officer free access to the warehouse or any premises or part of the warehouse and open any package or container of goods therein that have been imported but have not been released or remove any covering therefrom.

Liability of
operator

(4) The operator of a sufferance warehouse or bonded warehouse is liable for all duties on goods that have been received in the warehouse unless he proves that the goods are still in the warehouse, have been destroyed while in the warehouse, have been removed therefrom pursuant to section 17 or have been released by an officer.

Rates of duties

(5) The rates of duties payable on goods under subsection (4) shall,

(a) where the goods have been received in a sufferance warehouse, be the rates applicable to such goods at the time they were reported under section 12; and

(b) where the goods have been received in a bonded warehouse, be the rates applicable to such goods at the time they were accounted for under subsection 17(1).

Records

(6) The operator of a sufferance warehouse or bonded warehouse shall keep in Canada any records that he is required by

l'objet d'une mainlevée ou des marchandises destinées à l'exportation.

Le Ministre peut en outre préciser dans les permis les catégories de marchandises qui peuvent être reçues dans les entrepôts susmentionnés ou les circonstances dans lesquelles elles peuvent l'être et, sous réserve des règlements, il peut modifier, suspendre, annuler ou rétablir de tels permis.

(2) Sous réserve des règlements, l'exploitant d'un entrepôt d'attente ne peut refuser les marchandises apportées à l'entrepôt lorsque son permis en prévoit l'entreposage.

(3) L'exploitant d'un entrepôt d'attente ou d'un entrepôt réel doit permettre au fonctionnaire qui le demande de pénétrer dans ledit entrepôt ou dans tout local qui en fait partie ou y est attenant dont il est responsable; il doit également ouvrir tout colis ou contenant de marchandises qui ont été importées mais n'ont pas fait l'objet d'une mainlevée se trouvant dans ledit entrepôt ou retirer l'emballage.

(4) L'exploitant d'un entrepôt d'attente ou d'un entrepôt réel est responsable de tous les droits auxquels sont assujetties les marchandises reçues dans l'entrepôt à moins qu'il ne prouve que ces marchandises sont toujours dans l'entrepôt, qu'elles y ont été détruites pendant leur séjour, qu'elles en ont été retirées conformément à l'article 17 ou qu'un fonctionnaire leur a accordé mainlevée.

(5) Les taux de droits payables sur les marchandises en vertu du paragraphe (4) sont,

a) lorsqu'il s'agit de marchandises reçues dans un entrepôt d'attente, ceux qui leur sont applicables au moment où elles font l'objet d'une déclaration visée à l'article 12; et

b) lorsqu'il s'agit de marchandises reçues dans un entrepôt réel, ceux qui leur sont applicables au moment où elles ont fait l'objet d'un compte rendu conformément au paragraphe 17(1).

(6) L'exploitant d'un entrepôt d'attente ou d'un entrepôt réel doit conserver au Canada les archives que les règlements lui imposent

L'exploitant
d'un entrepôt
d'attente ne
peut refuser les
marchandises

Accès aux
marchandises
en entrepôt

Responsabilité
de l'exploitant

Taux de droits

Archives

the regulations to keep and shall, where an officer so requests, make them available to the officer.

de tenir et les mettre à la disposition du fonctionnaire qui les lui demande.

Regulations

21. The Governor in Council may make regulations

- (a) prescribing qualifications as to citizenship and residence or any other qualifications that must be met by the operator of a sufferance warehouse or bonded warehouse; 10
- (b) prescribing the terms and conditions on which licences for sufferance warehouses or bonded warehouses may be issued under section 20, including the security that may be required of operators thereof and the fees, if any, to be paid for such licences; 15
- (c) prescribing the circumstances in which licences for sufferance warehouses or bonded warehouses may be issued, amended, suspended, renewed, cancelled or reinstated; 20
- (d) establishing standards for sufferance warehouses or bonded warehouses; 25
- (e) prescribing the records to be kept by operators of sufferance warehouses or bonded warehouses and the period of time for which they shall be kept; 25
- (f) prescribing the manner of acknowledging receipt of goods in sufferance warehouses or bonded warehouses; 30
- (g) establishing the circumstances in which and the extent to which goods may be manipulated, unpacked, packed, altered or combined with other goods while in sufferance warehouses or bonded warehouses; 35
- (h) prescribing facilities, equipment and personnel that must be provided at sufferance warehouses; 40
- (i) prescribing the circumstances in which the operator of a sufferance warehouse may refuse goods that are brought to the warehouse for safekeeping; 40
- (j) prescribing the duration of licences for bonded warehouses; and 45
- (k) regulating the transfer of ownership of goods in bonded warehouses. 45

21. Le gouverneur en conseil peut, par règlement,

Règlements

- a) prescrire les conditions de citoyenneté, de résidence et toutes autres conditions auxquelles doit répondre l'exploitant d'un entrepôt d'attente ou d'un entrepôt réel; 5
- b) prescrire les modalités de délivrance des permis d'exploitation d'entrepôts d'attente ou d'entrepôts réels en vertu de l'article 20, notamment toute garantie exigible des exploitants de tels entrepôts et, s'il y a lieu, le coût de ces permis; 10
- c) prescrire les circonstances dans lesquelles les permis d'exploitation d'entrepôts d'attente ou d'entrepôts réels peuvent être délivrés, modifiés, suspendus, renouvelés, annulés ou rétablis; 15
- d) établir des normes concernant les entrepôts d'attente ou les entrepôts réels; 20
- e) prescrire les archives que doivent tenir les exploitants d'entrepôts d'attente ou d'entrepôts réels et la durée de la tenue de ces archives; 25
- f) prescrire la façon d'accuser réception des marchandises qui se trouvent dans les entrepôts d'attente ou les entrepôts réels; 25
- g) établir dans quelles circonstances et dans quelle mesure les marchandises peuvent être manipulées, déballées, emballées, modifiées ou combinées avec d'autres lorsqu'elles se trouvent dans les entrepôts d'attente ou les entrepôts réels; 30
- h) prescrire les installations, l'équipement et le personnel que doivent offrir les entrepôts d'attente; 35
- i) prescrire les circonstances dans lesquelles l'exploitant d'un entrepôt d'attente peut refuser les marchandises qu'on veut lui confier; 40
- j) prescrire la durée des permis d'exploitation d'entrepôts réels; et 40
- k) régir les transferts de propriété des marchandises placées dans des entrepôts réels. 45

Release

Mainlevée

Release

22. Subject to section 17, no goods shall be removed from a customs office, sufferance warehouse or bonded warehouse by any person other than an officer in the performance of his duties under this or any other Act of Parliament unless the goods have been released by an officer.

22. Sous réserve de l'article 17, seul un fonctionnaire dans l'exercice des fonctions que lui accorde la présente loi ou toute autre loi du Parlement peut retirer des marchandises d'un bureau de douane, d'un entrepôt d'attente ou d'un entrepôt réel, à moins qu'un fonctionnaire n'en ait accordé mainlevée.

Mainlevée

Accounting and Payment of Duties

Compte rendu des marchandises et paiement des droits

Accounting and payment of duties

23. (1) Subject to subsections (2), (5) and (6) and any regulations made under subsection (4), no goods shall be released until

23. (1) Sous réserve des paragraphes (2), (5) et (6) et des règlements établis en vertu du paragraphe (4), aucune marchandise ne peut faire l'objet d'une mainlevée

Compte rendu et paiement des droits

- (a) they have been accounted for by the importer or owner thereof in the prescribed manner and, where they are to be accounted for in writing, in the prescribed form containing the prescribed information; and
- (b) all duties thereon have been paid.

- a) tant que l'importateur ou le propriétaire n'en a pas donné de compte rendu en la manière prescrite ou, lorsqu'elle doit faire l'objet d'un compte rendu écrit, sur un formulaire prescrit contenant les renseignements prescrits; et
- b) tant que tous les droits y afférents n'ont pas été acquittés.

Release prior to accounting

(2) In such circumstances as may be prescribed, goods may be released prior to the accounting required under subsection (1) if the importer or owner of the goods makes an interim accounting in the prescribed manner and in the prescribed form containing the prescribed information, or in such form containing such information as is satisfactory to the Minister.

(2) Dans les circonstances prescrites, des marchandises peuvent faire l'objet d'une mainlevée antérieure au compte rendu visé au paragraphe (1) pourvu que leur importateur ou leur propriétaire en donne un compte rendu provisoire en la manière prescrite et sur un formulaire prescrit contenant les renseignements prescrits ou sur un formulaire contenant les renseignements que le Ministre juge satisfaisants.

Mainlevée antérieure au compte rendu

Accounting after release

(3) Where goods are released under subsection (2), the person who made the interim accounting thereunder in respect of the goods shall, within the prescribed time, account for the goods in the manner described in paragraph (1)(a).

(3) Toute personne qui donne un compte rendu provisoirement des marchandises visées au paragraphe (2) doit, dans le délai prescrit, donner un compte rendu en la manière prévue à l'alinéa (1)a).

Compte rendu postérieur à la mainlevée

Regulations removing accounting requirement

(4) The Governor in Council may make regulations prescribing the circumstances in which goods that are not charged with duties may be released without any requirement of accounting.

(4) Le gouverneur en conseil peut, par règlement, prescrire les circonstances dans lesquelles les marchandises non grevées de droits peuvent faire l'objet d'une mainlevée sans qu'on doive en donner un compte rendu.

Les règlements peuvent dispenser du compte rendu

Release prior to payment of duties

(5) In such circumstances as may be prescribed, goods may be released prior to the payment of duties thereon, and where goods are released under this subsection the

(5) Dans les circonstances prescrites, des marchandises peuvent faire l'objet d'une mainlevée antérieure au paiement des droits dont elles sont frappées; lorsque des mar-

Mainlevée antérieure au paiement des droits

importer or owner thereof, as the case may be, to whom the goods were released shall pay the duties thereon within a prescribed time.

chandises font l'objet d'une mainlevée en vertu du présent paragraphe leur importateur ou leur propriétaire, selon le cas, au profit de qui elles ont fait l'objet d'une mainlevée doit acquitter les droits y afférents dans le délai 5 prescrit.

Where goods qualify for drawback

(6) Where the Minister is satisfied that a drawback might be granted in respect of goods under paragraph 54(1)(a), (b) or (c) if duties were paid thereon, such goods may be released without the payment of duties thereon and are, from the time of such release, no longer charged with duties.

(6) Lorsque le Ministre est convaincu qu'un drawback pourrait être accordé à l'égard de marchandises en vertu des alinéas 54(1)a), b) ou c) si les droits en étaient 10 acquittés, les marchandises peuvent, sans paiement des droits, faire l'objet d'une mainlevée et ne sont plus, à compter de la mainlevée, grevées de droits.

Lorsqu'un drawback pourrait être accordé

Where conditions not complied with

(7) Where goods have been released pursuant to subsection (6) without the payment of duties thereon and any condition subject to which the goods were released is not complied with, the person who fails to comply with the condition

(7) Lorsque des marchandises ont fait 15 l'objet d'une mainlevée en vertu du paragraphe (6) sans paiement de droits et qu'une condition à laquelle les marchandises ont fait l'objet de cette mainlevée n'est pas respectée, la personne qui omet de respecter la 20 condition

Lorsqu'une condition n'est pas respectée

- (a) shall, within thirty days from the time of the failure to comply, report the failure to an officer at a customs office; and 20
- (b) is, from the time of the failure to comply, liable to pay an amount equal to the duties that would, but for subsection (6), be payable on the goods.

- a) doit, dans les trente jours à compter de la dérogation, en faire rapport à un fonctionnaire d'un bureau de douane; et
- b) est responsable, à compter de la déro- 25 gation, du versement d'un montant égal aux droits qui, sans le paragraphe (6), seraient payables sur les marchandises.

Security and conditions of release

(8) No goods shall be released under subsection (2), (5) or (6) until such deposits, bonds or other security as may be prescribed is given, and any goods that are released pursuant thereto shall be released subject to such terms and conditions as may be 30 prescribed.

(8) Nulle marchandise ne peut faire l'objet d'une mainlevée en vertu des paragraphes 30 (2), (5) ou (6) tant que le dépôt, la caution ou autres garanties prescrits n'ont pas été donnés; une telle mainlevée est accordée aux modalités prescrites.

Garantie et conditions de mainlevée

Abandoned Goods

Marchandises abandonnées

Abandonment of goods to the Crown

24. (1) The owner of goods that have been imported but have not been released may, with the authorization of an officer and subject to the conditions set out in subsection (2), abandon the goods to Her Majesty in right of Canada.

24. (1) Sur autorisation d'un fonction- 35 naire et aux conditions exposées au paragraphe (2), le propriétaire de marchandises qui ont été importées mais n'ont pas fait l'objet d'une mainlevée peut les abandonner à Sa Majesté du chef du Canada. 40

Abandon des marchandises à la Couronne

Conditions of abandonment

(2) Any person who abandons goods to Her Majesty under subsection (1) is liable for all reasonable expenses incurred by Her Majesty in the disposal of the goods where they are disposed of otherwise than by sale. 40

(2) Toute personne qui abandonne des marchandises à Sa Majesté conformément au paragraphe (1) est responsable de toutes les dépenses raisonnablement engagées par Sa Majesté pour en disposer autrement que 45 par la vente.

Conditions

Unclaimed Goods

Marchandises non réclamées

Unclaimed goods

25. (1) Goods that have not been removed from a customs office, sufferance warehouse or bonded warehouse within such period of time as may be prescribed may be deposited by an officer in a place of safekeeping designated by the Minister for that purpose.

25. (1) Les marchandises qui n'ont pas été retirées d'un bureau de douane, d'un entrepôt d'attente ou d'un entrepôt réel dans le délai prescrit peuvent être déposées par un fonctionnaire en un lieu sûr désigné à cet effet par le Ministre.

Marchandises non réclamées

Extension of prescribed period

(2) The Minister may extend any period of time prescribed pursuant to subsection (1) in respect of any particular goods.

(2) Le Ministre peut proroger le délai prescrit conformément au paragraphe (1) à l'égard de certaines marchandises.

Prorogation du délai prescrit

Risk and storage charges

(3) Goods that are deposited in a place of safekeeping pursuant to subsection (1) shall be kept there at the risk of the owner and importer thereof, and the owner and importer are jointly and severally liable for such storage charges as may be prescribed and any expenses incurred in moving the goods from the customs office, sufferance warehouse or bonded warehouse to the place of safekeeping referred to in subsection (1).

(3) Les marchandises déposées en un lieu sûr conformément au paragraphe (1), doivent y être gardées aux risques de leur propriétaire et importateur qui, tous deux, sont conjointement et solidairement responsables des frais d'entreposage qui peuvent être prescrits et des dépenses engagées pour transporter ces marchandises du bureau de douane, de l'entrepôt d'attente ou de l'entrepôt réel au lieu sûr visé au paragraphe (1).

Risques et frais d'entreposage

No removal until expenses paid

(4) No goods shall be removed by any person other than an officer from a place of safekeeping referred to in subsection (1) until the charges and expenses referred to in subsection (3) have been paid.

(4) Seul un fonctionnaire peut déplacer les marchandises d'un lieu sûr visé au paragraphe (1) tant que les droits et frais visés au paragraphe (3) n'ont pas été acquittés.

Aucun déplacement sans paiement

Unclaimed goods forfeit

(5) Goods that have not been removed from a place of safekeeping referred to in subsection (1) within such period of time after they were deposited therein as may be prescribed are, at the termination of that period of time, forfeit.

(5) Les marchandises qui, après leur dépôt, n'ont pas été retirées d'un lieu sûr visé au paragraphe (1) dans le délai prescrit, sont confisquées à compter de la fin de ce délai.

Confiscation des marchandises non réclamées

Expenses of disposal

(6) The importer of goods that are forfeit under subsection (5) and the owner thereof at the time of forfeiture are jointly and severally liable for all reasonable expenses incurred by Her Majesty in right of Canada in the disposal of the goods where they are disposed of otherwise than by sale.

(6) L'importateur de marchandises confisquées en vertu du paragraphe (5) et leur propriétaire au moment de la confiscation, sont conjointement et solidairement responsables de toutes dépenses raisonnablement engagées par Sa Majesté du chef du Canada pour disposer des marchandises autrement que par la vente.

Frais

Deeming provision

(7) A place of safekeeping referred to in this section shall, for the purposes of this Act, be deemed to be a customs office.

(7) Aux fins de la présente loi, un lieu sûr visé au présent article est réputé être un bureau de douane.

Présomption

Importers' Records

Archives de l'importateur

Importers' records

26. (1) Every person who imports goods or causes goods to be imported for sale or for any industrial, occupational, commercial, institutional or other like use shall keep at

26. (1) Toute personne qui importe ou fait importer des marchandises pour les vendre ou à des fins industrielles, professionnelles, commerciales, spéciales ou autres fins sem-

Archives tenues par l'importateur

his place of business or residence in Canada or at such other place in Canada as may be designated by the Minister such records in respect of such goods in such manner and for such period of time as may be prescribed and shall, where an officer so requests, make them available to the officer and answer truthfully any questions asked by him in respect thereof.

blables doit tenir à leur égard, dans ses locaux commerciaux ou à sa résidence au Canada ou encore dans tout autre endroit au Canada que peut désigner le Ministre, des archives en la manière et de la façon prescrites et ce, pendant le délai prescrit; elle doit en outre les mettre à la disposition du fonctionnaire qui le demande et répondre de bonne foi aux questions de ce dernier à leur égard.

Inadequate records

(2) Where, in the opinion of the Minister, a person has not kept adequate records in Canada, the Minister may request that person to keep adequate records in Canada and to comply with subsection (1) in respect thereof.

(2) Lorsque, de l'avis du Ministre, une personne n'a pas conservé des archives convenables au Canada, le Ministre peut demander à la personne de conserver de telles archives et de se conformer au paragraphe (1) à ce sujet.

Archives qui ne sont pas convenables

Detention of goods

(3) Any goods imported by or on behalf of a person to whom a request is made under subsection (2) at any time after such request is made may be detained by an officer at the expense of that person until the request is complied with.

(3) Les marchandises importées, après qu'une requête est adressée à une personne en vertu du paragraphe (2), par cette dernière ou pour son compte peuvent être détenues par un fonctionnaire aux frais de cette personne jusqu'au moment où elle se conforme à la requête.

Marchandises détenues

Disposition of detained goods

(4) Goods that are detained under subsection (3) may be deposited in a place of safekeeping in accordance with subsection 25(1) as if they were unclaimed and may be dealt with thereafter in the same manner as unclaimed goods.

(4) Les marchandises retenues en vertu du paragraphe (3) peuvent être déposées en lieu sûr conformément au paragraphe 25(1) comme si elles étaient non réclamées et, par la suite, traitées comme de telles marchandises.

Sort des marchandises détenues

Audit

(5) An officer may at all reasonable times enter any premises or place where records are kept pursuant to this section and audit or examine such records.

(5) Aux fins de vérification ou d'examen, un fonctionnaire peut à tout moment raisonnable pénétrer là où sont tenues des archives conformément au présent article.

Vérification

Access to examination of goods described

(6) Every person who keeps records pursuant to subsection (1) shall, where an officer so requests, afford the officer free access to any premises or place under his control where any goods described in the records are kept and locate the goods for the officer and open or unpack any package or container of such goods or remove any covering therefrom, and the officer may examine such goods.

(6) Toute personne qui tient les archives visées au paragraphe (1) doit permettre à tout fonctionnaire qui le demande d'entrer dans les locaux dont il est responsable contenant les marchandises inscrites dans lesdites archives; il doit ouvrir ou déballer les colis ou les contenants de ces marchandises ou enlever leur emballage aux fins d'examen par le fonctionnaire.

Liberté d'examiner les marchandises inscrites dans les archives

VALUATION FOR DUTY

CALCUL DE LA VALEUR IMPOSABLE

Ad valorem rates of duty

27. (1) Where duties are imposed on goods at a percentage rate, such duties shall be calculated by applying the rate to a value determined in accordance with sections 28 to 36.

27. (1) Quand des droits sont imposés sur des marchandises selon un certain pourcentage, ils se calculent en appliquant le taux à une valeur déterminée conformément aux articles 28 à 36.

Taux des droits ad valorem

Definitions	(2) In this section and sections 28 to 36, with reference to any goods,	(2) Au présent article et aux articles 28 à 36 lorsqu'il s'agit de marchandises,	Définitions
"cost of production"	"cost of production" means an amount that in accordance with good business principles and practices fairly reflects the manufacturing or production costs of the goods at the time of shipment to Canada;	«coût de production» désigne un montant qui, selon de judicieux principes et pratiques d'affaires, reflète d'une façon juste le coût de fabrication ou de production des marchandises au moment de leur expédition vers le Canada;	«coût de production»
"country of export"	"country of export" means the country from which the goods were shipped directly to Canada;	«droits» ne comprend pas un droit ni un droit temporaire imposé en vertu de la <i>Loi antidumping</i> ;	«droits»
"duty"	"duty" does not include duty or provisional duty imposed under the <i>Anti-dumping Act</i> ;	«pays d'exportation» désigne le pays d'où les marchandises ont été expédiées directement vers le Canada;	«pays d'exportation»
"gross profit"	"gross profit" means the fair market value of the goods when sold in the circumstances described in section 28 minus the cost of production thereof.	«profit brut» signifie la juste valeur marchande des marchandises vendues dans les circonstances indiquées à l'article 28, moins leur coût de production.	«profit brut»
Valuation for duty	28. (1) Subject to section 31, the value for duty shall, notwithstanding any invoice or affidavit to the contrary, be the fair market value, at the time when and place from which the goods were shipped directly to Canada, of like goods when sold (a) to purchasers located at that place with whom the vendor deals at arm's length and who are at the same or substantially the same trade level as the importer; and (b) in the same or substantially the same quantities for home consumption in the ordinary course of trade under competitive conditions.	28. (1) Sous réserve de l'article 31, la valeur imposable, nonobstant toute facture ou tout affidavit contraires, est la juste valeur marchande, au moment et à l'endroit de l'expédition des marchandises directe vers le Canada, de marchandises semblables vendues a) à des acheteurs se trouvant à cet endroit, à l'égard desquels le vendeur n'a aucun lien de dépendance et qui se situent par rapport à l'importateur à un niveau commercial équivalent ou presque; et b) en quantités égales ou presque, pour la consommation intérieure dans le cours ordinaire du commerce en situation de concurrence.	Calcul de la valeur imposable
Rules to be applied in ascertaining value	(2) The following rules apply in the application of subsection (1): (a) if there were no sales at the time when the goods were shipped to Canada, there shall be substituted therefor the most recent sales prior to the time of shipment that fairly reflect the market value of the goods at the time of shipment; (b) if there were no purchasers located at the place from which the goods were shipped to Canada, there shall be substituted therefor sales to the purchasers located nearest thereto; (c) where goods imported into Canada and goods sold for home consumption are	(2) Les règles suivantes s'appliquent dans l'application du paragraphe (1) a) en l'absence de ventes au moment où les marchandises sont expédiées vers le Canada, les ventes antérieures à l'expédition les plus récentes qui reflètent d'une façon juste la valeur marchande des marchandises au moment de leur expédition doivent leur être substituées; b) en l'absence d'acheteurs à l'endroit de l'expédition des marchandises vers le Canada, les ventes aux acheteurs situés à l'endroit le plus rapproché doivent leur être substituées;	Règles applicables pour déterminer la valeur

like goods except only that the goods sold for home consumption have applied to them a trade mark, as defined in the *Trade Marks Act*, that is not applied to the goods imported into Canada, and goods like the goods imported are not sold for home consumption, the goods imported and the goods sold for home consumption shall be deemed to be like goods for the purposes of this section if, in the opinion of the Minister,

(i) the goods are being imported into Canada without that trade mark applied to them in order to avoid the operation of subsection (1), and

(ii) it is probable that there will be applied to the goods, subsequent to their importation into Canada, that trade mark or any other mark so closely resembling that trade mark that it is likely to be taken therefor;

(d) regard shall not be had to a sale for home consumption to a purchaser by a vendor who did not, at the same or substantially the same time, sell like goods in the ordinary course of trade to other persons in the country of export, not controlled by or in control of or otherwise related to the purchaser; and

(e) where goods were not sold in the same or substantially the same quantities for home consumption,

(i) if the quantity shipped to Canada is larger than the largest quantity sold for home consumption, those quantities shall be deemed to be the same quantities, and

(ii) if the quantity shipped to Canada is smaller than the smallest quantity sold for home consumption, the value for duty shall be based on the amount for which, in the opinion of the Minister, having regard to that trade, such smaller quantities would have been sold if they had been sold for home consumption.

c) lorsque les marchandises importées au Canada et les marchandises vendues pour la consommation intérieure sont semblables' sauf que les marchandises vendues pour la consommation intérieure portent une marque de commerce définie telle que dans la *Loi sur les marques de commerce*, qui n'est pas apposée aux marchandises importées au Canada, et que les marchandises semblables aux marchandises importées ne sont pas vendues pour la consommation intérieure, les marchandises importées et les marchandises vendues pour la consommation intérieure sont réputées semblables aux fins du présent article si, de l'avis du Ministre,

(i) les marchandises sont importées au Canada sans cette marque de commerce, afin d'éviter l'application du paragraphe (1), et

(ii) il est probable qu'à la suite de leur importation au Canada ladite marque de commerce, ou toute autre marque de nature à les confondre, sera apposée sur les marchandises;

d) il ne sera pas tenu compte d'une vente à un acheteur pour la consommation intérieure lorsque le vendeur, à la même époque ou sensiblement la même, ne vendait pas de marchandises semblables dans le cours ordinaire de son commerce à d'autres personnes du pays d'exportation, libres de tout lien avec l'acheteur; et

e) lorsque des marchandises n'ont pas été vendues pour la consommation intérieure en quantités égales ou sensiblement égales,

(i) si la quantité expédiée vers le Canada est supérieure à la quantité la plus élevée vendue pour la consommation intérieure, ces quantités sont réputées être les mêmes, et

(ii) si la quantité expédiée vers le Canada est inférieure à la quantité la plus faible vendue pour la consommation intérieure, la valeur imposable repose sur le montant auquel, de l'avis du Ministre et compte tenu de ce commerce, ces quantités inférieures auraient été vendues si elles l'avaient été pour la consommation intérieure.

Idem

(3) Where the value for duty cannot be determined under subsections (1) and (2) for the reason that

(a) there were no purchasers in the country of export (in this subsection called "home purchasers") who were at the same or substantially the same trade level as the importer, or

(b) although there were home purchasers who were at the same or substantially the same trade level as the importer, there were no sales to them in the circumstances described in subsections (1) and (2),

the home purchasers, if any, at the trade level nearest and subsequent to that of the importer to whom sales were made in the circumstances described in subsections (1) and (2) shall, for the purposes of those subsections, be deemed to have been at the same trade level as the importer.

When value for duty to be cost of production plus profit

29. Subject to section 31, where like goods were not sold for home consumption, or were not sold for home consumption in the circumstances described in section 28 but similar goods were so sold, the value for duty shall, notwithstanding any invoice or affidavit to the contrary, be the aggregate of

(a) the cost of production of the goods imported; and

(b) an amount that is the same percentage of the cost of production of the goods imported as the gross profit on the similar goods is of the cost of production of the similar goods.

Idem

30. Where the Governor in Council is satisfied, on a report from the Minister, that the application of subparagraph 28(2)(e)(i) or subsection 28(3) is inequitable in that it results in discrimination against the importation of goods of a class from any country, as compared with the importation of goods of that class from any other country, the Governor in Council may prescribe the manner in which the value for duty of goods of that class, as determined under section 28 or 29 shall be reduced; but the value for duty of any imported goods upon being reduced as

Idem

(3) Lorsque la valeur imposable ne peut être déterminée conformément aux paragraphes (1) et (2) au motif

a) qu'il n'y avait aucun acheteur dans le pays d'exportation (appelé au présent paragraphe «acheteur national») au même niveau commercial que l'importateur ou presque, ou que

b) bien qu'il y eut des acheteurs nationaux au même niveau commercial que l'importateur ou presque, aucune vente ne leur a été faite dans les circonstances indiquées aux paragraphes (1) et (2),

les acheteurs nationaux, s'il en existe, au niveau commercial le plus rapproché de celui de l'importateur et venant après ledit niveau, à qui des ventes ont été faites dans les circonstances indiquées aux paragraphes (1) et (2) sont réputées, aux fins desdits paragraphes, avoir été au même niveau commercial que l'importateur.

29. Sous réserve de l'article 31, lorsque des marchandises comparables n'ont pas été vendues pour la consommation intérieure, ou ne l'ont pas été dans les circonstances indiquées à l'article 28, mais que des marchandises semblables ont été vendues, la valeur imposable correspond, nonobstant toute facture ou tout affidavit contraires, au total

a) du coût de production des marchandises importées; et

b) d'un montant qui correspond au même pourcentage du coût de production des marchandises importées que représente le profit brut réalisé sur des marchandises semblables par rapport à leur coût de production.

Quand la valeur imposable correspond au coût de production augmenté du profit

Idem

30. Lorsqu'il est convaincu, d'après un rapport du Ministre, que l'application du sous-alinéa 28(2)e(i) ou du paragraphe 28(3) est injuste en ce sens qu'elle place l'importation de marchandises d'une catégorie quelconque en provenance d'un pays dans une situation défavorable par rapport à l'importation de marchandises de la même catégorie en provenance d'un autre pays, le gouverneur en conseil peut prescrire de quelle façon la valeur imposable des marchandises de cette catégorie, déterminée selon les articles 28 ou 29, doit être réduite; mais la

provided in this section shall not be less than an amount equal to the cost of production of the goods plus such amount for gross profit as is deemed reasonable by the Governor in Council.

valeur imposable de toutes marchandises importées, une fois réduite conformément au présent article, ne doit pas être inférieure à un montant égal au coût de production des marchandises majoré du profit brut que le 5 gouverneur en conseil estime raisonnable.

Special cases

31. Where in any case or class of cases
 (a) the value for duty cannot be determined under section 28 or 29 for the reason that like or similar goods are not sold in the country of export or are not 10 sold in such country in the circumstances described in those sections,
 (b) the goods imported
 (i) are intended to be assembled, packaged or further manufactured in 15 Canada or are intended to enter into the course of manufacture in Canada,
 (ii) are used or obsolete goods,
 (iii) are not prime quality goods as known in the trade, or are known in the 20 trade as remnants, close-outs or discontinued lines or are surplus goods,
 (iv) constitute a job lot, or
 (v) are intended to be used directly in the process of manufacture or produc- 25 tion of goods and like goods are not sold in the country of export,
 (c) like goods are leased but not sold in the country of export, or
 (d) the Minister is of the opinion that by 30 reason of unusual circumstances the application of sections 28 and 29 is impracticable,
 the value for duty shall be determined in 35 such manner as the Minister specifies.

31. Lorsque dans un cas ou une catégorie 5 de cas
 a) la valeur imposable ne peut être déterminée conformément aux articles 28 ou 29 10 au motif que des marchandises comparables ou semblables ne sont pas vendues dans le pays d'exportation ou n'y sont pas vendues dans les circonstances indiquées à ces articles, 15
 b) les marchandises importées
 (i) sont destinées à être assemblées, emballées ou davantage ouvrées au Canada, ou encore sont destinées à la 20 fabrication au Canada,
 (ii) sont des marchandises usagées ou désuètes,
 (iii) ne sont pas des marchandises de première qualité telles que les reconnais- 25 sent les commerçants, ou sont connues dans le commerce comme coupons, soldes, articles dont on a cessé la vente ou sont des marchandises en excédent,
 (iv) constituent un bloc de marchandi- 30 ses disparates, ou
 (v) sont destinées à servir directement à la fabrication ou à la production de marchandises et des marchandises sem- 35 blables ne sont pas vendues dans le pays d'exportation,
 c) des marchandises semblables sont louées mais non vendues dans le pays d'ex- portation, ou
 d) le Ministre estime qu'en raison de cir- 40 constances exceptionnelles l'application des articles 28 et 29 n'est pas pratique- ment possible,
 la valeur imposable est déterminée de la manière déterminée par le Ministre.

Cas spéciaux

Determination of cost of production, gross profit, etc.

32. Where sufficient information has not been furnished or is not available to enable the determination of cost of production, gross profit or fair market value under section 28

32. En l'absence de renseignements per- 45 mettant de déterminer le coût de production, le profit brut ou la juste valeur marchande conformément aux articles 28 ou 29, leur
 Détermination du coût de production, du bénéfice brut

or 29, the cost of production, gross profit or fair market value, as the case may be, shall be determined in such manner as the Minister specifies.

détermination se fait de la manière indiquée par le Ministre.

Minimum value

33. (1) Notwithstanding anything in this Act, where the value for duty as determined under sections 28 to 32 is less than the amount for which the goods were sold to the purchaser in Canada, exclusive of all charges thereon after their shipment from the country of export, the value for duty shall be the amount for which the goods were sold, less the amount, if any, by which the fair market value of the goods has decreased between the time of purchase and the time of exportation.

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33. (1) Nonobstant les dispositions de la présente loi, lorsque la valeur imposable des marchandises déterminée selon les articles 28 à 32 est inférieure au prix auquel les marchandises ont été vendues à l'acheteur, au Canada, exception faite des frais dont les marchandises ont été grevées après leur expédition du pays d'exportation, la valeur imposable correspond au prix de vente moins la diminution, le cas échéant, de la juste valeur marchande de ces marchandises entre leur achat et leur exportation.

Valeur minimale

Foreign tax excluded

(2) The amount of any internal tax imposed within the country of export or origin on any goods imported into Canada, from which such goods have been exempted or have been or will be relieved by means of a refund or drawback, shall be deducted from the value for duty of such goods as determined under sections 28 to 32.

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(2) Le montant de toute taxe intérieure imposée dans les limites du pays d'exportation ou d'origine sur des marchandises importées au Canada, dont elles sont exemptées ou ont été ou seront dégrevées au moyen d'un remboursement ou d'un drawback, doit être déduit de la valeur imposable desdites marchandises déterminée conformément aux articles 28 à 32.

Taxes étrangères exclues

Foreign import duties excluded

(3) The Governor in Council may order that such import duties imposed within the country of export or origin as he specifies shall be deducted, in whole or in part, from the value for duty of any goods as determined under sections 28 to 32.

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(3) Le gouverneur en conseil peut ordonner que les droits d'importation imposés dans les limites du pays d'exportation ou d'origine, qu'il précise, soient déduits en totalité ou en partie de la valeur imposable de toute marchandise déterminée conformément aux articles 28 à 32.

Exclusion des droits d'importation étrangers

Discounts

(4) In determining the value for duty of any goods, no discount or deduction shall be allowed that is not shown, allowed and deducted on invoices covering sales for home consumption in the country of export, in the ordinary course of trade.

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(4) Dans la détermination de la valeur imposable de toute marchandise, aucun escompte ou déduction ne doit être autorisé qui ne soit indiqué, autorisé et déduit sur les factures de ventes relatives à la consommation intérieure dans le pays d'exportation, selon le cours ordinaire du commerce.

Escomptes

Value of best article in package

(5) In determining the value for duty of goods of the same material, or of a similar kind but a different quality, that are shipped in the same package and were invoiced or sold at an average price, the value for duty of the best article contained in such package shall be deemed to be the average value of all the goods.

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(5) Dans la détermination de la valeur imposable de marchandises de même matière, ou d'une espèce semblable mais de qualité différente, expédiées dans le même colis et qui ont été facturées ou vendues à un prix moyen, la valeur imposable du meilleur article contenu dans ce colis est réputée être la valeur moyenne de toutes les marchandises.

Valeur du meilleur article du colis

Goods on
consignment

(6) For the purposes of sections 28 to 32, where goods are shipped to Canada on consignment,

(a) if the goods were sold in the course of transit before importation, the person to whom such goods are sold shall be deemed to be the importer; and

(b) in all other cases, the consignee shall be deemed to be the importer.

(6) Aux fins des articles 28 à 32, lorsque des marchandises sont expédiées vers le Canada en consignation

a) si les marchandises ont été vendues en cours de transit avant l'importation, la personne à laquelle elles sont vendues est réputée être l'importateur, et

b) dans tous les autres cas, le consignataire est réputé être l'importateur.

Marchandises
en consignation

Additions

34. (1) If the value for duty, as determined under sections 28 to 33, does not include

(a) the amount of any subsidy or drawback of customs duty that has been allowed by the government of any other country, or

(b) the amount or money value of any so-called royalty, rent or charge for use of any machine or goods of any description that the seller or proprietor does or would usually charge thereon when the same are sold or leased or rented for use in the country of export,

such amount shall be added thereto.

34. (1) Si la valeur imposable déterminée conformément aux articles 28 à 33 ne comprend pas

a) le montant de toute subvention ou tout drawback de droits douaniers accordés par le gouvernement d'un autre pays, ni

b) le montant ou la valeur en argent d'une prétendue redevance, d'un prétendu loyer ou droit d'utilisation d'une machine ou d'une marchandise quelconque, que le vendeur ou le propriétaire exige ou exigerait habituellement lors de la vente, cession à bail ou location desdites machines devant être utilisées dans le pays d'exportation, ledit montant doit être ajouté.

Montants
ajoutés

Idem

(2) There shall be added to the value for duty as determined under sections 28 to 33 the amount of consideration or money value of any special arrangement between the exporter and the importer, or between any persons interested therein, because of the exportation or intended exportation of such goods, or the right to territorial limits for the sale or use thereof.

(2) Il faut ajouter à la valeur imposable déterminée conformément aux articles 28 à 33, le montant de la contrepartie ou de la valeur en argent de toute convention particulière conclue entre l'exportateur et l'importateur ou entre toutes personnes y intéressées en raison de l'exportation de fait desdites marchandises ou projetée desdites marchandises ou du droit à des limites territoriales en vue de leur vente ou utilisation.

Idem

Goods exported
to Canada
through
another country

35. Goods *bona fide* exported to Canada from any country but passing in transit through another shall, upon such terms and conditions as to shipment, documentation, warehousing, transshipment or the like as the Governor in Council may prescribe, be valued for duty as if they were imported direct from such first mentioned country.

35. Les marchandises exportées d'un pays au Canada, de bonne foi, mais passant en transit par un autre pays doivent aux modalités que le gouverneur en conseil peut prescrire quant à l'expédition, à la documentation, à l'entreposage, au transbordement ou autres formalités, être évaluées aux fins de douane comme si elles étaient importées directement du pays mentionné en premier lieu.

Marchandises
exportées au
Canada et
passant par un
autre paysGoods
indirectly
shipped to
Canada

36. In the case of any imported goods that (a) were shipped indirectly to Canada from the country of origin through one or more other countries, and

36. Les marchandises importées a) indirectement expédiées du pays d'origine vers le Canada, en passant par un ou plusieurs pays, et

45 Marchandises
indirectement
expédiées vers
le Canada

(b) would, but for this section, be valued for duty under sections 28 to 34 at less than the value for duty of such goods would be if the country of export were the country of origin,

the goods shall, notwithstanding subsection 28(1), upon such terms and conditions as to shipment, documentation, warehousing, transshipment or the like as the Governor in Council may prescribe, be valued for duty as if they were imported direct from the country of origin at the time they were first shipped from that country.

Value for duty in Canadian currency

37. The value for duty of imported goods shall be computed in Canadian currency in accordance with regulations made pursuant to section 13.1 of the *Currency and Exchange Act*.

CALCULATION OF DUTY

Specific quantities or specific values

38. Where duties are imposed on goods according to a specific quantity or a specific value, such duties shall be deemed to apply in the same proportion to any larger or smaller quantity or value, and to any fractional part of such specific quantity or value.

DETERMINATION OF TARIFF CLASSIFICATION AND APPRAISAL OF VALUE

Determination of tariff classification and appraisal of value for duty

39. (1) An officer may determine the tariff classification and appraise the value for duty of imported goods at any time before or within thirty days after they are accounted for under subsection 23(1) or (3).

Deemed determination and appraisal

(2) Where an officer does not make a determination or an appraisal under subsection (1) in respect of goods, a determination of the tariff classification and an appraisal of the value for duty of the goods shall, for the purposes of sections 40 and 41, be deemed to have been made thirty days after the time the goods were accounted for under subsection 23(1) or (3) in accordance with any representations made at that time in respect of the tariff classification or value for duty by the person accounting for the goods.

b) dont la valeur imposable déterminée conformément aux articles 28 à 34 serait, n'eût été le présent article, inférieure à ce que serait la valeur imposable de ces marchandises si le pays d'exportation était le pays d'origine,

doivent, nonobstant le paragraphe 28(1), aux modalités que le gouverneur en conseil peut prescrire quant à l'expédition, à la documentation, à l'entreposage, au transbordement ou autres formalités, être évaluées aux fins des droits comme si elles avaient été importées directement du pays d'origine au moment où elles ont été d'a bord expédiées de ce pays.

37. La valeur imposable des marchandises importées se calcule en monnaie canadienne conformément aux règlements établis en vertu de l'article 13.1 de la *Loi sur la monnaie et les changes*.

CALCUL DES DROITS

38. Les droits grevant des marchandises d'après une quantité ou une valeur déterminées sont réputés grever proportionnellement toute valeur ou quantité supérieure ou inférieure et toute fraction de celles-ci.

DÉTERMINATION DE LA CLASSIFICATION TARIFAIRE ET ÉVALUATIONS

39. (1) Un fonctionnaire peut déterminer la classification tarifaire et la valeur imposable de marchandises importées en tout temps avant et dans les trente jours qui suivent leur compte rendu donné conformément aux paragraphes 23(1) ou (3).

(2) En l'absence de détermination ou d'évaluation de marchandises en application du paragraphe (1), toute détermination de la classification tarifaire et toute évaluation de la valeur imposable sont, aux fins des articles 40 et 41, réputées faites trente jours après le compte rendu des marchandises donné en vertu des paragraphes 23(1) ou (3) conformément aux observations faites à ce moment relativement à la classification tarifaire ou à la valeur imposable par la personne qui a donné le compte rendu des marchandises.

La valeur imposable s'exprime en monnaie canadienne

Quantités ou valeurs déterminées

Détermination de la classification tarifaire et évaluation de la valeur imposable

Détermination et évaluation présumées

Application for
refunds

(3) No refund shall be granted under this section unless an application for the refund, supported by such evidence as the Minister may require, is made to an officer in the prescribed manner and in the prescribed form containing the prescribed information within two years after the goods are accounted for pursuant to subsection 23(1) or (3).

(3) Un remboursement n'est accordé en vertu du présent article que si une demande à cet effet, est présentée en la manière prescrite et sur un formulaire prescrit contenant les renseignements prescrits appuyée des preuves exigées par le Ministre, à un fonctionnaire dans un délai de deux ans après le compte rendu des marchandises donné conformément aux paragraphes 23(1) ou (3).

Demande de
remboursementMerchantable
scrap or waste

51. In such circumstances as may be prescribed, where merchantable scrap, waste or by-products result from the destruction or disposal of goods or from the incorporation of goods into other goods, the amount of any refund or abatement that is granted in respect of such goods under this Act by virtue of the destruction, disposal or incorporation into other goods shall be reduced by an amount determined in the prescribed manner.

51. Dans les circonstances prescrites, lorsque des rebuts, des déchets ou des sous-produits commercialisables résultent de la destruction ou de la disposition des marchandises ou de leur incorporation à d'autres marchandises, le montant de tout remboursement ou abattement accordé à l'égard de ces marchandises à la suite de leur destruction, leur disposition ou leur incorporation à d'autres marchandises en vertu de la présente loi doit être diminué d'un montant déterminée de la manière prescrite.

Rebuts et
déchets
commercialisablesSum in lieu of
refund or
abatment

52. Where circumstances exist that render it difficult to determine the exact amount of any refund or abatement that should be granted in respect of goods under this Act, the Minister may, with the consent of the person claiming the refund or abatement, grant to that person, in lieu thereof, a specific sum, the amount of which shall be determined by the Minister.

52. Lorsqu'il est difficile de déterminer le montant exact d'un remboursement ou d'un abattement qui doit être accordé sur des marchandises en vertu de la présente loi, le Ministre peut, avec le consentement de la personne demandant un tel remboursement ou abattement, accorder à cette dernière, à la place, une somme précise dont il détermine le montant.

Somme
forfaitaire

Regulations

53. The Governor in Council may make regulations prescribing the circumstances in which refunds or abatements shall not be granted under this Act in respect of prescribed classes of goods.

53. Le gouverneur en conseil peut, par règlement, prescrire les circonstances dans lesquelles il ne sera accordé à des catégories prescrites de marchandises aucun remboursement ni abattement en vertu de la présente loi.

Règlements

DRAWBACKS

Drawback for
goods exported

54. (1) Subject to this section, and any regulations made under section 55, the Minister may, in such circumstances and subject to such conditions as may be prescribed, grant a drawback of duties paid in respect of

(a) imported goods subsequently exported;

(b) imported goods used in, wrought into or attached to goods manufactured or produced in Canada and subsequently exported;

DRAWBACKS

54. (1) Sous réserve du présent article et des règlements établis en vertu de l'article 55, le Ministre peut, dans les circonstances et aux conditions qui peuvent être prescrites, accorder un drawback des droits acquittés à l'égard

a) de marchandises importées et ultérieurement exportées;

b) de marchandises importées utilisées ou entrant dans la fabrication de marchandises fabriquées ou produites au Canada ou

Drawback sur
les marchandises
exportées

(c) imported materials, other than fuel or plant equipment, directly consumed or expended in the manufacture or production in Canada of goods subsequently exported;

(d) imported goods, where the same quantity of domestic or imported goods of the same class is used in, wrought into or attached to goods manufactured or produced in Canada and subsequently exported; or

(e) imported materials, other than fuel or plant equipment, where the same quantity of domestic or imported materials of the same class is directly consumed or expended in the manufacture or production in Canada of goods subsequently exported.

jointes à de telles marchandises, et ultérieurement exportées;

c) de matériaux importés, à l'exception des carburants ou de l'outillage d'usine, directement consommés ou utilisés dans la fabrication ou la production, au Canada, de marchandises ultérieurement exportées;

d) de marchandises importées, lorsque la même quantité de marchandises nationales ou importées de la même catégorie est utilisée ou entre dans la fabrication de marchandises fabriquées ou produites au Canada ou y est jointe et ultérieurement exportées;

e) de matériaux importés, à l'exception des carburants ou de l'outillage d'usine, lorsque la même quantité de matériaux nationaux ou importés de la même catégorie est directement consommée ou utilisée dans la fabrication ou la production, au Canada, de marchandises ultérieurement exportées.

Deemed
exportation

(2) For the purposes of subsection (1), goods shall be deemed to have been exported if they are

(a) placed in a bonded warehouse for exportation;

(b) supplied for exportation to such department or agency of, or corporation owned, controlled or operated by, the Government of Canada or the government of a province as may be prescribed;

(c) designated as ships stores by regulations made under paragraph 112(c) and supplied for use on board a conveyance in accordance with the regulations made thereunder;

(d) used for the equipment, repair or reconstruction of ships or aircraft within such class of ships or aircraft as may be prescribed;

(e) delivered to telegraph cable ships proceeding on ocean voyages for use in the laying or repairing of oceanic telegraph cables outside Canada;

(f) placed in a bonded warehouse for use in accordance with paragraph (c), (d) or (e); or

(g) used or destined for use in such other manner as may be prescribed.

(2) Aux fins du paragraphe (1), des marchandises sont réputées avoir été exportées lorsqu'elles sont

a) placées dans un entrepôt réel pour exportation;

b) fournies pour exportation à un ministère ou à un organisme du gouvernement du Canada ou d'une province ou à une corporation possédée, contrôlée ou exploitée par le gouvernement du Canada ou d'une province, selon ce qui est prescrit;

c) désignées comme approvisionnements de navire par les règlements établis en vertu de l'alinéa 112c) et fournies pour être utilisées à bord d'un moyen de transport conformément aux règlements d'application de cet alinéa;

d) utilisées pour l'équipement, la réparation ou la reconstruction de navires ou d'aéronefs d'une catégorie prescrite;

e) livrées à des câbliers effectuant un voyage transocéanique et qu'elles sont destinées à la pose ou à la réparation de câbles télégraphiques transocéaniques à l'extérieur du Canada;

f) placées dans un entrepôt réel pour être utilisées conformément aux alinéas c), d) ou e); ou

Présomption
d'exportation

Application for drawback	(3) An application for a drawback under this section shall be made within the prescribed time, in the prescribed manner and in the prescribed form containing the prescribed information.	g) utilisées ou destinées à être utilisées de toute autre manière qui peut être prescrite.	Demande de drawback
		(3) Toute demande de drawback faite en vertu du présent article doit être présentée dans le délai prescrit, en la manière prescrite et sur un formulaire prescrit contenant les renseignements prescrits.	5
Evidence	(4) No drawback shall be granted under this section unless the person applying for the drawback provides such evidence in support of his application as the Minister may require.	(4) Un drawback n'est accordé aux termes du présent article que si le réclamant appuie sa demande des preuves que le Ministre peut exiger.	Preuve
			10
By-product, merchantable scrap or waste	(5) The amount of any drawback that is granted under this section in respect of (a) goods used in, wrought into or attached to goods manufactured or produced in Canada, or (b) materials consumed or expended in the manufacture or production of goods, shall be reduced by an amount determined in such manner as may be prescribed where a by-product or any merchantable scrap or waste results from a process referred to in paragraph (a) or (b).	(5) Le montant d'un drawback accordé aux termes du présent article sur a) des marchandises utilisées ou entrant dans la fabrication de marchandises fabriquées ou produites au Canada, ou qui y sont jointes, b) des matériaux consommés ou utilisés dans la fabrication ou la production de marchandises, est diminué d'un montant déterminé de la façon prescrite lorsqu'un sous-produit, des déchets ou autres rebuts commercialisables proviennent d'un procédé de transformation visé aux alinéas a) ou b).	Sous-produit, rebuts ou déchets commercialisables
			15
			20
			25
Diversions	(6) Where a drawback has been granted in respect of imported goods by reason of a deemed exportation under subsection (2) and the goods are not subsequently exported and are diverted to a use other than a use specified in subsection (2), the person who diverted the goods (a) shall, within thirty days from the time of the diversion, report the diversion to an officer at a customs office; and (b) is, from the time of the diversion, liable to repay the amount of the drawback.	(6) Lorsqu'un drawback a été accordé à l'égard de marchandises importées en raison d'une présomption d'exportation en vertu du paragraphe (2), que les marchandises ne sont pas ultérieurement exportées et qu'elles sont affectées à une utilisation autre que celle précisée au paragraphe (2), la personne qui les affecte ainsi à une autre fin a) doit, dans les trente jours à compter de la nouvelle affectation, en faire rapport à un fonctionnaire d'un bureau de douane; et b) est, à compter de la nouvelle affectation, responsable du remboursement du drawback.	Réaffectations
			30
			35
Regulations	55. The Governor in Council may make regulations prescribing (a) the circumstances in which, and the classes of goods in respect of which, no drawback of duties levied under the <i>Anti-dumping Act</i> , additional duties levied under section 7 of the <i>Customs Tariff</i> or	55. Le gouverneur en conseil peut, par règlement, prescrire a) dans quel cas et pour quelles catégories de marchandises aucun drawback, aucun droit supplémentaire ni aucune surtaxe découlant respectivement de la <i>Loi anti-dumping</i> et des articles 7 et 8 du <i>Tarif des</i>	Règlements
			40
			45

surtax levied under section 8 of the *Customs Tariff* may be granted under section 54;

(b) the proportion of the duties paid that may be granted as a drawback under section 54;

(c) the classes of persons who may claim a drawback under section 54 and the evidence of entitlement that must be given; and

(d) what goods are to be considered to be of the same class for the purpose of paragraph 54(1)(d) and what materials are to be considered to be of the same class for the purpose of paragraph 54(1)(e).

douanes n'est accordé aux termes de l'article 54;

b) la fraction des droits acquittés qui peut être accordée à titre de drawback aux termes de l'article 54;

c) les catégories de personnes qui peuvent réclamer un drawback en vertu de l'article 54 ainsi que les preuves à fournir à cet effet; et

d) les marchandises et les matériaux qui doivent être considérés comme appartenant à une même catégorie aux fins des alinéas 54(1)d) et 54(1)e) respectivement.

Sum in lieu of drawback or remission

56. Where circumstances exist that render it difficult to determine the exact amount of a drawback that should be granted in respect of goods under this Act or the *Customs Tariff*, or the exact amount of a general remission of duties that should be granted in respect of any particular goods pursuant to subsection 17(1) of the *Financial Administration Act*, the Minister may, with the consent of the person applying for the drawback or remission, grant to that person, in lieu thereof, a specific sum, the amount of which shall be determined by the Minister.

56. Lorsqu'il est difficile de déterminer le montant exact du drawback qui doit être accordé sur des marchandises en vertu de la présente loi ou du *Tarif des douanes*, ou de la remise totale qui doit être accordée à l'égard de marchandises déterminées en vertu du paragraphe 17(1) de la *Loi sur l'administration financière*, le Ministre peut, avec la permission de la personne demandant un drawback ou la remise, accorder à cette dernière, à la place, une somme précise dont il détermine le montant.

Somme tenant lieu de drawback ou de remise

DIVERSIONS

Duties on goods sold

57. (1) Subject to any regulations made pursuant to subsection (8), where imported goods have been released free of duty or at a rate of duty lower than that to which they would otherwise be liable as being for the use of a person who is by law entitled to import goods for his own use free or at a reduced rate of duty and the goods are sold or otherwise disposed of to a person not entitled to any or as great an exemption, the person who purchased or otherwise acquired the goods and the person who sold or otherwise disposed of the goods

(a) shall, within thirty days of the time of the sale or other disposition, report the sale or other disposition to an officer at a customs office and account for the goods in the prescribed manner and in the prescribed form containing the prescribed information; and

RÉAFFECTATIONS

57. (1) Sous réserve des règlements établis en vertu du paragraphe (8), lorsque des marchandises importées ont fait l'objet d'une mainlevée en franchise des droits ou à un taux de droit inférieur à celui qui leur aurait été par ailleurs applicable, au motif qu'elles sont réservées à l'usage d'une personne qui est, de par la loi, habilitée à importer, en franchise de droit ou à un taux de droits réduit, des marchandises pour son propre usage, et que les marchandises sont vendues ou cédées au profit d'une personne ne bénéficiant pas d'une exemption aussi élevée ou n'en ayant aucune, l'acquéreur des marchandises et celui qui les a cédées

Droits sur les marchandises vendues

a) doivent dans les trente jours de la vente ou de la cession en faire rapport au fonctionnaire d'un bureau de douane et en donner un compte rendu en la manière

APPENDIX G

INCENTIVE PROGRAMS AVAILABLE
FOR INDUSTRIAL DEVELOPMENT IN
NOVA SCOTIA

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INCENTIVE PROGRAMS AVAILABLE
FOR INDUSTRIAL DEVELOPMENT IN
NOVA SCOTIA

A. INCENTIVES AVAILABLE FROM THE GOVERNMENT OF NOVA SCOTIA

1. Department of Development

(a) Rural Industry Program (R. I. P.)

This is a program to provide grants to be used for establishing, modernizing and expanding a business in any area of Nova Scotia outside the Halifax-Dartmouth area. Eligible firms will be engaged

- ▶ natural resources utilization;
- ▶ processing;
- ▶ manufacturing; or
- ▶ Service industries contributing to infrastructure

Grants are discretionary up to a limit of the lesser of \$10,000 or 50% of capital costs.

(b) Marketing Assistance Program (M. A. P.)

This program is intended to complement the federal export marketing programs. The program provides partial and complete reimbursement of costs incurred by Nova Scotia firms while

- ▶ participating in trade fairs and exhibits;
- ▶ investigating marketing joint-venture and licensing opportunities;
- ▶ developing expertise in modern marketing techniques.

(c) Product Design and Development Program (P. D. D. P.)

This program provides assistance in the areas of product design and production development. Initial evaluation of the product is provided free of charge by the Nova Scotia Design Institute. This agency arranges for in-depth studies employing a team of consultants and paying up to 75% of the consultant's fees.

(d) Management Development Program

This program provides partial payment for the initial two years of employment for graduates of Masters programs in Commerce or Business Administration hired by selected firms. At present only 10 firms, involved in manufacturing, processing or selected services, are eligible each year.

(e) Opportunities Identification Program

This program provides partial or complete funding of proposal development and feasibility studies by professional consultants for new business ideas.

2. Nova Scotia Resources Development Board

The Industrial Loan Program provides loans to finance up to 75% of fixed assets for processing businesses, fish plants, lumber mills and other industries related to the processing of natural resources.

3. Industrial Estates Limited (I. E. L.)

(a) Small Business Financing Program

This program provides financing to small firms engaged in manufacturing, processing, support industries or selected service industries in rural areas for purposes of establishing, expanding, modernizing and, occasionally, maintaining their operations. Total financing must be less than \$150,000 and may include loans, loan guarantees and equity. An advisory service is also available.

(b) General Development Program

This program provides financing to new or expanding industries engaged in secondary manufacturing. Long term loans of over \$150,000 may be obtained for up to 100% of land costs and 60% of the building and equipment costs. An advisory service is also available.

4. Mainland Investments Limited

This is a federal and provincial corporation which provides financing in the form of loans and equity to commercial or industrial enterprises locating in mainland Nova Scotia.

B. INCENTIVES FROM THE FEDERAL GOVERNMENT

1. Department of Regional Economic Expansion

(a) Regional Development Incentives Act (R.D.I.A.)

The RDIA program provides loans, grants, or forgivable loans for establishing, expanding or modernizing firms engaged in manufacturing and processing - other than those engaged in some aspects of natural resources utilization.

Grants are awarded on the basis of impact. New enterprises with less than \$1.5 million capital costs and less than 100 jobs are eligible for incentives to a maximum of 75% of capital costs and 30% of wages. Modernization or expansion projects of similar size are eligible for grants of 20% of capital costs.

Larger projects are referred to the Minister for decision on a case by case basis. The incentive ceiling is as follows.

For new facilities and new product expansion, the lowest of:

- ▶ 25% of approved capital costs and \$5,000 for each direct job. (The initial 20% of capital costs may not exceed \$6,000,000).

- ▶ \$30,000 for each direct job created; or
- ▶ 50% of the total capital employed in the operation, including working capital, or
- ▶ 80% of the approved capital costs (for incentives determined by standard formulae).

For modernizations and volume expansion, the lesser of:

- ▶ 20% of approved capital costs;
- ▶ \$6,000,000.

Loan guarantees of up to 90% of the amount of advances made by the lender, and up to 80% of the estimated capital costs - after deducting any other development incentives - are also available for larger projects.

2. Department of Manpower and Immigration

(a) Canada Manpower Industrial Training Program

The program provides reimbursement of trainees' salaries and training costs for on the job training and additional formal courses. Reimbursement for on the job training is approximately 60% of wages and for course work is at 100% for educational expenses and 50% for living expenses.

(b) Canada Manpower Mobility Program

The program provides grants to people in search of work by funding expenses incurred in travel for the purpose of interviews or other job search procedures. Relocation grants for moving to a region after a job has been assured are also available.

3. Department of Industry, Trade and Commerce

(a) Enterprise Development Program (E.D.P.)

The program provides loans and loan guarantees and special assistance to selected firms in manufacturing and processing.

The grants are designed to partially offset costs incurred in one or more of the following areas:

- ▶ proposal development;
- ▶ feasibility studies;
- ▶ productivity improvement;
- ▶ design projects;
- ▶ innovation projects.

The loan and loan guarantees program provides development assistance to enable firms to achieve economies of scale necessary to meet international competition.

The special assistance programs include loans and grants for the leather work industry among others.

(b) Defence Industry Productivity Program

This program provides cost sharing assistance for technological development for defence exports to Canadian allies.

(c) Program for Export Development

This program provides assistance, in the form of repayable contributions, for projects which have potential to increase exports. This includes incentives for:

- ▶ participation in capital projects abroad specifically for pre-contractual work;
- ▶ market identification and marketing adjustment;
- ▶ participation in trade fairs;
- ▶ incoming foreign buyer for the establishment of export consortium

(d) Promotional Projects Program (P.P.P.)

This program provides assistance to export oriented firms

in the form of subsidized:

- ▶ trade fairs abroad;
- ▶ trade missions;
- ▶ in store promotion, travelling, sample shows;
- ▶ trade delegations;
- ▶ export-oriented training programs

Special services are provided at a percentage of cost to firms wishing to partake in the above activities arranged by the Department.

(e) Fashion Design Assistance Program (F.D.A.P.)

This program provides grants to develop talent in clothing, footwear and textile design and also to actively promote Canadian designs of these items.

(f) Machinery Program (Mach.)

This program provides assistance in the form of remission of import duty on machinery not available in Canada.

(g) Shipbuilding Industry Assistance Program

This program provides subsidies of about 10% of total costs of ship construction or major renovation. Subsidies are also provided to the shipyard at a rate of 3% of the cost of the ship if new technology or management techniques are employed to construct the ship.

4. Department of Finance

The Small Business Loans Act facilitates the process of obtaining term credit at recognized lending agencies for small business enterprises. The maximum amount of the loans outstanding under the act for a single firm is \$50,000. Terms are similar to normal lending arrangements.

5. Federal Business Development Bank

The bank provides loans, loan guarantees, equity financing or leasing to assist in the establishing or growth of business entities.

At partial cost certain limited management services are also provided such as management counselling, management training and information services.

6. Export Development Corporation (E. D. C.)

The E. D. C. is a commercially self-sustaining federal corporation which;

- ▶ provides insurance against non-payment on exports;
- ▶ provides long-term loans to foreign purchasers; and
- ▶ provides insurance on investment abroad.

7. Cape Breton Development Corporation (D. E. V. C. O.)

The Industrial Development Division of DEVCO has a comprehensive and flexible incentives program for firms wishing to locate on Cape Breton island. The grants, loans and equity arrangements are available on virtually every stage of the investment process.

C. GENERAL ASSISTANCE

Many provincial and federal government departments and agencies provide services which are very useful to industrial firms, but whose principal objective is not industrial development. Almost every government department has a program under which special services can be provided. These range from the road building capabilities of the Department of Highways to the wood management capabilities of Lands and Forests. These programs are not usually viewed as incentives.

The following agencies are of particular interest for industrial development purposes:

- ▶ port commissions undertake what must be considered preliminary feasibility studies and general market analysis;
- ▶ the Canso Strait Development Office, performs in-depth feasibility studies and attempts to re-structure the support facilities such as highways, water supply etc. in the Strait area for the benefit of industry;
- ▶ the Cape Breton Development Corporation performs similar function for the Sydney area;
- ▶ D.R.E.E. and the Department of Development have a general development plan which has sufficient flexibility to provide services such as new highways should the need arise.

APPENDIX H

INCENTIVES AVAILABLE IN
FREE TRADE ZONES

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INCENTIVES AVAILABLE IN
FREE TRADE ZONES

A. INCOME TAX CONCESSIONS

<u>Country</u>	<u>Concession</u>
Barbados	- 1) 10-year exemption from Corporate Income Tax. 2) Net losses incurred during tax holiday may be offset against profits for following five years. 3) Export allowance equal to 50% of profits after tax holiday.
Belize	- 10-year tax holiday with a subsequent concessionary period.
Cyprus	- Tax exemption on export profits.
Dominican Republic	- 20 year exemption from income tax and dividend tax.
Egypt	- Permanent exemption from tax on export profits. 1% levy on the value of export sales.
Haiti	- 8 year tax exemption gradual payment for subsequent 5 years.
Indonesia	- 5 year exemption from corporate income tax.
Ireland	- 2 year exemption on all income tax. - exemption from tax on export earnings until 1990.

<u>Country</u>	<u>Concession</u>
India	- 5 year exemption from income tax on profits up to 6% of capital employed.
	- 20% deduction from profits for 10 years allowed against tax.
Jamaica	- 10 year exemption from income tax.
South Korea	- 5 year exemption from income and corporate tax.
Malaysia	- Income tax exemption of 2 - 8 years depending on investment levels and other criteria.
	- investment tax credit up to 25% of fixed capital investment.
Mauritius	- 10 - 20 year exemption from corporate income tax depending on the merits of each case.
	- 5 year exemption from dividend income tax.
Nicaragua	- 10 year complete tax holiday extendable to fifteen years if operations satisfies criteria concerning labor, value added and backward integration potential.
Panama	- 90% reduction in export profits tax.
	- companies pay no tax on income from sales outside Panama.
Phillipines	- Exemption from tax on export earnings.

<u>Country</u>	<u>Concession</u>
	- operating losses during first five years of operation are deductible from taxable income during next five years.
Puerto Rico	- 10 - 30 year exemption on export tax.
El Salvador	- 10 year exemption from all taxes.
Senegal	- 25 year exemption from all taxes for companies employing more than 150 people.
Singapore	- 5 year tax exemption with 4% corporate income tax for subsequent years.
Thailand	- Export tax credit.
Trinidad and Tobago	- 5 - 9 year exemption from corporation tax depending on degree of value added (at least 10%). - 10 year exemption for certain capital intensive projects.
Western Samoa	- 5 year exemption from all taxes. - losses incurred during tax free period may be set off against income earned in a prior period.

B. OTHER TAX CONCESSIONS

<u>Country</u>	<u>Concession</u>
Dominican Republic	- 20 year exemption from taxes on exports, dividends and sales.
Haiti	- 8 year tax exemption.
Indonesia	- 5 year tax exemption from capital tax and stamp duty.

<u>Country</u>	<u>Concession</u>
Korea	- 5 year exemption from property, dividend and property acquisition taxes.
Mexico	- Exporters are eligible for a tax rebate of the net federal participation of the indirect taxes imported on any product
Nicaragua	- 10 year complete tax holiday.
Panama	- no national or provincial taxes are imposed.
Phillipines	- Exemption from municipal and provincial taxes and licence fee.
Puerto Rico	- 10 - 30 year exemption from property and export tax.
El Salvador	- 10 year exemption from all taxes.
Senegal	- 25 year exemption from all taxes for firms employing at least 150 people.
Western Samoa	- 5 year exemption from all taxes.

C. IMPORT DUTY INCENTIVES

<u>Country</u>	<u>Incentive</u>
Barbados	- permanent exemption from import duties on raw materials and capital goods.
Belize	- import duty exemption on all capital equipment and raw materials.
Columbia	- import duty exemption on all capital equipment and raw materials.

<u>Country</u>	<u>Incentive</u>
Cyprus	- import duty exemption on all capital equipment and raw materials.
Egypt	- import duty exemption on all capital equipment and raw materials.
Haiti	- permanent exemptions from import duty on raw materials and capital goods.
Indonesia	- permanent exemptions from import duty on raw materials and capital goods.
Ireland	- permanent exemption from import duty on raw materials.
India	- permanent exemption from import duty on capital goods and raw materials that are not subject to quota restrictions.
Jamaica	- relief from import duties on raw materials and capital goods.
Korea	- permanent exemption from import duties.
Malaysia	- permanent exemption from import duties on raw materials and capital goods.
Mauritius	- permanent exemption from import duty on capital goods, raw materials and certain semi-finished goods.
Mexico	- waiving of duties on raw materials, components or semi-finished products.

<u>Country</u>	<u>Incentive</u>
Nicaragua	- duty free and tax-free import of machinery, equipment, raw materials and semi- processed goods.
Panama	- exemption from import duty on goods entering the zone.
Phillipines	- permanent exemption from duty on imports of equipment, spare parts and raw materials.
Puerto Rico	- Exemption from import duties on raw materials and capital equipment.
El Salvador	- permanent exemption from duty on machinery, equipment, raw materials, semi-manufactured goods and packaging materials.
Senegal	- exemption from import and export duties.
Singapore	- exemption from import duties.
Syria	- permanent exemption from import duties.
Trinidad and Tobago	- permanent exemption from duty on imported raw materials and capital equipment.
Western Samoa	- permanent exemption from import and export duties on raw materials, machinery and equipment.

D. CAPITAL GRANTS AND DEPRECIATION ALLOWANCES

Ireland	- grants of up to 35% of fixed assets rent-reduction grants.
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- India - 50% rent rebate for 3 years.
- Malaysia - investment tax credit of 25% of fixed capital investment.
- export incentives in the form of accelerated depreciation allowances.
- Phillipines - accelerated depreciation allowances.
- Puerto Rico - grants towards cost - rentals freight rates, etc.
- Singapore - capital assistance scheme.
- Trinidad and Tobago - special depreciation allowances.
- Western Samoa - accelerated depreciation rates if preferable to 5 year tax holiday.

D. TRAINING GRANTS

- Ireland - grants to 100% of training costs.
- Puerto Rico - incentive grants toward costs of training.
- Singapore - training grants

F. PROFIT REPATRIATION

- Dominican Republic - 20 year exemption from tax on dividends.
- Mauritius - free repatriation of capital and remittance of profits.
- Senegal - freedom to transfer capital revenue and salaries of expatriates.
- Egypt - capital and profits may be repatriated freely at any time.
- up to 50% of salaries of aliens may be remitted abroad.

- Syria - invested capital may be repatriated and profits earned may be remitted abroad.
- India - no restrictions on repatriation of original capital invested, or of profits/dividends on this investment.
- Philippines - full repatriation of investments and remittance of profits/dividends.
- Korea - remittance of profits/dividends guaranteed from first year, and repatriation of capital from third year.
- Malaysia - free repatriation of capital, profits and dividends.
- Indonesia - there are provisions defining the extent of allowable repatriation of profit and invested capital.
- Jamaica - repatriation guarantees can be provided to approved overseas investments.
- El Salvador - unrestricted remission of profits generated by exports.

G. CURRENCY REGULATIONS

- Columbia - mini-devaluation guarantees competitiveness of products in spite of internal inflation. Producers are guaranteed income in Pesos on par with world prices.
- Egypt - currency transactions are at international rates rather than pegged value.
- Malaysia - no currency control.
- Jamaica - currency convertability can be extended.

El Salvador - guarantees to insure convertability of currency.

H. PRE-BUILT FACTORIES OR DEVELOPED SITES

Mauritius - some factory buildings available.

Senegal - pre-built factories are available for occupation serviced sites are also available.

Egypt - Serviced sites available for factory building, advance buildings being constructed.

Syria - developed sites at long-term lease and low annual rent.

India - standard design factories, and plots for construction of factories, are available for lease.

Philippines - standard factories and serviced sites available for lease.

Korea - standard factories and factory sites available for lease.

Malaysia - Ready built factories and developed sites are available for lease.

Indonesia - developed land available as building sites.

Western Samoa - pre-built factory units available for renting.

Jamaica - factories and building sites available at economic rates.

Puerto Rico - factory buildings and serviced sites are available for lease.

- Dominican Republic - factory buildings are available for renting.
- El Salvador - standard factories and developed sites are available.
- Ireland - pre-built factories and developed factory sites are available for lease or purchase.

I. OTHER INCENTIVES

- Columbia - concessional rates on some utilities.
- 5% bonus on value added (using Columbian materials and services) of exported products.
- Dominican Republic - repair and computer services available.
- India - 50% rent rebate for 3 years. Finance at concessional rates available.
- Syria - low rental rates of buildings and facilities.
- Special arrangements to facilitate movement of goods into Syria from free zones.
- Philippines - priority allocation of foreign exchange for loan purposes.
- low rate utilities and housing.
- Korea - long term loans available for capital costs.
- Western Samoa - electric power available at preferential rates.
- housing available for alien staff.

Puerto Rico

- grants for rentals, freight rates,
etc.

APPENDIX I

IMPACT OF INCENTIVES ON A TYPICAL
NOVA SCOTIAN MANUFACTURING COMPANY

IMPACT OF INCENTIVES ON A TYPICAL
NOVA SCOTIAN MANUFACTURING COMPANY

Here we examine the financial impact of various incentives currently available in Free Trade Zones elsewhere on the operations of a typical Nova Scotian manufacturing company. These calculations are illustrative. They give an indication of the relative magnitudes of the incentives. It must be emphasized however that every company is unique. The relative magnitudes will therefore be different for every firm.

The annual operating statement of the typical Nova Scotian manufacturing corporation is shown below. For the purposes of our calculations we make the following assumptions:-

- ▶ All raw materials are imported and are dutiable at a rate of 12.5%;
- ▶ All finished products are exported;
- ▶ Inventory and goods in process are turned over three times per year -- i.e. the average time from the withdrawal of raw materials from inventory until the final product is exported is four months;
- ▶ The interest rate on money borrowed by the company is 11.5% per annum;
- ▶ The average cost of labour is \$4.00 per hour.

The financial impact of various incentives can now be calculated.

1. Duty Drawback of 99 percent

Until recently only 99 per cent of duties paid were refunded, hence there was a direct cost to the firm equal to one per cent of the duties paid. The \$1,650,000¹ cost of raw materials includes \$2,060 in duties paid. Hence this duty cost amounts

$$\begin{aligned} \text{}^1 \text{Raw material cost} &= \text{Material Cost} + \text{Duties Paid} \\ &= \$1,647,940 + (\$1,647,940 \times .125 \times .01) \\ &= \$1,647,940 + \$2,060 \\ &= \$1,650,000 \end{aligned}$$

to 0.041% of annual sales. Recently the regulations were changed and the full amount of the duties is now refunded. This rather small cost has, as a result, been eliminated.

2. Financing of Duties

With the assumed turnover, one-third of the annual duties payable (\$205,993) would be outstanding at any time under the old regulations. The annual cost of financing the \$68,664 is \$7,896 or about 0.16% of gross sales. Under the new rules the duties may be refunded as soon as the finished goods are moved into a bonded warehouse for export. Assume that the production period is two weeks. The cost of financing the duties is then reduced to \$316. It could be argued that there might be considerable delay in obtaining the funds because of the time taken to process the application. However, the Department of National Revenue will refund a substantial portion, sometimes the entire amount, of the claim as soon as it is received.

3. Labour Costs

To illustrate the magnitude of the advantage created by the availability of low cost labour, assume a labour cost, for the same amount of work, of \$1.00 per hour. This cost is substantially greater than the wages paid in some developing countries where export processing zones are located. The lower labour cost would yield a saving of $(.75 \times \$975,000)$ \$731,250 annually, equivalent to 14.6% of gross sales. There is no potential for such savings to be achieved by the company in a Nova Scotian location, however, this example serves to illustrate the sensitivity to and importance of wage rates in a labour intensive industry.

4. Taxation

If the obligation to pay both municipal and income taxes were removed, total savings would be some \$213,000, or about 4.25% of sales revenue. Freedom from provincial taxation alone would result in savings of \$54,000 or about 1.1% of sales.

5. Energy Costs

An increase of 25% in the cost of energy would increase costs by \$31,000 or 0.625% of sales.

Summarizing:

<u>Incentive</u>	<u>Sensitivity</u> <u>(% of sales revenue)</u>
100% duty drawback	- 0.041%
Freedom from payment of duties	- 0.160%
Reduced labour costs	-14.600%
Freedom from total taxation	- 4.250%
Freedom from provincial taxation	- 1.100%
25% increase - energy cost	+ 0.625%

It is evident that potential complete freedom from taxation is an effective incentive. However, even the removal of the obligation to pay taxes would not permit the company to compete with a similar operation located elsewhere, whose labour costs are only one-quarter those of the Nova Scotian company.

This example deals only with the identifiable costs of the duty drawback arrangement. The administrative costs are not estimated. Firms located in a Free Trade Zone are often charged with part of the cost of administering the zone, so the net effect is unclear.

It must be stressed again that these calculations are illustrative. Every firm will face a different situation.

NOVA SCOTIAN MANUFACTURING CORPORATION
ANNUAL OPERATING STATEMENT

	<u>Percentage of Sales</u>	<u>Dollars</u>
<u>Sales</u>	100.00	5,000,000
 <u>Variable Costs</u>		
- sales commissions	4.50	225,000
- raw materials	33.00	1,650,000
- direct labour	19.50	975,000
- variable factory ¹	7.50	375,000
- packaging	0.50	25,000
Sub total variable costs	<u>65.00</u>	<u>3,250,000</u>
 <u>Fixed or programmed costs</u>		
- general factory ¹ incl. general administration, programmed marketing & interest expense	25.60	1,280,000
- municipal taxes	0.40	20,000
- Sub total fixed & programmed	<u>26.00</u>	<u>1,300,000</u>
<u>Total expenses</u>	<u>91.00</u>	<u>4,550,000</u>
<u>Operating income</u>	<u>9.00</u>	<u>450,000</u>
Effective federal income tax-31%	2.79	139,500
Effective provincial income tax 12%	1.08	54,000
<u>Net income after taxes</u>	<u>5.13</u>	<u>256,500</u>

¹ Note: energy costs represent about 2.5 per cent or \$125,000.

APPENDIX J

VISITS TO FREE TRADE ZONES

PERSONNEL CONTACTED

PERSONNEL CONTACTED
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This list is provided for reference purposes only.

