

INTRODUCTION

This booklet provides information on customs to Canadian firms exporting defence products to defence contractors in the United States under the U.S.-Canada Defence Production Sharing Arrangements. Since the beginning of defence production sharing in 1959, many Canadian firms have obtained defence prime contracts from U.S. military agencies and subcontracts from the U.S. defence industry. Shipments made under such contracts enter the United States duty-free providing the appropriate conditions are met.

The number of defence shipments into the United States requires that established procedures be followed. The handbook, *Canadian Industry and the United States Defence Market*, produced by the Department of External Affairs, Defence Programs and Advanced Technology Bureau, outlines these procedures. This booklet elaborates on the information in the handbook and gives Canadian firms detailed procedures for shipping defence goods to the United States. These instructions apply to prime contracts with Canadian suppliers and subcontracts by U.S. firms with Canadian suppliers for defence goods entering the United States.

Prime contracts are those which are placed in Canada by U.S. military agencies. Prime contracts valued at \$25 000 or more are usually made through the Canadian Commercial Corporation. All questions about shipping goods to U.S. military agencies under prime contracts should be directed to a representative of the Corporation. Small purchases are usually handled directly with U.S. Defense Contract Administration Service Management Area (DCASMA), Ottawa.

This publication outlines essential requirements; however, all situations cannot be covered in a small booklet. Consult an office listed in an appendix at the back of this booklet for information on specific questions about defence shipments.

PROCEDURES FOR DUTY-FREE ENTRY TO THE UNITED STATES

U.S. Customs Tariff Item 9808.00.30 allows articles for U.S. military departments to enter duty-free when the materials are certified to the U.S. Commissioner of Customs. The Defense Contract Administration Services Region, New York (DCASR, N.Y.), will issue duty-free entry certificates for material imported into the United States. U.S. Customs or a customs broker must submit documents to DCASR, N.Y. for certification. DCASR, N.Y. processes the requests and sends a duty-free entry certificate or the denial of a duty-free entry certificate to U.S. Customs or broker.

The procedures for processing HTSUS 9808.00.30 transactions, comply with customs regulations and requirements for all similar U.S. import transactions.

A. Entry or Immediate Delivery Release

- 1) Shipping documents (entry or I.D. release package) must include a duty-free entry statement based on DFARS 252.225-7008. See Appendix D for instructions on completing shipping documents.
- 2) All Department of Defense or other government agency contracts that authorize duty-free entry under HTSUS 9808.00.30 require the information in Appendix D. If the foreign shipper or importer does not supply this information, the district or port director can cancel duty-free entry under HTSUS 9808.00.30 and DCASR, N.Y. will not complete a duty-free entry certificate.
- 3) Bonds (single transaction or continuous, as appropriate) are required when a shipment is under the name of a private sector importer, i.e., the contractor or the private sector importer's authorized agent. Agencies, departments of the U.S. government, or the agency's or department's authorized agent, are *not* required to post bonds for shipments.

B. Entry Summary or Entry/Entry Summary Filing

- 1) For shipments not consigned to a military activity, the private sector importer or an authorized agent must file an entry summary or entry/entry summary within 10 working days after the shipment's release.
- 2) The entry summary or entry/entry summary is entered conditionally free under HTSUS Item 9808.00.30. The eight-digit HTSUS that would apply to the merchandise if it could be classified under another provision in the HTSUS, and the duty and Internal Revenue Service (IRS) tax that would apply if it were not duty-free, must be reported.