

## **A PRIMER ON CUSTOMS PROCEDURES FOR CANADIAN EXPORTERS TO THE U.S. MARKET**

### **GENERAL**

Under the Canada-U.S. Free Trade Agreement (FTA), by January 1, 1998, customs duties on goods traded between Canada and the United States that meet the rules of origin will be eliminated. The NAFTA maintains this timetable for Canada-U.S. trade but will also phase out duties on Canada-Mexico and U.S.-Mexico trade.

The NAFTA builds on the FTA by further improving market access for Canadian exporters to the United States. However, the basic U.S. Customs entry procedures remain in place.

U.S. Customs has gone a considerable distance in automating procedures at the Canada-U.S. border. Exporters should become very familiar with these procedures to ensure they obtain the full FTA and NAFTA benefits and to avoid costly pitfalls.

### **U.S. CUSTOMS BROKER**

Unless you are importing into the United States on your own account (an employee of your company, who is a U.S. citizen resident in the United States, will clear your shipments through U.S. Customs), we recommend that you use the services of a U.S. customs broker.

Most Canadian companies quote prices and sell to their U.S. customers on a landed basis. Thus, you—not your U.S. customer—are often responsible as the importer of record for the U.S. Customs transaction. Your U.S. customs broker, who is licensed by U.S. Customs, will post a performance bond on your behalf as a guarantee that all Customs and other U.S. requirements will be met.

Brokers have offices in the major Canadian cities and have customs clearance facilities at the various ports of entry—land, sea and air. It is

often worthwhile to visit the U.S. Customs import specialist at the port you use, so that he/she will be familiar with your merchandise and operations. At the same time, it would be wise to get the import specialist's views on the tariff classification, value for duty, and country of origin marking requirements for your product.

### **ENTRY PROCESS**

When the truck carrying your goods arrives at the border, the following process normally unfolds.

1. The truck driver files the original manifest with U.S. Customs, and delivers the invoices covering the shipment to the broker.
2. The broker reviews the admissibility of the goods, checks if any other U.S. government agency may be involved, selects the best option from a menu of customs transactions (including entry for immediate delivery, line release entry, entry summary for quota-class merchandise, informal entry, warehouse entry, temporary entry, transportation and exportation entry) and completes the entry form (usually an immediate delivery entry).
3. The broker submits the entry to U.S. Customs to obtain release of the shipment on the basis of a minimum of documentation—normally, your commercial invoice, the carrier's manifest and a customs entry document that is completed by the broker. If you as the importer are claiming the NAFTA tariff, you should have on hand a completed Exporter's Certificate of Origin for the shipment.
4. The entry form contains essential information, such as exporter, importer number, importer of record, ultimate consignee, description and value of the merchandise.