c. Affixing Proper Marking Labels on the Software

According to U.S. customs regulations, every article of foreign origin (or its container) imported into the country shall be marked in a conspicuous place as legibly, indelibly, and permanently as the nature of the article (or container) will permit, and in such manner as to indicate to an ultimate purchaser in the U.S. the English name of the country of origin of the article, at the time of importation into the customs territory of the U.S. **An appropriate marking label for diskettes is a self-adhesive sticker with the words "Recorded in Canada" affixed to the diskettes.**

d. Payment of Import Duties

As of January 1, 1989, all Canadian and American tariffs on computers have been eliminated under the Free Trade Agreement. Although the import duties on software are not zero yet, they are minimal. **In contrast to most traded commodities, the computation of customs fees for software is not based upon the value of the product, but upon the number of square meters of recorded surface.** The current import duty rate is U.S.$0.097 per square meter of recorded surface. If the shipment qualifies for treatment under the FTA (i.e., if it can be demonstrated that the software programming occurred in North America), then the rate is U.S.$0.077 per square meter. However, this potential savings of two cents under the FTA could be wiped out if the shipment is not relatively large. This could occur because the current fee charged by custom brokers in the U.S. to file for FTA treatment is U.S.$2.50. So, the Canadian exporter would have to determine whether it is profitable to apply for the potential savings.

e. Qualifications for Reduced Restrictions on Temporary Business Travel

The FTA eases restrictions for residents of Canada and the U.S. on temporary business travel between the two countries. This has been achieved by agreeing upon rules for access to each other's markets for business travellers. **Under the FTA, four categories of temporary business travellers have been given easier access: business visitors, professionals in certain fields, traders and investors, and intra-company transferees.** The category most likely to be of concern to software firms in Canada is the first one: a temporary business traveller.

For example, if a Canadian software developer decided to travel

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