
During 1995, the United States changed its textile and apparel rules of origin which it uses for quota and country of origin marking purposes for imports from all countries. When implemented on July 1, 1996, the new rules will adversely affect certain made-up textile articles (e.g. comforters) which were previously considered products of Canada but which will now be subject to U.S. restraint arrangements (quotas and export visa requirements) if the fabric components are sourced from restrained countries. Canada continues to discuss this issue with the United States.

Border Administration

Certain United States entry procedures complicate the entry of Canadian exports leading to delays and additional costs.

In 1994, the U.S. Customs Service introduced the National Compliance Measurement Program. The program aims to measure the extent to which shipments comply with all U.S. import laws. On a product basis, over the course of each year, Customs is conducting a specified number of random intensive examinations of shipments and import documents, including the complete unloading of shipments at the border. Importers (often the Canadian exporter) must absorb all related costs and delivery delays. Exporters and industry sectors which establish high compliance records can expect to receive fewer inspections in the future.

In certain border areas, Canadian exporters have complained of delays in obtaining U.S. Food and Drug Administration (FDA) decisions to release food products (i.e. imported food products cannot be released into U.S. commerce until the FDA has decided whether to sample the shipment). In addition, when samples are taken, the laboratory analysis process can introduce delays which are costly, in particular if perishable products are involved. For example, a long-standing exporter of carrots recently experienced three consecutive testings for pesticide residues, some of which took up to two weeks. U.S. domestic products are not subject to shipment-by-shipment approvals. The gradual introduction of an electronic interface between Customs and the FDA may alleviate some of these delays. Although a recent U.S. Government Accounting Office report indicates that progress has been slow, FDA officials have indicated that the program is being rejuvenated.

Fees

The NAFTA specifically exempts originating goods imported from Canada from the U.S. Customs merchandise processing fee. Canada has opposed attempts by the United States to charge fees as a means of financing not only enhanced but also basic mandatory services, since they can undermine efforts by both countries to facilitate cross-border movements and can result in additional burdens for Canadian exporters. For many years, U.S. Customs has applied a commercial vehicle fee to finance Customs overtime inspections. At the beginning of 1994, the United States began to apply its existing entry fee on persons arriving by air and sea to passengers arriving from Canada and Mexico via the same modes (Canada and Mexico were exempt previously). In 1995, the U.S. Administration proposed to Congress, as part of the budget process, to impose a fee on persons entering the United States at land border crossings from Canada and Mexico. Following opposition from Canada and U.S. domestic interests, the Administration modified its proposal to provide individual states the option to have the fees applied at their own border points. At the time of writing, the United States Senate Judiciary Committee had begun to consider a \$1.00 per person mandatory border (as approved at the sub-committee level last summer). The House has, to date, rejected a border fee. Canada continues to register its opposition at every opportunity.