

Ref. : CERT 713 III

13 September 1997

Dear Sirs,

Certificate of Preference Circular No. 10/97
Canada : General Preferential Tariff

Introduction

This circular informs traders that the Canadian Government will, with immediate effect, accept Certificates of Origin Form A for claim to preferential tariff treatment under the Canadian General Preferential Tariff (GPT) Scheme without a certifying body's stamp and signature. As a result, traders are no longer required to submit applications for Certificates of Origin Form A destined for Canada to the Trade Department or the five Government Approved Certification Organisations (Note ¹). Certificate of Preference Circular No. 12/94 dated 21 October 1994 is hereby superseded.

Details

2 Hong Kong is a beneficiary under the Canadian GPT Scheme, under which goods covered by a Certificate of Origin Form A are entitled to a claim for preferential tariff treatment upon importation into Canada.

3 Under the new Canadian arrangement that accepts Certificates of Origin Form A without a certifying body's stamp or signature, traders are requested to note that the conditions governing the granting of preferential tariff treatment as detailed in paragraphs 6 - 12 will apply. In particular, traders should base their certification on the relevant production information that meets the applicable origin requirement and to make available such information to the Canadian Government for review.

Note ¹ (a) The Hong Kong General Chamber of Commerce;
 (b) Federation of Hong Kong Industries;
 (c) The Indian Chamber of Commerce, Hong Kong;
 (d) The Chinese Manufacturers' Association of Hong Kong; and
 (e) The Chinese General Chamber of Commerce.

Preferential Rate and Product Coverage

4 Under the Canadian GPT Scheme, preferential tariff treatment at a reduced rate of duty to a complete duty-free entry is granted to selected agricultural products and most industrial products originating from the GPT beneficiary countries. Where a product is eligible for preferential tariff treatment, the GPT rate is assigned by the Canadian Government to each tariff item as shown in the Canadian Customs Tariff Book. A copy of Canada's Customs Tariff in Harmonized Commodity Description and Coding System (HS) codes is available for reference by interested parties at the Commercial Relations Branch, Asia and Americas Division of the Department on 18/F, Trade Department Tower, 700 Nathan Road, Kowloon.

5 In general, products which are excluded from the Canadian GPT Scheme include certain agricultural products, certain textiles, rubber footwear, products of chemical, plastic and allied industries, speciality steels, electron tubes, and inner tubes of rubber of a kind used on construction machinery etc. For the exact coverage or exclusions, traders are requested to consult the Canadian Customs Tariff Book.

Rules of Origin for GPT Treatment

6 To qualify for preferential treatment under the Canadian GPT Scheme, the goods must satisfy the Canadian GPT origin rules and the rules of direct consignment prescribed by Canada. In general, goods are considered to have originated in a beneficiary country if they are :

App. I

- (a) wholly obtained in that beneficiary country (please see Appendix I for the criteria); or
- (b) originated in that beneficiary country with the value of the imported inputs (Note ²) including materials, parts or products originating outside the country or in an undetermined location and used in the manufacture or production of the goods amounts to no more than 40% of the ex-factory price (Note ³) of the goods as packed for shipment to Canada.

Notes ² Value of imported inputs is defined as the customs values of the imported materials, parts and other inputs at the time of importation into a beneficiary country or, in the case of inputs of undetermined origin, the earliest ascertainable price paid for them in that country.

³ The ex-factory price is the total value of materials, parts, factory overhead, labour, any other reasonable costs incurred during the normal manufacturing process (e.g. duties and taxes paid on materials imported into a beneficiary country and not refunded when the goods were exported) and a reasonable profit. Any costs incurred subsequent to the goods leaving the factory, such as freight, loading, temporary storage, are not included in the ex-factory price calculation.

App. III

7 For computing the value of the imported inputs as mentioned in paragraph 6(b) above, any materials, parts or products used in the manufacture or production of the goods, originating from any other beneficiary country(ies), a list of which is at Appendix II or from Canada and any packing required for the transportation of the goods (not including packing in which the goods are ordinarily sold for consumption in the beneficiary country) shall be considered to have originated in the beneficiary country. In other words, at least 60% of the ex-factory price as packed for shipment to Canada must originate in Hong Kong, Canada or other beneficiary country(ies). An example illustrating the calculation of the percentage of imported inputs is set out in Appendix III for reference.

Rules of Direct Consignment

8 The goods for which preferential treatment under the Canadian GPT Scheme is claimed must be shipped directly from Hong Kong to Canada on a through bill of lading (see paragraph 10 below). Evidence that the goods have been shipped directly to a consignee in Canada must be presented to Canadian Customs at the same time as the proof of origin. This evidence must be in the form of a through bill of lading or any other carrier's document that provides the same information as a through bill of lading. Canadian Customs may request presentation of the through bill of lading to verify that the goods have been shipped directly to Canada.

9 Goods imported into Canada from Hong Kong but passing in transit through the territory of an intermediate country, with or without transshipment or temporary storage, will lose their GPT eligibility, unless :-

- (a) the goods remain under Customs transit control in the intermediate country;
- (b) the goods do not undergo any operations in the intermediate country other than unloading, reloading, splitting up of loads or operations required to keep the goods in good condition;
- (c) the goods do not enter into trade or consumption in the intermediate country; and
- (d) the goods do not remain in temporary storage in the intermediate country for a period exceeding six months.

App. II

10 The through bill of lading is a contract document which ensures the direct shipment of goods from the country of origin to a consignee in Canada in accordance with paragraph 8 above. The through bill of lading is one single document containing all of the following information :

- (a) the identity of the exporter in the country of origin;
- (b) the identity of the consignee in Canada;

- (c) the identity of the carrier or agent who assumes liability for the performance of the contract;
- (d) the contracted routing of the goods must be clearly stated, identifying all points of transshipments;
- (e) a full description of the goods and the marks and numbers of the package; and
- (f) the place and the date of issue.

Documentation

11 The goods for which Canadian GPT treatment is claimed shall be invoiced separately from other goods and must be supported by a Certificate of Origin Form A.

12 In completing Form A, traders are reminded to provide all required details accurately and to ensure that the following information is clearly stated :

- (a) a cross-reference to the goods for which tariff preference is claimed, i.e. description of goods and the relevant Harmonized System code;
- (b) an indication that applicable origin requirements are met including a reference to the applicable origin requirements. Appropriate entry to Box 8 of the Form A should be made as follows:
 - (i) Insert “P” for goods wholly obtained in Hong Kong;
 - (ii) Insert “F” for goods of which at least 60% of the ex-factory price is from working or processing in Hong Kong alone;
 - (iii) Insert “G” for goods of which at least 60% of the ex-factory price is from working or processing in more than one GPT beneficiary countries or Canada.
- (c) an identification of the exporter from whom Canadian Government can obtain, if needed, additional information in support of the certification; and
- (d) the exporter’s signature.

App. IV

A specimen of Certificate of Origin Form A is prepared at Appendix IV.

Sale of Forms

13 Certificates of Origin Form A are available for sale at the following stationers:

- (a) Che San and Co. Ltd.
16/F, Block A,
Worsted Mills Industrial Building,
31-39 Wo Tong Tsui Street,
Kwai Chung, New Territories.
(Tel. No. 2522 5091)
- (b) Cheung Lee Printing Co.
Room 319, China Insurance Group Building,
141 Des Voeux Road,
Central, Hong Kong.
(Tel. No. 2543 8069)
- (c) Ying Wah Offset Printing Press
Room 13, Block A, 2/F,
Wah Tat Industrial Centre,
8-10 Wah Sing Street,
Kwai Hing, New Territories.
(Tel. No. 2401 1080)
- (d) Swindon Book Co. Ltd.
Shop No. 310 and 346, 3/F, Ocean Centre,
Canton Road, Kowloon.
(Tel. No. 2730 0183, 2730 0983)
- (e) Yue Cheong Hong
Flat 14-16, 2/F,
Thriving Industrial Centre,
26-38 Sha Tsui Road,
Tsuen Wan, New Territories.
(Tel. No. 2413 7883)

Important Notes

14 Traders are hereby reminded to ensure that goods claiming preferential tariff treatment under Canadian GPT Scheme are able to comply with the requirements set out in paragraphs 6 to 12 above. The concerned exporter of the consignment in question may be required by the Canadian Government to provide documentary evidence to prove the eligibility of such claim through its importer in Canada direct. Those who fail to substantiate to the satisfaction of the Canadian Government may not be able to obtain preferential tariff treatment and may encounter customs clearance problems. Exporters are therefore required to ensure the eligibility of their goods claiming GPT.

Enquiries

15 Should you require any further information on Canadian GPT Scheme, please contact Mr. Ng Kai-ming (Generalised Preference Certificate Section, Certification Branch) at telephone no. 2398 5545. For tariff rates enquiries, please call Mr. L.C.K. Chung (Commercial Relations Branch, Asia and Americas Division) at 2398 5405.

Yours faithfully,

(Miss Monita Wong)
for Director-General of Trade

To : All Trade & Industrial Associations
All Subscribers of Certification Branch Circulars

Encls.

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The Chinese text of this Circular is for reference only. In case of discrepancies between the English and Chinese texts, the English text shall for all purposes be conclusive.

Canadian Origin Rules
for the Purposes of General Preferential Tariff

Goods wholly obtained in a beneficiary country

The following goods are considered to be wholly obtained in a beneficiary country and to have originated in the beneficiary country:

- (a) mineral products extracted from the soil or the sea-bed of the country;
- (b) vegetable products harvested in the country;
- (c) live animals born and raised in the country;
- (d) products obtained in the country from live animals;
- (e) products obtained by hunting or fishing in the country;
- (f) products of sea fishing and other marine products taken from the sea by vessels of the country;
- (g) products made on board factory ships of the country exclusively from products referred to in paragraph (f);
- (h) waste and scrap resulting from manufacturing operations of the country;
- (i) used articles of the country imported into Canada for use only for the recovery of raw materials; and
- (j) goods produced in the country exclusively from the products referred to in paragraphs (a) to (h).

Source : Revenue Canada Memorandum D-11-4-4 dated 21 June 1991

List of Beneficiary Countries of the Canadian GPT

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|------------------------------------|---------------------------------------|--|
| 1. Afghanistan | 62. Fiji | 123. Pakistan |
| 2. Algeria | 63. Gabon | 124. Panama |
| 3. Angola | 64. Gambia | 125. Papua New Guinea |
| 4. Anguilla | 65. Georgia, Republic of | 126. Paraguay |
| 5. Antigua and Barbuda | 66. Ghana | 127. Peru |
| 6. Antilles, Netherlands | 67. Gibraltar | 128. Philippines |
| 7. Argentina | 68. Grenada | 129. Pitcairn |
| 8. Armenia, Republic of | 69. Guam | 130. Poland |
| 9. Ascension | 70. Guatemala | 131. Polynesia, French |
| 1. Azerbaijan, Republic of | 71. Guinea | 132. Qatar |
| 2. Bahamas | 72. Guinea-Bissau | 133. Romania |
| 3. Bahrain | 73. Guyana | 134. Russian Federation |
| 4. Bangladesh | 74. Haiti | 135. Rwanda |
| 5. Barbados | 75. Honduras | 136. St. Christopher (St. Kitts) and Nevis |
| 6. Belarus, Republic of | 76. Hong Kong | 137. St. Helena and Dependencies |
| 7. Belize | 77. Hungary | 138. St. Lucia |
| 8. Benin | 78. India | 139. St. Vincent and the Grenadines |
| 9. Bermuda | 79. Indonesia | 140. Samoa, American |
| 10. Bhutan | 80. Iran, Islamic Republic of | 141. Samoa, Western |
| 11. Bolivia | 81. Iraq | 142. Sao Tome and Principe |
| 12. Botswana | 82. Israel | 143. Senegal |
| 13. Brazil | 83. Jamaica | 144. Seychelles |
| 14. British Indian Ocean Territory | 84. Jordan | 145. Sierra Leone |
| 15. Brunei Darussalam | 85. Kazakhstan, Republic of | 146. Singapore |
| 16. Bulgaria | 86. Kenya | 147. Slovak Republic |
| 17. Burkina Faso | 87. Kiribati | 148. Slovenia, Republic of |
| 18. Burma | 88. Korea, Republic of (South) | 149. Solomon Islands |
| 19. Burundi | 89. Kuwait | 150. Somalia |
| 20. Cambodia | 90. Kyrgyzstan, Republic of | 151. South Africa, Republic of |
| 21. Cameroon | 91. Laos People's Democratic Republic | 152. Southern and Antarctic Territories French |
| 22. Cape Verde | 92. Latvia, Republic of | 153. Sri Lanka |
| 23. Caroline Islands | 93. Lebanon | 154. Sudan |
| 24. Cayman Islands | 94. Lesotho | 155. Suriname |
| 25. Central African Republic | 95. Liberia | 156. Swaziland |
| 26. Chad | 96. Lithuania, Republic of | 157. Syrian Arab Republic |
| 27. Chile | 97. Macao | 158. Tadjikistan, Republic of |
| 28. China, People's Republic of | 98. Madagascar | 159. Tanzania, United Republic of |
| 29. Christmas Island | 99. Malawi | 160. Thailand |
| 30. Cocos (Keeling) Islands | 62. Malaysia | 161. Togo |
| 31. Colombia | 63. Maldives | 162. Tokelau Islands |
| 32. Comoros | 64. Mali | 163. Tonga |
| 33. Congo | 65. Malta | 164. Trinidad and Tobago |
| 34. Cook Islands | 66. Mariana Islands | 165. Tristan Da Cunha |
| 35. Costa Rica | 67. Marshall Islands | 166. Tunisia |
| 36. Cote d'Ivoire | 68. Mauritania | 167. Turkey |
| 37. Croatia, the Republic of | 69. Mauritius | 168. Turkmenistan |
| 38. Cuba | 70. Mexico | 169. Turks and Caicos Islands |
| 39. Cyprus | 71. Moldova, Republic of | 170. Tuvalu |
| 40. Czech Republic | 72. Montserrat | 171. Uganda |
| 41. Djibouti | 73. Morocco | 172. Ukraine |
| 42. Dominica | 74. Mozambique | 173. Uruguay |
| 43. Dominican Republic | 75. Namibia | 174. Uzbekistan, Republic of |
| 44. Ecuador | 76. Nauru | 175. Vanuatu |
| 45. Egypt | 77. Nepal | 176. Venezuela |
| 46. El Salvador | 78. New Caledonia and Dependencies | 177. Vietnam |
| 47. Emirates, United Arab | 79. Nicaragua | 178. Virgin Islands, British |
| 48. Equatorial Guinea | 80. Niger | 179. Virgin Islands, U.S.A. |
| 49. Eritrea | 81. Nigeria | 180. Yemen, Republic of |
| 50. Estonia, Republic of | 82. Niue | 181. Zaire |
| 51. Ethiopia | 83. Norfolk Island | 182. Zambia |
| 52. Falkland Islands | 84. North Africa, Spanish | 183. Zimbabwe |

Sources : 1997 Canadian Customs Tariff issued on 1 January 1997 and revised on 11 April 1997.

Example for Calculating the Percentage of Imported Inputs under
Global Cumulation and the Preference-Giving Country Content Rule

Radio sets manufactured in Hong Kong, ex-factory price per unit \$100 with the following imported materials, parts and components :

- (i) Integrated circuits and diodes made in a non-beneficiary country, value per radio set \$45 and
- (ii) Speakers made in a beneficiary country, value per radio set \$15.

In the above scenario, the radio sets do not qualify as originating products, because the value of the imported content from non-beneficiary country (\$45) exceeds 40% of the ex-factory price (\$100). If the integrated circuits and diodes had been made in Canada or any other GPT beneficiary countries, they would count as preference-giving country content, and the radio sets would qualify as originating products.

