

## ***Importing 101 – Canada***

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This guide is for fair trade organizations that have a desire to import goods into Canada. Once you have gone through the preliminary steps to start your import business (determining what product to sell, conducting market analysis, creating company mission, and others), consult this guide for an outline of how to import products in the Canada. Please note that every product has specific criteria, rules, and regulations. Therefore, you will need to consult the resources listed throughout this document for the specific criteria for your business and product. This document is merely a general overview to guide you through the basics of the importing process.

### **Establish a Business**

In Canada, you must have a registered business in order to import products. Choose your form of business, register your business and business name, and obtain a business number from the Canadian Revenue Agency (CRA; [www.cra-arc.gc.ca/menu-e.html](http://www.cra-arc.gc.ca/menu-e.html)). You will also need to register for the Goods and Services Tax (GST; [www.cra-arc.gc.ca/esrvc-srvce/tx/bsnss/gsthst-tpstch-ntfl/menu-eng.html](http://www.cra-arc.gc.ca/esrvc-srvce/tx/bsnss/gsthst-tpstch-ntfl/menu-eng.html)).

### **Locate Supplier(s)**

For fair trade importers, locating producer partners is the most important step. If you have not yet found fair trade suppliers, try consulting the International Fair Trade Association directory ([www.ifat.org](http://www.ifat.org)) or ask the Fair Trade Federation ([www.fairtradefederation.org](http://www.fairtradefederation.org)) to recommend specific products or producer groups.

### **Determine Method of Transport**

Please note that there are different import processes and quotas for importation via boat, air, and mail. You need to determine the best mode of transport for your specific items. As you decide, take the following factors into consideration: customer deadlines, your budget, producer's production time, the shelf life of items, and environmental concerns.

### **Determine Product to be Imported**

First, you will need to make sure the goods you want to import are not prohibited by the Canadian government. The Canadian Border Services Agency offers the most up to date information (CSBA; [www.cbsa.gc.ca/publications/dm-md/d9-eng.html](http://www.cbsa.gc.ca/publications/dm-md/d9-eng.html)) on prohibited goods. Additionally, you will need to determine if the goods are subject to any other restrictions or regulations. The following items must meet CBSA regulations:

- Alcohol products
- Automobiles
- Controlled imports (textiles and clothing, agricultural products, steel products, and weapons are subject to the jurisdiction of the Office of Foreign Affairs and International Trade Canada – see [www.dfait-maeci.gc.ca/eicb/eicbintro-en.asp](http://www.dfait-maeci.gc.ca/eicb/eicbintro-en.asp) for more information)
- Drugs
- Endangered Species
- Energy-using products
- Explosives
- Weapons and Firearms
- Foods, agricultural products, animals, animal products, and plant products

- Goods subject to the Special Import Measures Act<sup>1</sup> ([www.cbsa.gc.ca/sima-lmsi/menu-eng.html](http://www.cbsa.gc.ca/sima-lmsi/menu-eng.html))
- Hazardous products
- Ozone depleting substances
- Precious metals and jewelry

### **Determine the Tariff**

The first step is to determine the classification number of your product. Use the Harmonized Commodity Description and Coding System to determine this number, as well as the rate of duty ([www.cbsa.gc.ca/trade-commerce/tariff-tarif/menu-eng.html](http://www.cbsa.gc.ca/trade-commerce/tariff-tarif/menu-eng.html)).

On the HCDCS, duties are broken down into two columns—one for Most Favored Nations (MFN) and one for Applicable Preferential Tariffs (for countries belonging to specific trade agreements such as NAFTA). Duties are assigned as a percentage of the total value of the goods (“ad valorem”). For example, pepper imports are subject to a 3% tariff for MFN and 0% tariff for countries with Preferential Tariffs. Therefore, if you were importing \$1,000 worth of pepper from a MFN, the duty would be \$30. From a Preferential Tariff country, the import would be duty-free.

### **Determine Goods and Services Tax (GST)**

The GST is a 5% tax that must be paid to the Canada Revenue Agency on all goods imported. There are a few exceptions, listed at Department of Justice Canada: <http://laws.justice.gc.ca/en/e-15/>.

### **Mark the Imported Goods at Time of Shipment**

It is very important that each container is clearly marked with the country of origin. If they are not marked, you may have trouble getting them into Canada. Additionally, you should make sure that those goods meet any labeling requirements with government departments or agencies. Consider the following: Competition Bureau ([www.competitionbureau.gc.ca/epic/site/cb-bc.nsf/en/h\\_00016e.html](http://www.competitionbureau.gc.ca/epic/site/cb-bc.nsf/en/h_00016e.html)), Canadian Food Inspection Agency ([www.inspection.gc.ca/english/anima/heasan/import/importe.shtml](http://www.inspection.gc.ca/english/anima/heasan/import/importe.shtml)), and Health Canada ([www.hc-sc.gc.ca/cps-spc/index-eng.php](http://www.hc-sc.gc.ca/cps-spc/index-eng.php)).

### **Determine the Office of Arrival**

Determine to which port you are going to ship by consulting the Canada Border Services Agency website ([www.cbsa.gc.ca/contact/listing/indexpages/index-e.html](http://www.cbsa.gc.ca/contact/listing/indexpages/index-e.html)). Customs Brokers<sup>2</sup> should be available at each port. When your goods arrive at port, they must be entered<sup>3</sup> by the purchaser/owner (you) or licensed customs broker. If you opt to use a customs broker, we encourage you to arrange a meeting to go through paperwork, determine classification, calculate duties, and other details before the arrival of your first shipment.

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<sup>1</sup> SIMA helps to protect Canadian industry from injury caused by the dumping and subsidizing of imported goods. Products fitting in this category vary greatly. See: <http://www.cbsa.gc.ca/sima-lmsi/i-e/menu-eng.html>.

<sup>2</sup> A customs broker is a professional who will clear your goods through Customs. They are also responsible for documents, calculation of duties, and communication between importer and government. If you do not feel comfortable with classifying your products, filling out the paperwork, and other things outlined in this document, we encourage you to hire a customs broker.

<sup>3</sup> “Entry” into a country happens after all documents have been filed, duties have been paid, and Canada Border Services Agency has authorized the items for release.

## **Report the Cargo**

The carrier<sup>4</sup> of your items must declare the all commercial goods upon arrival. The carrier can use either the bar coded Cargo Control Document or the Electronic Data Interchange system to report this information to the Canada Border Services Agency.

## **Work Through Customs**

You can either hire a Customs Broker to complete all the documentation for you or you can do it yourself. To work through the Canadian Customs process, you will need to complete the following forms:

1. Form B3 – the Accounting Document ([www.cbsa.gc.ca/publications/forms-formulaires/b3-3.pdf](http://www.cbsa.gc.ca/publications/forms-formulaires/b3-3.pdf))
2. Two copies of the Cargo Control Document (provided by your carrier)
3. Two copies of the Canada Customs Invoice ([www.cbsa.gc.ca/publications/dm-md/d1/d1-4-1-eng.html](http://www.cbsa.gc.ca/publications/dm-md/d1/d1-4-1-eng.html))
4. A paper copy of all import permits, certificates, licenses, and required documents from specific government agencies. Be sure to make copies for yourself and the Border Services Agency.

## **Transport Your Items to Their Final Destination**

Once everything is cleared through Canada Border Services, you are free to transport your products to their final destination.

## **Obtain More Information**

1. Small Business of Canada - <http://sbinfoCanada.about.com/od/canadainport/a/importstart.htm>
2. The Canada Border Services Agency – [www.cbsa.gc.ca](http://www.cbsa.gc.ca)

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<sup>4</sup> The carrier is the organization that transports the products.