

# Opportunity to Reduce Import Costs into Canada – But You Need to Act Now!

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In ***Budget 2016: Growing the Middle Class***, the Government of **Canada** announced its intention to eliminate tariffs on food manufacturing ingredients, such as those used in the agri-food processing industry, as part of its plan to support investment and job creation in the Canadian agri-food sector, Canada's largest manufacturing employer.

This announcement presents a unique opportunity for Canadian manufacturers, foreign companies with manufacturing or importing operations in Canada, and importers of food manufacturing ingredients to take advantage of the proposed elimination of tariffs for certain agri-food inputs and advocate for the inclusion of others not already captured in the government's announcement.

## Scope of the Proposed MFN Tariff Elimination

The government proposes to eliminate tariffs on certain items through changes to the MFN rates of customs duty. The selected items are used in agri-food processing and will reduce production costs for Canadian industry, which should enhance competitiveness.

Specifically, the proposal provides for a reduction in the MFN rates for the goods covered by these tariff items – which currently range from 2 percent to – 17 percent – to “free.” The goods selected include:

- Edible vegetables, roots and tubulars
- Certain edible fruits and nuts
- Certain spices
- Certain grains and cereals
- Certain products used in the milling industry
- Flours, malts, starches, and wheat gluten

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- Animal or vegetable fats and oils prepared foodstuffs (only those used in the manufacture of food products or beverages), beverages, spirits, vinegar, and products of the chemical or allied industries.

In addition, the Department of Finance will also accept views on other tariff items that could be considered in the context of possible further tariff elimination initiatives designed to assist Canadian industry. For example, corn syrup.

## Public Submissions

The government has requested that any interested parties wishing to comment on the proposed MFN tariff elimination should submit their views in writing **by June 21, 2016**. Submissions should include, at minimum, the following information:

1. Canadian company/industry association name, address, telephone number, and contact person;
2. Relevant eight-digit tariff item(s) and description of the goods of particular interest;
3. Reasons for the expressed support for, or concern with, the proposed tariff elimination, including detailed information substantiating any expected beneficial or adverse impact;
4. If concern is expressed with respect to the proposed tariff elimination for one or more eight-digit tariff item(s), views should be provided on ways to alleviate such concerns (e.g. limiting tariff elimination to certain end uses, gradual tariff elimination over a longer time period); and
5. Identifying if information provided in the submissions is commercially sensitive.

The government will also accept views on other items that could be considered in possible further tariff elimination initiatives designed to assist Canadian industry.

This initiative presents a unique opportunity for importers of food manufacturing ingredients to benefit from tariff elimination on the goods which are already identified, as well as have their say on other goods not identified in the government's proposal.

## Manufacturers Should Carefully Review Affected Tariff Items and Submit Their Views by June 21, 2016.

In order to determine to what extent they may benefit from reduced production costs as a result of the reduction in MFN tariffs, manufacturers should confirm whether specific goods are covered by the MFN tariff elimination proposal by carefully consulting the complete list of tariff items identified in the Notice on the Customs Tariff and their corresponding descriptions in the Customs Tariff.

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