

Trade and the Federal budget:

How Canada's 2014 budget will affect importers and exporters



On February 11, 2014, the Minister of Finance, James M. Flaherty, delivered the Government of Canada's 2014 Federal budget.

There were a number of trade-related updates – some small, and some significant. To help importers and exporters understand how the budget affects them, we've summarized the most important trade-related updates below.

Customs Tariff Measures

The 2014 Federal budget eliminates tariffs on mobile offshore drilling units, specifically those used in offshore oil and gas exploration and development, by adding the following tariff items:

- **8905.20.11** with a Most-Favoured-Nation Tariff rate of customs duty of "Free", for "Drilling platforms (including jack-ups and semi-submersibles) used in drilling activity for exploration, delineation or development of offshore projects" currently classified in tariff item No. 8905.20.10 which is being revoked.
- **8905.20.19** to maintain current rates of customs duty on "Drilling platforms" currently classified in tariff item No. 8905.20.10 except for "Drilling platforms (including

jack-ups and semi-submersibles) used in drilling activity for exploration, delineation or development of offshore projects".

- **8905.90.11** with a Most-Favoured-Nation Tariff rate of customs duty of "Free", for "Drill-ships used in drilling activity for exploration, delineation or development of offshore projects" currently classified in tariff item No. 8905.90.10 which is being revoked.
- **8905.90.19** to maintain current rates of customs duty on "drill-ships, drilling barges and floating drilling rigs" currently classified in tariff item No. 8905.90.10 except for "Drill-ships used in drilling activity for exploration, delineation or development of offshore projects".

Tobacco Products

The following increases in the rates of excise duties on tobacco products will take effect February 12, 2014:

- **Cigarettes:** for each five cigarettes or fraction of five cigarettes contained in any package, \$0.52575.
- **Tobacco sticks:** per stick, \$0.10515.
- **Manufactured tobacco other than cigarettes and tobacco sticks:** per 50 grams or fraction of 50 grams contained in any package, \$6.57188
- **Cigars:** per 1,000 cigars, \$22.885595.

Learn more about Canada's 2014
Federal budget and the ways it will
affect trade across the country.



Sales Tax Measures

Effective February 12, 2014, GST/HST will be zero-rated on eyewear specifically designed to electronically enhance the vision of individuals with vision impairment. The eyewear will be added to the list of GST/HST zero-rated medical and assistive devices.

Food safety

The Government is taking the following action to further strengthen Canada's food safety system:

- Hiring over 200 new inspectors and other staff, the development of programs to minimize food safety risks and an enhanced capacity to prevent unsafe food imports from entering Canada. The Government proposes to provide \$153.6 million over the next five years to enhance food safety programs.
- Establishing a Food Safety Information Network to link federal and provincial food safety authorities and private food testing laboratories across Canada. The Government proposes to provide \$30.7 million over the next five years to establish the Network.
- Implementing routine measures to minimize the spread of bovine spongiform encephalopathy (BSE), a.k.a. mad cow disease, within the cattle population. The Government proposes to provide \$205.5 million over five years to CFIA, Health Canada and the Public Health Agency of Canada to continue BSE-related programming.

Price discrimination

The Government intends to introduce legislation to address price discrimination that is not justified by higher operating costs in Canada, and to empower the Commissioner of Competition to enforce the new framework. Details will be announced in the coming months.

Work with the experts

Livingston's regulatory affairs team is monitoring the impact of the Federal budget on Canada's importers and exporters. You can find our latest recommendations online at www.livingstonintl.com as well as on Twitter, at www.twitter.com/livingston_intl.

If you have any immediate questions or concerns about how this year's budget affects you, don't hesitate to reach to your account representative at any time.

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