

QUARTERLY NEWSLETTER

LIVINGSTON GLOBAL PERSPECTIVES

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GLOBAL PUBLICATION

At Livingston, we've expanded our global footprint, and continue to grow our presence and solutions into every corner of the world. Our clients look to us for thought leadership, expertise and more importantly, to 'simplify trade'. We offer solutions to simplify the complexities of trade to help you succeed in a global marketplace.

In this spirit, we present you Livingston's Global Perspectives – a collaborative effort between Canadian and U.S. Regulatory Affairs, and Global Trade Management teams that present a collection of global regulatory and compliance issues you need to know about.

We hope you enjoy this quarterly content and welcome your feedback, which can be sent to LivingstonGlobalperspectives@livingstonintl.com.

Because trade is always evolving, you may also be interested in receiving more immediate updates. If you're interested in daily regulatory and compliance news, send an **email to LivingstonGlobalperspectives@livingstonintl.com** with the subject line '**Subscribe**'.

Trade's complicated. At Livingston, we get it.
This quarterly newsletter is just one of the many ways we try to simplify it.

Happy reading!

Candace Sider, Vice President, Regulatory Affairs Canada

Travis Hull, Director, Regulatory Affairs

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Candace Sider
Vice President,
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U.S. IMPLEMENTS THE 2014 WASSENAAR ARRANGEMENT PLENARY CHANGES

By Steve Chambers US Export Compliance Specialist, GTM Governance

The Wassenaar Arrangement's (WA) made up of a group of 41 countries that are committed to promoting responsibility and transparency in global arms trade and to preventing destabilizing accumulations of arms. Each year, in December, WA signatories meet to discuss necessary revisions to the Wassenaar Arrangement of Dual-Use Goods and Technologies list. The Wassenaar list is used by member countries as a basis for implementing controls on dual-use goods and technologies.

While the most recent changes to the list took effect immediately at the December 2014 Plenary meeting, each individual signatory country makes the necessary changes to their country control regimes to include the Plenary meeting changes at various times. On May 21, 2015 the U.S. Bureau of Industry and Security (BIS) announced that the U.S. Commerce Control List (CCL) was being revised to include the changes made to the WA's List of Dual-Use Goods and Technologies based on the 2014 Plenary meeting.

The CCL has been revised to include 42 Export Control Classification Numbers (ECCNs), adding one ECCN, removing one ECCN, and amending, adding or revising certain notes and definitions. The Country Group A Column 1 has also been replaced with the successor national security export regime for WA Participating States. Additionally, the second national security and regional stability columns have been amended to harmonize with each other, and changes have been made based on risk of diversion to unauthorized end-users, authorized end-uses or destinations.

Of major significance to Livingston's high tech clients is the change to encryption export controls under ECCN

5A002. A Note under 5A002 lists a number of items that are controlled under 5A992. Two new items have been added to this list. Paragraph (l) adds routers, switches or relays where the encryption functionality in those items is limited to "Operations, Administration or Maintenance", also known as OAM functions. Paragraph (m) adds general purpose computing equipment or servers using published or commercial encryption functionality from embedded CPUs and/or operating systems, or limited to OAM functions. These two additions allow Livingston high tech clients to export these items under the lesser controlled 5A992 ECCN, giving them greater flexibility than they currently have when using License Exception ENC to export these items.

It is important to note, however, that the 2014 Wassenaar changes have not yet been incorporated into Canada's Export Controls regulations. Although Canada is committed to the Wassenaar Arrangement in the same manner as the U.S. is, implementation dates can vary from country to country. This period between its implementation in the U.S. and Canada can cause complications as goods, such as routers limited to OAM functions, will be controlled differently by each country until such a time as Canada applies the mandated changes. ▸

CANADA CLOSER TO FULL eMANIFEST IMPLEMENTATION

By John Moccia Compliance Manager, Regulatory Affairs

It has been over a decade since the Canada Border Services Agency (CBSA) first introduced and implemented the Advance Commercial Information (ACI) initiative. According to CBSA policy documents, ACI is about “providing CBSA officers with electronic pre-arrival information so that they are equipped with the right information at the right time to identify health, safety and security threats related to commercial goods before they arrive in Canada.”

Phase 1 of the ACI program was implemented on April 19, 2004, requiring marine carriers to transmit cargo data to the CBSA 24 hours prior to loading cargo at a foreign port. Roughly two years later, in July 2006, Phase 2 required air carriers and freight forwarders to transmit conveyance, cargo and supplementary cargo data to the CBSA four hours prior to arrival in Canada or, if the flight time is less than four hours, before the aircraft’s time of departure.

CBSA is currently in the process of implementing Phase 3 of the ACI program, known as the eManifest initiative. This phase will undoubtedly present the most significant challenges for industry members and the greatest opportunities for the CBSA. In terms of challenges, expecting the 16,500+ highway carriers to electronically transmit advance cargo and conveyance data information to the CBSA within a minimum of one hour prior to arrival at the border may prove demanding. In order for highway carriers to meet their obligations under eManifest, it will require investments in IT resources, training and compliance. On the other hand, the opportunities for the CBSA to perform risk assessments on the advance data sent and the ability to pre-screen thousands of commercial shipments before they reach the border will allow the Agency to advance the frontier to unprecedented heights.

The overall costs and benefits estimated by the Canadian government for the full implementation of the eManifest

initiative would result in a net benefit of \$482 million (\$376 million to the businesses and \$106 million to the federal government) over an 11-year period from 2015 to 2025. These projected savings are mainly due to reduced delays at the border and the efficiencies realized from replacing paper with electronic information.

On May 6, 2015, the regulatory amendments for the eManifest initiative became law. Thereby, making specific trade chain parties involved in the importation of goods into Canada liable for the transmission of pre-arrival information. In essence, all carriers transporting specified goods into Canada must electronically transmit to the CBSA-specified data pertaining to the cargo and conveyance within the prescribed timeframes as described in the Reporting of Imported Goods Regulations. The good news is that, while technically the regulations are in force, there is an informed compliance period until January 1st, 2016 before any monetary penalties will apply.

The eManifest initiative sets out to accomplish three main goals: targeting high risks as early as possible in the supply chain, offering expedited border processing for commercial goods determined to be low risk, and improving the consistency and predictability of service delivery to stakeholders. †

COMPARING CETA AND NAFTA IS LIKE COMPARING APPLES TO ORANGES

By Angela Parkin, Senior Manager, Canada Compliance, GTM Governance

While there are some similarities between the Canada and European Union Comprehensive Economic Trade Agreement (CETA) specifications and the North American Free Trade Agreement (NAFTA), the differences are significant. These differences mean extra caution must be taken and an in-depth understanding of the CETA rules of origin will be required even for those with an understanding of NAFTA.

Rules of Origin

Some of the rules of origin within the CETA text are complex and exporters on both sides will have to ensure they have taken the correct steps in their qualifying process, or engage service providers to complete the qualification process on their behalf. It's confusing to many when the governments state; "when the agreement comes into force, 98.4% of Canada's tariff lines and 98% of the EU tariff lines are expected to become duty free". All exported goods must go through a qualification process and be covered under a CETA origin certificate to qualify for duty-free or a reduced duty entry into Canada or the EU.

Quotas

Certain sections within CETA have quotas, and when qualifying a product within quota it will be important to review all the information as some of the quota rules will provide additional benefits. It will be important for exporters, or a service provider qualifying the product on their behalf, to understand the additional benefits of applying these complex quota rules. While quotas are the responsibility of the importing country to issue and manage, most will be applied on a first-come first-served basis. However, adequate allowances within the quotas are expected. Also, once the agreement is in place, there will be committees monitoring and adjusting the quotas over the years. This means exporters and their service providers will have to take extra care to ensure all considerations have been taken into account when qualifying products when quotas are applicable.

Areas covered under a quota are:

- Agricultural Products
- Fish and Seafood
- Textiles and Apparel
- Vehicles

Cheese and beef are two products that proved challenging for the negotiators, however an agreement was reached. Canada has agreed to increase the quota for EU cheese by 18,000 tons over a 6-year period. This increase is comprised of two parts: 16,000 tons of regular cheese and 1,700 tons of industrial-use cheese – an additional 800 tons of cheese will be added to the quota also, due to new member states in the EU, but that is outside the CETA. The EU has agreed to fairly substantial concessions in the beef and pork industry in exchange for the increased access to Canada's cheese market.

Canada will eventually receive duty-free access for 45,840 tons of beef, which will be divided into a quota for frozen beef (15,000 tons) and fresh chilled beef (30,840 tons), to be phased in over a 6-year period. The EU will also eliminate the in-quota of 20% duty on 11,500 tons of "high-quality beef"; this will be over and above the other quota concessions.

The lawyers for Canada and the EU are expected to complete the scrub and translations in 2015, with the agreement ratification anticipated for early 2016. While it's understood that the ratification will take some time, it's not too early to review potential benefits. ↴

CHINA'S NEW METHOD FOR IMPORT DUTY PAYMENT

By Linda He, Senior Manager, Asia Compliance, GTM Governance

The General Administration of Customs (GAC) is a ministry-level administrative agency within the government of the People's Republic of China. It is responsible for the collection of value added tax (VAT), customs duties, excise duties, and other indirect taxes such as air passenger duty, climate change levy, insurance premium tax, landfill tax and aggregates levy, and for managing the import and export of goods and services into China.

On July 27, 2015, the GAC announced the reform of the importation duty payment method for importers – this new method, called “Consolidated Duty Payment Method”, is applicable to imports in all ports of entry.

Current process

Currently, all imported shipments into China require documents to be completed in order to make a customs declaration. When the import declaration is approved, the importer must pay the import duty and taxes before the shipment is released by Customs. This has been the standard practice ever since China started to import shipments, and the turn-around time from the shipment arrival to the shipment release is 3-5 days depending on the accuracy and speed of document preparation and submission. In many instances, exporters to China do not take this into consideration and they then experience delays in their supply chain.

New process

The new method allows the importer to pick up the shipment prior to the payment of the duty and taxes.

The importer makes the duty and tax payment within a certain time period. This is one of the most important developments within the China custom management system as it moves forward to provide a simplified and convenient trade process, significantly improving the efficiency of custom clearance and well as reducing the customs clearance interval times.

How to apply

According to GAC Issue Number [2015] 33, importers can submit an application for Consolidated Duty Payment Method at the district custom office where the importer is registered for custom clearance. Once the application is approved, the importer must provide a deposit and a Letter of Guarantee to customs before the new process is implemented. The deposit amount is deducted every time a shipment is declared and all payments will have to be made electronically. Failure to comply with the regulations and meet the payment timeframes may result in penalties for the importer and, failing to meet the payment more than twice, the importer will not be able to use the new method. ↵

INDIA'S BIGGEST INDIRECT TAX REFORM IN DECADES

By Shivraj Singh, Manager Compliance, APAC, GTM Governance

With the Centre and States in India finally reaching a consensus on the details of the Goods and Services Tax (GST), India is set to roll out one of its largest indirect tax reforms. When introduced in April 2016, The Goods and Service Tax (GST) Bill will be a value added tax (VAT). The proposed GST will be a comprehensive indirect tax levied on manufacturing, the sale and consumption of goods, as well as services at the national level. It will replace all other indirect taxes currently in place now imposed on goods and services by the Indian Central and State governments.

Background

The GST will convert the country into a unified market, replacing most indirect taxes into one tax. It will have a dual structure — a Central component, levied and collected by the Centre, and a State component to be administered by the States.

At the Central level, it will include Central excise duty, service tax and additional customs duties while at the State level it will include value-added tax, entertainment tax, luxury tax, lottery taxes and electricity duty. The current Central sales tax (CST) will be completely phased out. Entry tax, or octroi, will be incorporated from the start, but state taxes on petroleum products will continue for a few years after the GST is introduced as per the agreement between the Centre and States. State taxes on alcohol and tobacco will remain.

As with VAT, the tax will be charged on each stage of value added. At each stage, a supplier can offset the levy through a tax credit mechanism. This means the consumer, being the last in the supply chain, will pay the GST.

The rate for GST has yet to be decided, but it's expected to be in a range to keep exports competitive.

A sub-committee of the Empowered Committee of state finance ministers have proposed revenue-neutral rates (RNR) for the Central and State components at 12.77% and 13.91%, respectively, taking the effective GST rate to 26.88%. However, this rate has yet to be confirmed.

Why does India need the GST?

The objective of the GST is to remove the current piecemeal of indirect taxes, which contain mainly exemptions and multiple rates, in order to improve India's tax compliances. The introduction of the GST in different countries has been one of the most important developments in taxation over the last six decades. With the ability to raise revenue in a transparent and neutral manner, it is not surprising more than 150 countries have adopted the GST.

With the increase of international trade in services, the GST has become a preferred global standard. All Organization for Economic Co-operation and Development (OECD) countries, except the U.S., have chosen to follow this taxation structure. ◀

A LOOK INTO THE SAFE FRAMEWORK, ITS BENEFITS AND CHALLENGES

By Nancy Torres, Senior Analyst, GTM Governance

Made up of 180 member countries, the World Customs Organization (WCO) covers almost all the international trading worldwide, and is in tune with the need to ensure the safety of goods in various stages of the supply chain. To meet this need, the WCO established the SAFE Framework of Standards to Secure and Facilitate Global Trade.

The SAFE Framework is built on two pillars:

1. Customs-to-Customs networks.
2. Customs-to-Business partnerships.

And is made up of four core elements:

1. Harmonization of advance electronic cargo information.
2. Risk management to address security threats.
3. Performance of outbound inspections on high-risk cargo using large-scale non-intrusive technology.
4. Benefits to businesses that meet the safety standards and best practices.

The above are focused on the facilitation of trading by implementing standardized customs policies aiming to work preventively based on risk assessments. One of these policies includes a full advance validation of goods in transit and the tracking of shipments during their transit. This policy also results in a much faster and efficient clearance at the destination and in some instances a decrease of operation costs.

The SAFE Framework initiative has received a positive response from the international trading community, with many countries changing their current processes and legislation to meet these standards.

What does it take to implement it?

Among the various aspects implied on this question, there are three key elements to a successful implementation of the SAFE Framework: financial resources assigned to the modernization, automation of customs process, and the

integration a single customs legal frame.

To accomplish the tasks of facilitating trade, the SAFE Framework relies on technology to collect and analyze data in advance and to scan shipments on a large scale. Both aspects require certain systems and platforms to be set and, committed investment from governments.

The question is not really whether governments want to invest in the development of these platforms since the balanced benefits justify the cash allocation, but instead whether they have the resources to do so and can prioritize the requirement from other national interests. To solve this issue, the SAFE Framework suggests a phased approach to enable governments to implement within their financial capacity.

This phased approach will not only help to assimilate the investment on the implementation of these standards, but also will be of use when addressing the integration of the customs legal frame towards mutual recognition. As countries move to adopt the SAFE Framework they must recognize each other as part of a standardized system, team work will be required to develop the functional mechanisms needed. The U.S. has expressed interest in adopting the SAFE Framework, but they will need to integrate all the new technology, as well as new legal figures such as Authorized Economic Operators, to their current legal customs frame. The SAFE Framework will allow businesses and customs administrations to benefit from the optimization of standardize import and export processes, as well as increase trade safety. †

MAGNITSKY LAW

By Brad Lehigh, Export Compliance Specialist, GTM Governance

With the current situation in Eastern Ukraine resulting in a political climate, causing sanctions to be taken against the Russian government, it was no surprise when Canada's Liberal Member of Parliament (MP), Irwin Cotler, put forward a motion to adopt the Global Magnitsky Human Rights Accountability Act (-689). Nor was it surprising that the motion was agreed upon unanimously by the government.

The Global Magnitsky Human Rights Accountability Act, known as the "Magnitsky Law", is named after Sergei Magnitsky, a Russian lawyer who exposed a massive tax fraud scheme involving high-level Russian government officials. Mr. Magnitsky was jailed in Russia in 2008 on bogus charges, and died in custody within a year. It was later determined by a human rights monitoring group that he had been denied medical care and had been beaten and tortured by officers of the Russian Interior Ministry.

U.S. adopts Magnitsky Sanctions

Magnitsky sanctions were first adopted by the United States in 2012, and have been imposed against 34 individuals, mostly of Russian origin. The European Union (EU) is said to support similar motions, but no individual countries in the EU have yet to pass any legislation.

Canada still to implement

Along with the current sanctions imposed against Russian government officials and their Ukrainian proxies under the Canadian Special Economic Measures Act (SEMA); a Magnitsky Act once implemented would be another tool the Canadian government could use to impose asset freezes and travel bans against the regime responsible for invading Eastern Ukraine.

The government indicated it would present it as a bill that would impose "sanctions against foreign nationals involved in the detention, torture, and death of Sergei Magnitsky". There was widespread praise when the motion was adopted, however as the weeks stretch into months without

any legislation being produced, Canadians now have to wait to see if legislation will be passed when the government returns in the Fall.

Although it is relatively simple for the Canadian government to update sanctions already in place, the reason for the delay is likely because this would be the creation of an entirely new sanctions program. Canada currently institutes sanctions using the authority of several different acts (UN Act, Special Economic Measures Act, Freezing Assets of Corrupt Foreign Officials Act, and the Export and Import Permits Act). The creation of Magnitsky sanctions would require an entirely new Act to be written (i.e. a "Magnitsky Act").

What remains to be seen is whether Canada will use the new act to punish human rights violators from outside the former USSR territories. Canada wishes to be seen as a staunch opponent to countries that repress human rights, and could convince the public this is more than another tool to fight Vladimir Putin by sanctioning countries which have little economic value to Canadian business, but are flagrant abusers of human rights; such as Equatorial Guinea, Gambia, or possibly Cambodia.

Canadian exporters are advised to monitor Livingston Trade News or the Department of Foreign Affairs, Trade, and Development (DFATD)'s sanctions website regularly, to keep abreast of both the status of the Magnitsky Law and any other new sanctions coming into effect. ▸

TRADE AGREEMENT FOR AUTOMOTIVE SECTOR

between MERCOSUR and Mexico Economic Complementation Agreement No. 55

By Miguel Ángel Enríquez, Senior Manager Mexico Compliance, GTM Governance

Automotive manufacturing has become one of the key elements of economic development in the Latin-American region, especially for Mexico and Brazil, which are considered the largest economies in terms of population and Gross Domestic Product. The Economic Complementation Agreement No. 55 has been instrumental in developing the automotive manufacturing in these countries.

A brief history of the Economic Complementation Agreement No. 55

The Latin American Integration Association (ALADI) was established as a result of the 1980 Montevideo Treaty. The official languages of ALADI are Spanish and Portuguese. In December 1980, the Montevideo Treaty was approved by the Senate of Mexico with the decree of enactment being published in March of 1981. Under the 1980 Montevideo Treaty, the governments of Mexico, the United States, Argentina, Brazil, Paraguay and Uruguay signed the Economic Complementation Agreement No. 55 (ECA55) on September 27th, 2002.

One of the main objectives of ECA55 was to lay the groundwork for free trade in the automotive sector. It also promotes the development and integration of trade

relations, preserving and expanding existing trade flows between Mexico and MERCOSUR. ECA55 also supports regulating trade, in terms of market access, tariff preferences and technical regulations.

In order to receive the preferential conditions, goods must meet the rules of origin set out in Article 6 and Annex II of ECA55. Furthermore, exported goods must be accompanied by a valid Certificate of Origin when imported into the territory of Signatory Parties.

ECA55, which came into effect in 2003, has enabled the Mexican and Brazilian automotive industries to harmonize trade initiatives and further integrate their production processes, through the free trade of autos and their parts, thereby generating economic growth in both nations.



However, due to Mexico's trade surplus of US\$330 million in 2011, Brazil threatened to denounce the ECA55 agreement if Mexico didn't further the import and export quotas (restrictions). Finally, after intense negotiations in support of the automotive industry in Mexico, the Secretary of Economy, Ildefonso Guajardo Villarreal, signed an agreement with the Brazilian government to modify the ECA55 agreement.

The modification of ECA55 established the following commitments:

- I) Increase and tariff-free export quotas for the trade of light vehicles;
- II) Maintain the 35 % rule of origin for auto parts, and light vehicles to increase to 40% by 2019;
- III) Valid for four years (March 2015 – March 2019);
- IV) The postponement to 31 December 2018 to agree on the modalities, quotas and deadlines for free trade in heavy vehicles;
- V) The return to free trade starting 19 March 2019.

Mexico will maintain privileged access to the Brazilian automotive market, being the only agreement of this nature in Brazil with a country not belonging to MERCOSUR.

This Agreement will ensure tariff-free access for exports of light vehicles from Mexico to Brazil, as follows:

- March 19, 2015 to March 18, 2016: US \$ 1,560 million
- March 19, 2016 to March 18, 2017: US \$ 1,606,000 million
- March 19, 2017 to March 18, 2018: US \$ 1,655,000 million
- March 19, 2018 to March 18, 2019: US \$ 1,705,000 million
- As of March 19, 2019: free trade

Brazil is Mexico's largest trading partner Latin America, making up 23% of Mexico's trade. In this bilateral relationship, the exchange of vehicles and parts is essential, as the automotive trade represents almost half (46%) of the bilateral trade flows (2014).

- Trade of vehicles Mexico-Brazil US \$ 1,965,000 million
- Exports from Mexico to Brazil: US \$ 1,608,000 million
- Imports of Mexico originating from Brazil: US \$ 356 million
- Trade of autoparts Mexico-Brazil US \$ 2,011,000 million
- Exports from Mexico to Brazil: US \$ 977 million
- Imports of Mexico originating from Brazil: US \$ 1,034,000 million

U.S. COUNTRY OF ORIGIN LABELING (COOL)

*By Suzanne Perkins Compliance Manager, Regulatory Affairs
and José Luis Jaime Mexico, GTM Governance*

In 2009, the United-States implemented legislation to modify the labeling provisions for meat and meat products under the Country of Origin Labeling (COOL) program. This legislation has forced the livestock industry in Canada and other countries such as Mexico to implement lengthy labeling and tracking systems when trading with the U.S. The burden of this legislation is estimated to have cost Canadian trade in excess of \$3.1 billion, severely damaging Canadian industry and jobs.

Canada and Mexico initiated WTO dispute proceedings as a result of the U.S. implementing the COOL legislation. In response, the U.S. challenged the dispute. Finally, after the US exhausted all avenues of the dispute settlement process, the WTO released its final ruling in May 2015, stating the country-of-origin labeling (COOL) on meat unfairly discriminates against meat imports and gives the advantage to domestic meat products.

The final WTO ruling allowed Canada and Mexico permission to respond, they went forward to the WTO stating they wanted to issue a 100% surtax on certain products to recover the costs as a result of the COOL legislation. In June, 2015, both nations made a statement where the Canadian Minister of International Trade, Ed Fast jointly with Mexico's Secretary of Economy, Ildefonso Guajardo Villarreal said; "Canada will request authorization from the WTO to impose over CA\$3 billion in retaliatory measures against the U.S., while Mexico will seek authorization for over US\$653 million.

How would surtax be assessed?

The 100% surtax can be assessed regardless of whether or not the product qualifies for the North American Free Trade Agreement (NAFTA). In simple terms, this means that if a targeted product is imported with a Canadian value of \$1,000.00, then a \$1,000.00 surtax will be assessed at time of importation even if the product qualifies for the NAFTA preferential duty rate.

Some of the products that may be targeted include:

Chemicals, jewelry, metal products, furniture, fresh meats, and food products such as: certain fruits and vegetables, prepared meals, various syrups, chocolate, pasta, cereals, breads and pastries, orange juice, ketchup and sauces, wines and spirits.

A final list of the products subject to retaliation along with the corresponding tariff items will be provided at the time of implementation of the surtax, as well as clarification of whether or not the surtax will only apply to products originating in the U.S. or to products imported from the U.S. regardless of the origin.

Next steps

While there was a call by many to the U.S. Senate to repeal the legislation before the U.S. Senate recessed in August, this did not happen. The U.S. Government disputed the amount of damages claimed by Canada and made a request to the WTO, for arbitration. The WTO arbitrators have met with the parties on the 15th and 16th of September 2015 and held an open session to public viewing at the WTO Headquarters in Geneva.

It's expected that the arbitration process will be completed by the late fall of 2015, after which Canada will have legal authority to proceed with retaliation against an annual value of trade equivalent to the level of damages determined by the WTO arbitration panel. ◀

WTO AND THE WCO - WHAT IS THE DIFFERENCE?

By Philip Sutter, Director, Governance Policy, GTM Governance

The World Trade Organization (WTO) and the World Customs Organization (WCO) are significant players in international trade matters. However, their roles are sometimes confused and misunderstood. One difference between the two is their membership, comprising of government representatives of the world's nations. The WTO is located in Geneva, Switzerland and has 161 member countries while the WCO is located in Brussels, Belgium and has 180 member countries.



The WTO was established in 1995. It was preceded by the General Agreement on Tariffs and Trade (GATT) which began with 23 countries in 1948. The WTO'S primary function is that of a negotiator. The organization focuses on the removal of barriers to international commerce through multi-lateral trade agreements. These agreements, negotiated among its membership, govern a wide range of trade matters that keep countries' trade policies within agreed limits. Its members, representing the leadership of each country, agree to abide by the negotiated rules and the WTO provides a dispute settlement process if they cannot agree.

The WTO's negotiated trade rules involve goods – General Agreement on Tariffs and Trade (GATT); services – General Agreement on Trade in Services, (GATS); and intellectual property – Trade-Related Aspects of International Property Rights (TRIPS). These three agreements provide the underlying principles for additional agreements.

WTO agreements have been accomplished over the years in succeeding rounds of negotiations named after the place where those negotiations began or a prominent individual

on the world trade scene. They can last anywhere from a few months to several years.

The Uruguay Round began in 1986 and lasted over seven years. It was successful in reducing tariffs among the parties by 40%, reducing agriculture subsidies, gaining full access for textiles from developing countries, and extending intellectual property rights. It includes about 60 agreements, including the successfully negotiated Information Technology Agreement (ITA).

The current Doha Development Round, in progress for nearly fourteen years, has the objective to lower tariff barriers. It has been disappointing and nearly unraveled several times due to issues such as agriculture subsidies. Also, attempts to update the ITA, a success of the Uruguay Round, have been a source of frustration in the Doha Round.

A limited success within the Doha Round was achieved in December 2013. The Trade Facilitation Agreement (TFA) or so-called "Bali Package" was agreed to and is currently in the process of member ratification. If two-thirds of the members ratify it, it will come into force. TFA is an agreement to modernize customs activities by using e-commerce solutions and reduce bureaucracy. It includes the implementation of the "single-window" concept that simplifies the collection of customs and regulatory information for multiple government agency purposes using a standard data set through a single delivery point.



WORLD CUSTOMS ORGANIZATION
ORGANISATION MONDIALE DES DOUANES

The WCO evolved from a Study Group formed to examine customs issues identified by the GATT. In 1953, the Study Group established a committee made up of 17 members, which was named the Customs Cooperation Council (CCC). In 1994, to recognize its worldwide growth, it adopted the name World Customs Organization (WCO). The WCO's role is to govern various frameworks and conventions that facilitate secure and free flowing international trade. The WCO is made up of representatives of the customs administrations of member countries.

The WCO has a number of working standards that provide a significant framework for the operation of Customs in its member countries. These standards include the Harmonized Commodity Description and Coding System (also known as Harmonized System or HS) providing the basis for classifying goods for duty, admissibility, and

statistic purposes; the Customs Valuation Code that outlines methods of assigning values for duty calculation purposes; and the Safe Framework of Standards to Secure and Facilitate Global Trade that lays out guidelines to ensure the security of the supply chain through the participation of "authorized economic operators" (volunteer participants such as importers, exporters, brokers, freight forwarders, carriers, etc.).

Meanwhile, WCO has failed to adopt harmonized rules for non-preferential, country of origin determination. The attempts to gain support for adopting the rules among the members has failed.

Going forward, the WCO has begun the Mercator Program, to start where the WTO left off with the TFA. It will provide assistance and coordinate trade facilitation measures to those countries preparing to implement the TFA.

As international trade continues to progress, look for the WTO and WCO to continue to play their respective roles. The WTO will negotiate multi-lateral trade agreements, the WCO will administrate global customs standards. Together, their complementary roles facilitate the global supply chain. ↵

SPOTLIGHT ON FREE TRADE

Trans-Pacific Partnership Agreement (TPP)

The Trans-Pacific Partnership Agreement (TPP) negotiations concluded on October 5, 2015 with all parties announcing an agreement had been reached. The twelve countries Canada, United States, Australia, Japan, Brunei Darussalam, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam will now have to ratify the agreement. The countries involved in the TPP make up 40% of the world's economic production.

<http://www.international.gc.ca/media/comm/news-communiqués/2015/10/02a.aspx?lang=eng>

Transatlantic Trade Investment Partnership (TTIP)

The Transatlantic Trade and Investment Partnership (T-TIP) is a trade and investment deal, currently under negotiations, between the European Union and the United States. The T-TIP is intended to be an ambitious and comprehensive trade agreement that will significantly expand trade and investment between the U.S. and the EU, increase economic growth, jobs, and international competitiveness, and address global issues of common concern. The eleventh round of talks is scheduled to take place in Miami in October, 2015.

<http://ec.europa.eu/trade/policy/in-focus/ttip/>
<https://ustr.gov/ttip>

China – Australia FTA (ChAFTA)

On June 17, 2015, Australia signed a Free Trade Agreement with its largest trading partner, China. More than 85% of Australian exports will be tariff free, rising to 95% on full implementation. The ChAFTA will enter into force upon the completion of domestic legal and parliamentary processes by each country, which is expected to be in place by 2016.

<http://dfat.gov.au/trade/agreements/chafta/Pages/australia-china-fta.aspx>

Canada-European Union: Comprehensive Economic and Trade Agreement (CETA)

The Canada-EU Agreement was signed in the fall of 2014. The lawyers for both Canada and the EU are completing the scrub and translations of the text and this is expected to be completed by early 2016. The agreement then has to be ratified by all parties sometime in early 2016, CETA is expected to come into force in 2016, and will provide significant benefits for goods qualifying under the rules of origin.

<http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/index.aspx?lang=eng>
<http://ec.europa.eu/trade/policy/in-focus/ceta/>

Australia-India (CECA)

The eighth round of Australia-India Comprehensive Economic Cooperation Agreement (CECA) negotiations took place in New Delhi on July 1-3, 2015. Negotiations are continuing and it's expected that an agreement will be finalized by year end. Bilateral trade between the countries is pegged at around AUD\$15 billion, which is just 10% of the value of Australia's trade with its largest trading partner, China.

<http://dfat.gov.au/trade/agreements/aifta/Pages/australia-india-comprehensive-economic-cooperation-agreement.aspx>

Trade In Services Agreement (TISA)

TISA is a proposed trade initiative between 24 parties focused on the service industries. The agreement is said to cover approximately 68% of the global services economy. Much of TISA is shrouded in secrecy, but there is information and fact sheets published on both the EU and US government websites

<http://ec.europa.eu/trade/policy/in-focus/tisa/>
<https://ustr.gov/TISA>
http://ec.europa.eu/enterprise/policies/international/facilitating-trade/free-trade/index_en.htm

Canada-Ukraine FTA (CUFTA)

On July 14, 2015, a free trade agreement was announced between Canada and Ukraine. The government expects Canada's exports to Ukraine to increase by \$41.2 million and Ukraine exports to Canada to increase by \$23.7 million, mostly in textile, apparel and metal products. The agreement still requires legal vetting and ratification by the parliaments in both countries before it can be implemented.

<http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/ukraine/index.aspx?lang=eng>

Canada-Philippines FTA

Filipino president Benjamin Aquino came to Canada for a three-day visit on May 8, 2015 during which Canada and the Philippines announced they would begin discussions towards a Canada-Philippines free trade agreement. With a market of approximately 100 million consumers and a GDP of \$315 billion in 2014, the Philippines has one of the fastest growth rates in Asia.

<http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/philippines/index.aspx?lang=eng>

<http://www.livingstonintl.com/our-experts-speak/canada-and-the-philippines-exploring-free-trade-agreement-potential/>

Additional websites

Europe

European Commission link that provides additional information on Free Trade Agreements

<http://ec.europa.eu/trade/policy/countries-and-regions/agreements/>

Canada

Canada's link that provides additional information on Free Trade Agreements

<http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/fta-ale.aspx?lang=eng>

United States

United States link that provides additional information on Free Trade Agreements

<https://ustr.gov/trade-agreements/free-trade-agreements>

Asia

Asia link that provides additional information on Free Trade Agreements

<http://aric.adb.org/fta>

World Custom Organization

WTO Link to National Customs websites

<http://www.wcoomd.org/en/about-us/wco-members/customs-websites.aspx>

PUBLIC HOLIDAYS

United States

January 01	Thursday	New Year's Day
January 19	Monday	Dr. Martin Luther King, Jr. Day
February 16	Monday	Washington's Birthday
May 25	Monday	Memorial Day
July 03	Friday	Independence Day
September 07	Monday	Labor Day
October 12	Monday	Columbus Day
November 11	Wednesday	Veterans' Day
November 26	Thursday	Thanksgiving Day
December 25	Friday	Christmas Day

Canada

January 01	Thursday	New Year's Day
February 9	Monday	Family Day (British Columbia not included)
February 16	Monday	Third Monday in February (Alberta not included)
April 3	Friday	Good Friday
April 6	Monday	Easter Monday
May 18	Monday	Victoria Day
June 24	Wednesday	Saint-Jean-Baptiste Day (Quebec only)
July 1	Wednesday	Canada Day
July 9	Thursday	Nunavut day (Nunavut only)
August 3	Monday	First Monday in August (Quebec not included)
August 17	Monday	Discovery Day (Yukon Only)
September 7	Monday	Labour Day
October 12	Monday	Thanksgiving Day
November 11	Wednesday	Remembrance Day
December 25	Friday	Christmas Day
December 28	Monday	Boxing Day

Belgium

January 01	Thursday	New Years Day
January 06	Tuesday	Epiphany (Not a public holiday)
April 06	Monday	Easter Monday (Monday after Easter Sunday)
May 01	Friday	May Day (International Workers' Day)
May 10	Sunday	Mothers Day (2nd Sunday in May. Not a public holiday)
May 14	Thursday	Ascension Day (40 days after Easter)
May 15	Friday	Ascension Friday (Banks are closed)

May 25	Monday	Whitmonday (7th Monday after Easter. Also Known as Pentecost Monday)
June 14	Sunday	Fathers Day (2nd Sunday in June. Not a public holiday)
July 11	Saturday	Celebration of the Golden Spurs (Day of the Flemish Community)
July 21	Tuesday	Independence Day (National holiday)
August 15	Saturday	Assumption Day (Assumption of Mary)
September 27	Sunday	French Community Holiday (observed only by the French Community)
November 01	Sunday	All Saints Day
November 02	Monday	All Souls day (Not a public holiday)
November 11	Wednesday	Armistice Day
November 15	Sunday	German Community Day (Day of the German-speaking Community of Belgium)
November 15	Sunday	Kings Feast (Not a public holiday)
December 06	Sunday	Saint Nicholas (Not a public holiday)
December 25	Friday	Christmas Day

China

January 01	Thursday	New Years Day
January 02	Friday	New Years weekend
February 18	Wednesday	Spring Festival Eve
February 19	Thursday	Chinese New Year
February 20	Friday	Spring Festival Golden Week Holiday
February 23	Monday	Spring Festival Golden Week Holiday
February 24	Tuesday	Spring Festival Golden Week Holiday
April 06	Monday	Qing Ming Jie Holiday
May 01	Friday	Labor Day
June 22	Monday	Dragon Boat Festival
October 01	Thursday	National Day
October 02	Friday	National Day Golden Week Holiday
October 05	Monday	National Day Golden Week Holiday
October 06	Tuesday	National Day Golden Week Holiday
October 07	Wednesday	National Day Golden Week Holiday

England

August 31	Monday	Summer Bank Holiday
December 25	Friday	Christmas Day
December 28	Monday	Boxing Day
December 25	Friday	Christmas Day

France

January 01	Thursday	New Year's Day
April 06	Monday	Easter Monday
May 01	Friday	May Day
May 08	Friday	Victory in Europe Day
May 14	Thursday	Ascension Day
May 25	Monday	Whit Monday
July 14	Tuesday	Bastille Day
November 02	Monday	All Saint's Day
November 11	Wednesday	Remembrance Day

Germany

January 01	Thursday	New Years Day
April 03	Friday	Good Friday
April 06	Monday	Easter Monday
May 01	Friday	May Day
May 14	Thursday	Ascension Day
May 25	Monday	Whit Monday
December 25	Friday	Christmas Day

Hong Kong

January 01	Thursday	New Years Day
February 19	Thursday	Lunar New Year
February 20	Friday	Lunar New Year
April 03	Friday	Good Friday
April 06	Monday	Ching Ming Festival
April 07	Tuesday	Day following Easter Monday
May 01	Friday	Labour Day
May 25	Monday	The Buddha's Birthday
July 01	Wednesday	Hong Kong SAR Establishment
September 28	Monday	Mid-Autumn Festival
October 01	Thursday	National Day
October 21	Wednesday	Chung Yeung Festival
December 25	Friday	Christmas Day
December 28	Monday	Boxing Day

Ireland

January 01	Thursday	New Years Day
March 17	Tuesday	St Patrick's Day
April 06	Monday	Easter Monday
May 04	Monday	May Day
June 01	Monday	Bank Holiday
August 03	Monday	Bank Holiday
October 26	Monday	Bank Holiday
December 25	Friday	Christmas Day
December 28	Monday	St Stephens Day

Mexico

January 01	Thursday	New Years Day
February 05	Thursday	Constitution Day
March 16	Monday	Benito Juarez Day
May 01	Friday	Labor Day
September 16	Wednesday	Independence Day
November 16	Monday	Revolution Day
December 25	Friday	Christmas Day

Netherlands

January 01	Thursday	New Years Day
April 06	Monday	Easter Monday
April 27	Monday	King's Birthday
May 05	Tuesday	Liberation Day
May 14	Thursday	Ascension Day
May 25	Monday	Whit Monday
December 25	Friday	Christmas Day

Poland

January 01	Thursday	New Years Day
January 06	Tuesday	Epiphany
April 06	Monday	Easter Monday
May 01	Friday	Labour Day
June 04	Thursday	Corpus Christi
November 11	Wednesday	Independence Day
December 25	Friday	Christmas Day

Spain

January 01	Thursday	New Years Day
January 06	Tuesday	Epiphany
April 03	Friday	Good Friday
April 06	Monday	Easter Monday
May 01	Friday	Labour Day
July 13	Monday	Local Holidays (Almussafes)
July 16	Thursday	Local Holidays (Almussafes)
October 09	Friday	Valencian Community's Day
October 12	Monday	Hispanic Day
December 08	Tuesday	Immaculate Conception
December 25	Friday	Christmas Day

