



Canadian customs and global trade alert

Canada announces new measures to address unfair trade practices

April 17, 2018

On March 27, 2018, the Prime Minister of Canada announced new measures designed to identify and deal with unfair trade practices. Notice of the proposed regulatory text was published in the *Canada Gazette* on March 31, 2018, and a 15-day consultation period was imposed. This announcement follows President Trump's recent decision to increase tariffs on steel and aluminum goods imported into the United States. The measures are designed to protect North American industries from actual or threatened harm from unfair practices. The announcement is a signal to the trade community that Canada will not be used as a backdoor for the diversion of steel and aluminum goods into the United States.

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The Canada Border Services Agency (CBSA) is responsible for the administration and enforcement of various laws designed to deal with unfair trade practices in Canada. The anticipated changes should provide CBSA officers with new investigative powers, strengthen the CBSA's border enforcement capabilities and enhance the CBSA's ability to cooperate with Canada's trading partners. Particulars of the new measures include the following:

1. Provisions for new anti-circumvention investigations designed to help CBSA officers prevent businesses from avoiding duties by, for example, slightly modifying goods or assembling them in Canada or in another country;
2. Provisions allowing for greater flexibility in CBSA determinations as to whether or not prices charged in an exporter's domestic market have been distorted (and should be the subject of trade remedy proceedings);
3. Rules providing unions with standing in proceedings to participate in trade-remedy matters on the issue of whether or not foreign exports are hurting domestic producers;
4. Greater coordination between trade partners to strengthen border enforcement (e.g., by improving information sharing, bolstering enforcement and assessing resource needs);
5. Meetings with American and Mexican officials to identify and discuss solutions to customs and trade issues such as transshipment, diversion and global overcapacity.
6. New federal-provincial-territorial-stakeholder committees in order to monitor the steel and aluminum trade to ensure imports do not adversely affect Canadian and North American jobs.

In sum, the announced changes should help to strengthen Canada's trade remedy system to address the issue of imported goods which have benefitted from unfair subsidies, or that have been sold at artificially low prices.

The full text of the Prime Minister's announcement can be found at: <https://pm.gc.ca/eng/news/2018/03/27/canada-acts-further-prevent-transshipment-and-diversion-steel-and-aluminum-protect>

The Canada Gazette notice can be found at: <http://www.gazette.gc.ca/rp-pr/p1/2018/2018-03-31/html/reg4-eng.html>

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