

A close-up photograph of the United States and Canadian flags. The US flag's stars and stripes are on the left, and the Canadian red maple leaf is on the right. The flags are slightly wrinkled, giving a textured appearance.

NAVIGATING US TRADE UNCERTAINTY: A PRACTICAL GUIDE FOR ATLANTIC FIRMS

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ABBREVIATIONS

CBSA | Canada Border Services Agency

CETA | Canada-EU Comprehensive Economic and Trade Agreement

HS | Harmonized System (product classification for trade in goods)

MFN | Most Favoured Nation

NAFTA | North American Free Trade Agreement (Canada-US-Mexico)

SME | Small and medium-sized enterprise

US CBP | US Customs and Border Protection

WTO | World Trade Organization



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With over \$75 million in daily two-way trade between Atlantic Canada and the US, small and medium-size enterprises (SMEs) in Atlantic Canada are worried about their access to the US market. This includes the outcome of the current renegotiations of the North American Free Trade Agreement (NAFTA), fears the US could still withdraw from NAFTA, and the potential for punitive tariffs on Canadian exports and imports. While 40-50% of SMEs in the NAFTA region use NAFTA preferential tariff treatment for North American trade, only 5% of SMEs have a contingency plan in place in case NAFTA renegotiations are unsuccessful.

This guide is intended to help Atlantic companies understand what is happening, assess current and potential impacts and develop a contingency plan. While a modernized NAFTA, as part of a win-win-win deal that benefits all three NAFTA partners is possible, there is considerable uncertainty about how the current negotiations will ultimately be resolved. Atlantic businesses therefore need to consider contingency plans for several potential outcomes.

THIS GUIDE INCLUDES:

- A description of four potential NAFTA scenarios
- Discussion of three practical steps firms can take
- Four case studies to illustrate potential tariff impacts and how to manage such risks
- A discussion of six non-tariff issues and strategies to address them
- A discussion of the benefits, costs and risks of diversification to non-US markets
- A list of additional resources and contacts where you can get help and advice

NAFTA SCENARIOS AND STRATEGIES

1 | POSSIBLE NAFTA SCENARIOS

The following scenarios are designed to help Atlantic firms think through a range of possible outcomes of the NAFTA renegotiations.

SCENARIO 1: NAFTA REMAINS

NAFTA remains in place while negotiations continue, off and on. However, the threat of a US withdrawal remains for months or years, border challenges intensify, and the risk of punitive US tariffs is realized. This is the current scenario Atlantic firms are facing.

SCENARIO 2: ZOMBIE NAFTA

If the US President invokes [Article 2205 of NAFTA](#) and gives six-month notice of US withdrawal from NAFTA the US would enter uncharted constitutional territory. There could be a long period of turmoil, including legal action by the US Congress and US businesses and further negotiations with Canada and Mexico. This prolonged uncertainty, which could last years (the so-called “zombie NAFTA”), eventually leads to a renegotiated agreement (scenario 3) or the end of NAFTA (scenario 4).

SCENARIO 3: NAFTA 2.0

After months or years of uncertainty, NAFTA is finally renegotiated maintaining a zero tariffs approach on most goods. Some elements of the agreement are modernized but some features, such as rules of origin for autos, are modified. As of June 29, negotiations have concluded discussions on nine chapters related to modernization, including SMEs. Once an agreement is reached, it could take upwards of six months before it is approved, meaning a renegotiated NAFTA will not be ratified before the next Congress takes office in January 2019.

SCENARIO 4: END OF NAFTA

The US withdraws from NAFTA, and no free trade agreement is negotiated with Canada.¹ World Trade Organization (WTO) Most-Favored Nation (MFN) tariff rates and trade rules now apply to Canada-US trade (see pages 30 and 31). [MFN](#) rates are the tariff rates WTO members impose on other WTO members, representing the most favourable tariff rate available to any WTO member, except for countries that have negotiated a preferential trade agreement, such as NAFTA. Approximately 45% of US imported goods at the 6-digit Harmonized System (HS) code level are subject to zero tariffs; one-third have a tariff less than 5%; and 22% have a tariff of 5% or more.² NAFTA will remain in force for trade between Canada and Mexico, although a US withdrawal may create some complications for the application of NAFTA rules.

The US Administration could also use executive powers to impose higher tariff rates than WTO MFN rates on specific products it imports from Canada, as it has already done. While US Congress maintains oversight of international trade regulations, the US President has access to extraordinary powers to levy tariffs. For example, the 25% tariff on steel and the 10% tariff on aluminum were levied under [Section 232 of the Trade Expansion Act](#) for reasons of national security.³ Canada could agree to import quotas to avoid these tariffs as some countries have done with steel and aluminum, and as Canada did during the previous softwood lumber dispute.

2 | STEPS FIRMS CAN TAKE

There are many unknowns and several potential outcomes in the current trade relationship between Canada and the US. Atlantic businesses can manage the uncertainty by taking the following practical steps. The final section of this guide also discusses the role of diversification to non-US markets.

STEP ONE: ASSESS POTENTIAL IMPACTS OF DIFFERENT SCENARIOS AND DEVELOP PLANS FOR EACH OUTCOME

It is essential for businesses to act now and position themselves for different potential outcomes and to manage a prolonged period of uncertainty. Take time to think through the impacts of a range of potential outcomes on your business, as demonstrated in APEC's four scenarios. Examine the impacts on your business of potential changes in tariffs, using the approach in this guide or ask a customs broker or other agent to conduct this analysis for you. Assess your vulnerability to non-tariff barriers, such as those discussed in this guide, and decide how to mitigate these issues. Develop a strategy for each possible outcome so plans can be activated as events unfold.

STEP TWO: DISCUSS THE IMPACTS AND STRATEGIES WITH YOUR US PARTNERS AND CUSTOMERS

Share your conclusions and assessments with your US customers, suppliers and other key partners. Assure them that your trade relationship will not be impacted or show them how you will mitigate and manage any changes. Engage them in a discussion so you can work together to mitigate any adverse effects and encourage them to continue to lobby for the US to remain within a modernized NAFTA.

STEP THREE: BUILD A SUPPORT NETWORK

Reach out to federal and provincial governments (see page 28) to benefit from their expertise, experience, resources and connections. Identify possible professional sources of help, such as trade lawyers, customs brokers, freight forwarders and commercial account managers at your financial institution. Talk to your industry association and other firms doing business in the US.

¹ The Canada-US Free Trade Agreement (CUSFTA) was suspended in 1994, but not terminated. Some analysts have suggested there is a possibility that the CUSFTA may be reactivated. The legal process to do this is not clear, but it likely requires actions from both governments. Given the current US motivation to renegotiate or withdraw from NAFTA, APEC views reverting to an earlier agreement as an unlikely prospect. However, there is a slim possibility of the US and Canada negotiating a new bilateral agreement if the US withdraws from NAFTA.

² US MFN weighted-average tariffs on all products applied to Canadian imports were [2.2% in 2016](#), while Canadian MFN weighted-average tariffs on all products applied to US imports were [3.3% in 2016](#).

³ The US tariffs on steel and aluminum were proclaimed by the US President on March 8, 2018 and became effective on March 23, 2018. [Canada's industry](#) was exempt until May 31, 2018; [Canada's countermeasure tariffs](#) became effective July 1, 2018.

MANAGING TARIFF ISSUES

3 | TARIFF CASE STUDIES

The following four case studies illustrate how fictional Atlantic companies could assess and respond to different tariff outcomes that affect their US exports and/or imports, including diversification to a market with more favourable tariffs, such as the EU under the Comprehensive Economic and Trade Agreement (CETA).

The case studies focus on tariff changes only. Prolonged uncertainty or the end of NAFTA could also have macroeconomic consequences on demand, investment or competitiveness, such as through a change in the Canada-US exchange rate, which could offset any tariff impacts. Non-tariff issues (see pages 14 to 27) and other government policies, such as recent US tax changes, may also impact business decisions.

ASSESS THE TARIFF IMPLICATIONS FOR YOUR BUSINESS

Use these case studies to help conduct your own tariff analysis and assess vulnerability if preferential NAFTA tariff rates no longer apply.⁴

Follow these four steps:

1. Determine the Harmonized System (HS) codes for your products (see page 9);
2. Find the tariff rates applicable to these products (see page 9);
3. Conduct the analysis, as in these case studies, or arrange for a customs broker, freight forwarder or agent to conduct it for you; and
4. Develop your plan based on the results of this analysis.

⁴ The case study analysis in this guide is based on tariff rates at the 8-digit HS code level, sourced from each country's customs administration schedules (e.g., Canada Border Services Agency), based on the applied tariff listed in the relevant schedule. The World Trade Organization (WTO) provides information on the bound tariff, but this is at the 6-digit HS code level and lacks sufficient detail to be used for these case studies.

HOW TO FIND HARMONIZED SYSTEM (HS) CODES FOR YOUR PRODUCTS*

Find the Harmonized System (HS) code for your exports and imports as this will determine the applicable tariff rate. You can find the HS code on your recent NAFTA Certificate of Origin for goods you export or import on a regular basis or you can use the links below.

For exports to the US:

- [Schedule B \(HS code\) Search Engine, US Bureau of Census](#)

For imports from the US:

- [Canadian Export Classification, Statistics Canada](#)

For exports to the EU

- [Combined Nomenclature \(HS codes\), European Union](#)

For exports to any country:

- [Canada Post](#)

* At the 6-digit level, all countries use the same Harmonized System (HS) codes. However, at the 8-digit and 10-digit level the HS codes are country-specific. While the World Trade Organization's Tariff Schedule is based on the 6-digit level, the Canada Border Services Agency typically levies tariffs at the 8-digit level and the US Customs Border Protection typically levies tariffs at the 10-digit level. Comparing HS codes (and tariffs) across jurisdictions is complicated by these factors.

HOW TO FIND TARIFF RATES FOR YOUR PRODUCTS

For Canadian exports to the US, including NAFTA and WTO MFN tariffs:

- [Harmonized Tariff Schedule](#)

For Canadian imports from the US, including NAFTA and WTO MFN tariffs:

- [Departmental Consolidation of the Customs Tariff 2018](#)
- [Canada Tariff Finder](#)

For Canadian exports to the EU, including CETA tariffs:

- [European Commission TARIC Consultation](#)

For Canadian imports from the EU, including CETA tariffs:

- [Departmental Consolidation of the Customs Tariff 2018](#)

For tariff information on World Trade Organization members:

- [Tariff Download Facility](#)

For the Canada-US Free Trade Agreement tariff rates

- [Exports to the US from Canada](#) and [imports from the US to Canada](#)

Case Study 1: No tariff impact

Company A: Seafood distributor

Headquartered in Halifax, Nova Scotia, Company A is a wholesale distributor within the seafood industry.

Products

Company A specializes in the export and import of seafood, including live seafood.

Company A wants to know the possible tariffs on the products it is currently shipping to and from the US if the US withdraws from NAFTA. Company A requests its customs broker to research the tariffs applied to its products under NAFTA, WTO and CETA.

Exports and imports

The company sells live lobster and scallops to US food retailers.

Company A: Exports to the US

Product	HS Code	NAFTA tariff	US MFN tariff	CETA tariff
Live lobster	0306.32.00	0	0	0
Scallops	0307.21.00	0	0	0

Source: US Harmonized Tariff Schedule and European Commission TARIC Consultation.

Company A imports shrimps from a supplier in the US and sells them to restaurants in the Atlantic provinces.

Company A: Imports from the US

Product	HS Code	NAFTA tariff	Canada MFN tariff	CETA tariff
Shrimp	0306.16.00	0	0	0

Source: Canada Tariff Finder and Canada Border Services Agency Departmental Consolidation of the Customs Tariff.

Conclusion

Company A identifies that its business should not face higher tariffs on its exports or imports even if the US withdraws from NAFTA. Company A reaches out to its US customers and suppliers to share the good news. With no tariffs on exports to the EU, it can also investigate the potential business case for exporting to Europe, if it starts to face issues at the Canada-US border.

Case Study 2: Potential tariffs on exports

Company B: Potato exporter

Company B is a potato farm located in Summerside, Prince Edward Island, that has been in operation since 1972.

Products

Company B grows yellow potatoes (Yukon Gold) and red potatoes (Red Norland), which it sells to potato chip manufacturers in Canada and the Eastern US.

Exports and imports

Company B does not import from the US.

About 65% of Company B's revenues are generated from sales to the Eastern US. Company B wants to examine any product price implications for their US customers if the US withdraws from NAFTA. While they could contact their customs broker to determine applicable tariffs, they decide to look-up the tariffs on their products using this guide to find the appropriate HS codes and tariff rates.

Company B: Exports to the US

Product	HS Code	NAFTA tariff	US MFN tariff	CETA tariff
Yellow potatoes	0701.90.10	0	0.5 cents/kg	0
Red potatoes	0701.90.50	0	0.5 cents/kg	0

Source: US Harmonized Tariff Schedule and European Commission TARIC Consultation.

Conclusion

Company B's owners discover that both their exports will face US tariffs outside of NAFTA. Company B examines ways to reduce its costs to offset the potential impact of the tariffs on its US customers. They call their US clients to share the good news that they will not need to pass-on any tariffs and maintain positive customer relations. They may also consider exporting more product to other Canadian provinces and the European Union since no tariffs apply in those markets. Company B decides to get in touch with the [Provincial Government](#) authorities to find out the advantages of export diversification and to see what assistance is available.

Company B will continue to access Export Development Canada's [portfolio credit insurance](#) in case any of its US customers default on their payment. Company B remains hesitant to sell their products to emerging markets because of the high risk of payment default.

Case Study 3: Potential tariffs on imports

Company C: Trucking company

Company C, based in Fredericton, New Brunswick, provides long-haul truck transportation services in Canada and the US.

Products

Company C provides a truck transportation service – it only transports other company's products.

Exports and imports

The company does not export any goods to the US; it only provides transportation services.

To satisfy its growing customer base, Company C has been importing truck tractors from Illinois since 2010. Under NAFTA there are no tariffs on these goods. However, the company is concerned about having to pay higher prices on imports if the truck tractor manufacturers suddenly face higher Canadian tariffs.

To prepare for the upcoming year's capital investment plan, Company C would like to know if there would be any tariffs applied to its imports if NAFTA was no longer binding. Company C's Director of Procurement prepared the following table, based on a review of relevant HS codes and free trade agreements.

Company C: Imports from the US

Product	HS Code	NAFTA tariff	Canada MFN tariff	CETA tariff
25,000 G.W.R Tractors	8701.20.00	0	6.1%	0
30,000 G.W.R Tractors with spark ignition	8704.23.00	0	6.1%	3%

Source: Canada Tariff Finder and Canada Border Services Agency Departmental Consolidation of the Customs Tariff.

Conclusion

If the US withdrew from NAFTA, the cost of importing truck tractors would likely increase. Company C will consider searching for new suppliers in Canada, but if they decide to purchase truck tractors from a new supplier that would require training truck mechanic staff and carrying additional parts inventory. It could opt to buy truck tractors in the EU where tariffs are lower than Canada WTO MFN tariffs, but that would require buying truck tractors from a different manufacturer and incur higher shipping costs.

Recent US tariffs on steel and aluminum may impact their truck purchases and cost structure go forward, as these metal products are key inputs in the manufacture of truck tractor frames, bodies, engines and transmissions, as well as other truck tractor parts. An additional risk is the potential for new tariffs on motor vehicles, including truck tractors. These higher costs will be difficult to mitigate because the US is imposing similar tariffs on many trading partners. Company C can examine ways to reduce its operating costs or it could reduce its margins, but otherwise it will have to pass on cost increases to customers as other trucking companies are facing similar pressures.

Case Study 4: Potential tariffs on exports and imports

Company D: Seafood exporter

Company D is a family-owned, Newfoundland and Labrador seafood company, which has been in business for decades.

Products

Company D catches and sells lobster and crab meat of Canadian origin, along with canned herring. The company supplies grocery stores and the seafood restaurant industry in Atlantic Canada and exports some of its products to the US.

Exports and imports

Company D's exports to the US account for 25% of the company's total sales and have a higher margin than sales within Canada. Company D's management accountant is worried that the company's prices for the goods shipped into the US will increase. Company D contacts its customs broker to check the Harmonized System (HS) codes of its exports and the tariffs under NAFTA, WTO, and CETA.

Company D: Exports to the US

Product	HS Code	NAFTA tariff	US MFN tariff	CETA tariff
Processed lobster	1605.30.05	0	10	0
Frozen lobster	1605.30.10	0	0	0
Crab meat	0306.14.20	0	7.5	0
Snow crab	0306.14.40	0	0	3.7
Canned herring	1604.12.20	0	4	3.2

Source: US Harmonized Tariff Schedule and European Commission TARIC Consultation.

Company D imports lubricating oil from the US for the machinery used in the processing and packing of its goods and in the marine engines on its fleet of fishing vessels. Its broker checks for any potential tariffs outside of NAFTA.

Company D: Imports from the US

Product	HS Code	NAFTA tariff	Canada MFN Tariff	CETA tariff
Lubricating oil	2710.12.20	0	5	0

Source: Canada Tariff Finder and Canada Border Services Agency Departmental Consolidation of the Customs Tariff.

Conclusion

If the US withdraws from NAFTA, Company D will face tariffs of 5% on their imports of lubricating oil to Canada. Company D is concerned about having to pay higher prices for its imports. It will investigate options for importing lubricating oil tariff-free from within Canada or the European Union or negotiating with its suppliers on the price, since they have a long-term relationship with them. It could also lock-in its purchase price for multiple years to reduce future cost pressures.

The company finds that all products it exports are currently tariff-free under NAFTA. However, it could face a wide range of tariffs if the US withdraws from NAFTA. Company D could reduce their US profit margins to offset the tariff and limit the impact on their customers. It could switch its focus to products with zero US MFN tariffs, such as frozen lobster and snow crab. It could also look at exports to the European Union where most tariffs on its products are lower than US MFN tariffs. Finally, they could pass-on the tariffs to their customers, which would increase prices.

The company contacted the [International Business Development Division](#) with the Newfoundland and Labrador provincial government for advice on how to deal with any change to NAFTA, as well as take advantage of government supports for exporters to minimize the risk of NAFTA termination.

Higher tariffs on steel and aluminum may also impact their business if they need to purchase new steel-hulled fishing vessels, expand their fish processing plant (e.g., structural steel and rebar) or purchase new machinery and equipment (e.g., heating, ventilation and air conditioning). They decide that these potential investments can be deferred for at least two years, continuing to monitor the situation and hoping that the current trade disputes will be resolved by then.

MANAGING NON-TARIFF ISSUES

4 | EXCHANGE RATE RISK

The exchange rate is the rate at which one country's currency is converted or exchanged for another. Such conversions are necessary when exporting to or importing from another country, and when buying or selling global commodities that are priced in US dollars, for example.

There are a number of factors that influence the exchange rate. Unexpected changes in the status of NAFTA negotiations or a decision to withdraw from NAFTA may lead to changes in the Canadian-US dollar exchange rate. Some [analysis](#) suggests these exchange rate responses could offset the impact of any new WTO tariff rates on exports. However, these exchange rate changes could still impact profit margins and foreign-denominated debt obligations if the changes are unexpected and not hedged.

Firms can mitigate the impact of exchange rate volatility by buying or selling financial derivatives, such as forward or future contracts or hedge

by purchasing swaps or options. Some companies may have a partial natural hedge if they import inputs from the US and are exporting commodities priced in US dollars or have a US bank account. Atlantic SMEs also have the option to seek payment for exports or pay for imports in a fixed amount of Canadian dollars to avoid the necessity for hedging.

Atlantic SMEs should consider contacting their commercial account manager at their financial institution to discuss their foreign exchange rate risks and to develop a risk management strategy. Export Development Canada has several useful resources including [Managing Your Foreign Exchange Risk](#), [Building a Foreign Exchange Policy](#) and their [Foreign Exchange Facility Guarantee](#). The Business Development Bank of Canada's strategies for [coping with a fluctuating Canadian dollar](#) and the Canadian Manufacturers and Exporters [Introduction to Exporting](#) may also be of value.



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5 | RULES OF ORIGIN

Today, most goods produced within the NAFTA region can qualify for preferential tariff treatment (e.g., no tariffs) if exporters complete documentation detailing the origin of their goods. The rules of origin within NAFTA (in [Chapter 4](#) and [Annex 401](#) of the agreement) dictate how companies can qualify for this preferential tariff treatment. There are four ways to qualify and they vary from product to product.

Under the NAFTA provisions, the three countries agreed to certify that goods qualify for the preferential tariff treatment via a [NAFTA Certificate of Origin](#). This certificate must be completed by the exporter. A producer or manufacturer may also complete a certificate of origin in a NAFTA territory to be used as a basis for an exporter's NAFTA Certificate of Origin. To make a claim for NAFTA preference, the importer must possess a NAFTA Certificate of Origin at the time the claim is made. A producer or exporter must complete a NAFTA Certificate of Origin if the value of the good being exported to the US from Canada exceeds US\$2,500.

In those instances when a product cannot meet the applicable rule of origin, the importers must pay a tariff rate known as Most Favoured Nation (MFN). The MFN rate is the duty rate applied to the product that applies to virtually all importers that do not claim preferential treatment.

Complying with rules of origin have a cost, since firms must maintain records, gather information from suppliers and complete administrative paperwork. These administrative costs may discourage SMEs with small volumes or low-value products from taking advantage of NAFTA preferential tariff treatment. Research indicates that if the MFN tariff is [below 4-5%](#), the benefits of preferential tariff treatment are likely smaller than the cost of complying with the rules of origin. In 2016, Canadian exporters chose to use the NAFTA preferential tariff about [80% of the time](#).

TO OBTAIN NAFTA PREFERENTIAL TARIFF RATES

Follow these three steps:

1. Assess the cost and benefits (see table, page 17). Seek professional advice on the application of NAFTA rules of origin for your products.
2. Request an [advance ruling](#) or [review previous rulings](#) issued by the Canada Border Services Agency (CBSA). An [advance ruling from the CBSA](#) on exports to the US will usually be accepted by the US Customs and Border Protection (US CBP). However, it is important to provide sufficient details to classify the good properly as such rulings are considered binding. For imports into the United States, US CBP will issue a [binding ruling](#) that enables importers and other interested parties to get binding pre-entry classification decisions prior to importing a product.
3. Ensure compliance with rules for NAFTA certificate of origin to avoid any back duties or penalties.

HOW TO ASSESS THE BENEFITS OF APPLYING FOR NAFTA PREFERENTIAL TARIFF RATES ON EXPORTS TO THE US

	Crab (HS 0306.14.20)	Canned herring (HS 1604.12.20)	Canned herring (HS 1604.12.20)
Transaction value	\$100,000	\$100,000	\$1,000,000
MFN tariff rate (%)	7.5%	4%	4%
MFN tariff (\$)	\$7,500	\$4,000	\$40,000
NAFTA tariff rate (%)	0%	0%	0%
NAFTA tariff (\$)	\$0	\$0	\$0
Administrative cost (\$)	\$5,000	\$5,000	\$5,000
Net benefit/(cost) (\$)	\$2,500	(\$1,000)	\$35,000
Conclusion	NAFTA tariff savings outweigh compliance costs. Preferential NAFTA tariff is requested.	NAFTA tariff savings insufficient to justify compliance costs. Importer does not request NAFTA preferential tariff.	NAFTA tariff savings outweigh compliance costs. Preferential NAFTA tariff is requested.



NAFTA RENEGOTIATION RISKS

While NAFTA rules of origin appear to be working well, simplification of the rules could minimize compliance costs. Changes to the regional content valuation methodology could ensure more goods qualify for preferential tariff treatment.

Rules of origin for autos are a key issue in the NAFTA renegotiations and some change is likely in a new agreement. According to US Customs and Border Protection (US CBP), autos and auto parts require at least **60% regional value content**, depending on the valuation method used.

Textiles are also a key risk for a change in NAFTA treatment, including rules of origin. Some textile and apparel exports have access to tariff preference levels (TPL), such that even though they do not meet rules of origin criteria, as long as they undergo significant processing in the NAFTA region and the level of exports is within the applicable TPL, then they can receive preferential tariff treatment. Any changes to the TPL could limit such preferential treatment.

6 | BORDER RISKS - GOODS

All foreign exports and imports have to go through customs processes. Efforts to automate customs systems via digitization, harmonize customs processes or speed-up pre-clearance of goods have reduced border wait times, compliance and transport costs. However, increased security and inspection of goods leads to border delays and higher costs and creates uncertainty for importers and exporters and their customs brokers or freight forwarders. Atlantic firms have reported increased issues with inspections and processing of goods at the US border and are advised to pay greater attention to current customs procedures and ensuring proper documentation.

NAFTA MODERNIZATION

If NAFTA is successfully renegotiated and modernized, look for improvements in the customs process. For example, the Office of the US Trade Representative's NAFTA [renegotiation objectives](#) include customs and trade facilitation objectives, such as placing more customs information and documentation online; increasing automation of customs processes; providing online payment of duties and taxes; providing administrative and judicial appeal of customs decisions; and establishing a committee to resolve inconsistent treatment of commercial goods by NAFTA customs administrations.

The US is also seeking to increase the Canadian duty-free threshold to match the US. In the US, low-valued imports of US\$800 or less are not subject to duties. However, the de minimus [duty-free threshold](#) in Canada is currently CAD\$20.

PRECLEARANCE

Canada recently passed legislation to implement the Agreement on Land, Rail, Marine and Air Transport Preclearance between the Government of Canada and the Government of the United States of America. Preclearance allows for a more efficient and secure border, while making travel faster and bolstering trade. The Agreement also provides an opportunity to include cargo preclearance. Regulations are anticipated by the end of 2018, at which point implementation can begin.

TRUSTED TRADER PROGRAM

Under the existing [Trusted Trader Program \(TTP\)](#) truck drivers must be registered in the Commercial Driver Registration Program or [Free and Secure Trade \(FAST\)](#), while the carrier must be approved under the TTP also. FAST expedites the trucking of commercial

goods between Canada and the US by providing an accelerated commercial clearance option for importers, carriers, and registered drivers.

CANNABIS

The Canadian legalization of cannabis could have implications for Canadians crossing the border, including those transporting goods. Anyone entering the US may be questioned about use of cannabis, which is a US federal offence. Typically, US CBP enforcement officers ban individuals from entering the US if they admit to having consumed cannabis before.

CUSTOMS PROCESSING ISSUES

The CBSA provides a [step-by-step guide](#) for importing commercial goods into Canada and Livingston International's [Shipping to Canada](#) professional toolkit provides details on the customs process and required documentation for imports.

Businesses may need to manage customs issues such as the importer of record filing; posting of a customs bond; duty drawback, such as for unused or rejected merchandise (in the [US](#) and [Canada](#)); duty deferral for temporary imports (in [Canada](#) and the [US](#)); and NAFTA exemptions from merchandise processing fees.

US importers of record are required to submit US Customs and Border Protection (CBP) documentation to send import data by [Import Security Filing](#) electronically 24 hours in advance. An incomplete or inaccurate or untimely filing may result in a penalty up to US\$5,000. Canadian importers can also use [customs self-assessment](#) providing they have met the mandatory requirements as set forth by the Canada Border Service Agency (CBSA).

Common problems with processing exports and imports, ranked from largest to smallest issue, include: illegible documents, improper description of goods, incomplete certificate of origin, valuation of goods and missing documents (see the [Livingston International webinars](#) such as The Basics: Importing Into Canada and The Basics: Importing Into The US). Scanning documents improves legibility, while accurately describing goods ensures they are classified properly under the Harmonized Tariff Schedule, which can result in savings in custom duties and taxes.

NAFTA CERTIFICATE OF ORIGIN

For NAFTA qualifying shipments, the NAFTA Certificate of Origin must be completed and be in the possession of the importer at the time the NAFTA claims is made. It must also be available upon request by either US CBP or CBSA. If not available, the importer will be assessed duty rates under the Most Favored Nation (MFN) duty rates rather than being assessed a preferential rate under NAFTA. The exporter or producer completes the NAFTA certificate of origin.

Typical issues with the certificate of origin include the failure to locate or complete the certificate in full, the incorrect use of rules of origin to meet the preferential tariff treatment criteria, illegible signatures, the incorrect use or completion of the valuation method, and an invalid or expired certificate of origin. For more information, see the [Livingston International webinar](#): The Basics: NAFTA Risk And Compliance).

There are numerous US departments and agencies that review and approve imported goods (e.g., the [US Food and Drug Administration](#)). While US CBP operates 24/7, most of the other federal departments and agencies do not and this can sometimes delay shipments and lead to additional costs due to spoiled goods. This issue applies to Canadian imports also (e.g., Canadian Food Inspection Agency is not open 24/7). Transporting goods to the border during regular business hours on weekdays helps expedite the customs process.

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7 | BORDER RISKS - PEOPLE

Temporary entry of business persons to the US and Canada is vital for Atlantic firms selling to or importing from the US, providing or receiving after-sales services, and supporting cross-border operations. Atlantic firms report increasing difficulties for Canadian temporary business persons entering the US and for US nationals entering Canada.

TEMPORARY ENTRY INTO THE UNITED STATES

Business persons may enter the US under various streams, some of which are made practical under Chapter 16 (Temporary Entry of Business Persons) of NAFTA. NAFTA has four categories of temporary business persons (see table for details):

- [business visitors](#),
- [treaty traders and investors](#),
- [intracompany transferees](#) and
- [professionals](#) (or TN treaty nationals) – based on a list of 63 occupations at present.

Permanent residents of Canada are still considered citizens of their home countries and are not eligible for entry into the United States under NAFTA unless they have Canadian or Mexican citizenship. In the US, these four categories are considered nonimmigrants, but there are other temporary entry categories for which an individual could qualify that are not under NAFTA.⁵

While visas can be issued under any of these four categories, only treaty traders and investors require visas. US Customs and Border Protection can always refuse entry on the basis of [visa ineligibilities](#), such as incomplete documentation, national security, criminal and related grounds or health-related reasons.

All business travellers must have a valid passport. Canadian citizens are [exempt from the six-month rule](#) and need only have a passport valid for their intended period of stay, although it is advisable to have six months of validity on the passport beyond the period of stay.

ENTRY CHALLENGES

Businesses may face various challenges when their workers cross the Canada-US border. For example, they may not know which visa is required or there may be inconsistent application of rules by different immigration officials. Even when paperwork is in order there may be unforeseen delays, such as a business visitor travelling to the US to conduct after-sales service being denied entry because the warranty expired under the original sales contract.

Additional challenges include: lengthy waiting periods and processing times, lack of clarity on additional documentation requirements, difficulty entering the US due to prior denial, changes to the review of visa extensions, and differences in processing by consular offices.

If a visa is needed urgently, an employee should apply for an [expedited appointment at the US consulate office](#) and include a letter from the US business stating the urgency of the planned visit, the nature of the business and why the applicant's presence is essential.

While not officially required, immigration officials may ask for a copy of the employment contract or letter of employment for professionals. For treaty traders and treaty investors, the exact documentation required may vary greatly by applicant. In the US the review of visa extensions has been enhanced to match the review of initial petitions, which may slow the visa extension approval process.

There is no appeal process if denied entry, but firms can request a supervisory review by US Citizenship and Immigration if they feel there was a misapplication of the law. Businesses should seek the advice of an immigration lawyer to discuss their legal options.

⁵ A nonimmigrant is a person, usually with permanent residence outside the US, who wants to enter the US on a temporary basis for tourism, medical treatment, business, temporary work or study

TEMPORARY BUSINESS ENTRY OPTIONS INTO THE US

Entry stream	User	Advantages	Disadvantages
NAFTA-B1	General business visitor	Visa generally not required.	1-6 months (may be extended to 12 months, through a process in the US which requires a filing fee and lengthy adjudication; can apply multiple times, so indefinite).
NAFTA E-1	Doing a lot of trade (export and/or import) with US	Visa is required. Application with US embassy/consulate required to register the company and for the individual. Visa issued for initial period of 5 years and admitted upon entry for up to 2 years (unlimited visa renewals as long as comply with rules).	Visa required; at least 50% ownership of the enterprise or operational control; carry-on substantial and principal trade (i.e., more than 50% with US); must be supervisor, executive or essential skills (i.e., specialists).
NAFTA E-2	Investor in US firm	Visa is required. Application with US embassy/consulate required to register the company and for the individual. Visa issued for initial period of 5 years and admitted upon entry for up to 2 years (unlimited visa renewals as long as comply with rules).	Visa required; at least 50% ownership of the enterprise or operational control; and substantial capital investment based on the nature of the business.
NAFTA L-1A	Intra-company transferee, manager or executive	Visa generally not required; up to 3 years (7 years with 2 extensions of 2 years each); not tied to NAFTA; can use B1 visa during set up of new business, before L-1 visa starts; and no need for compelling ties to home country.	Working for a qualifying organization abroad for 1 continuous year within last 3 years; and USCIS petition required (can apply at the border or through US Citizenship and Immigration Services).
NAFTA L-1B	Intra-company transferee with specialized knowledge	Visa generally not required; up to 3 years (5 years with extension); not tied to NAFTA (i.e., available under US domestic regime); and no need for compelling ties to home country	Working for a qualifying organization abroad for 1 continuous year within last 3 years; and USCIS petition required (can apply at the border or through US Citizenship and Immigration Services).
NAFTA-TN	Workers in 63 occupations (see Appendix 1603.D.1)	Visa generally not required; up to 3 years (unlimited 3 year extensions as long as comply with rules); and allows individual to work in the US	Limited list of occupations; must have a contract or letter of employment (self-employment is ineligible); and applicable professional license or education as set forth in Appendix 1603.D.1. of NAFTA.

Source: US Citizenship and Immigration Services and US Department of State - Bureau of Consular Affairs

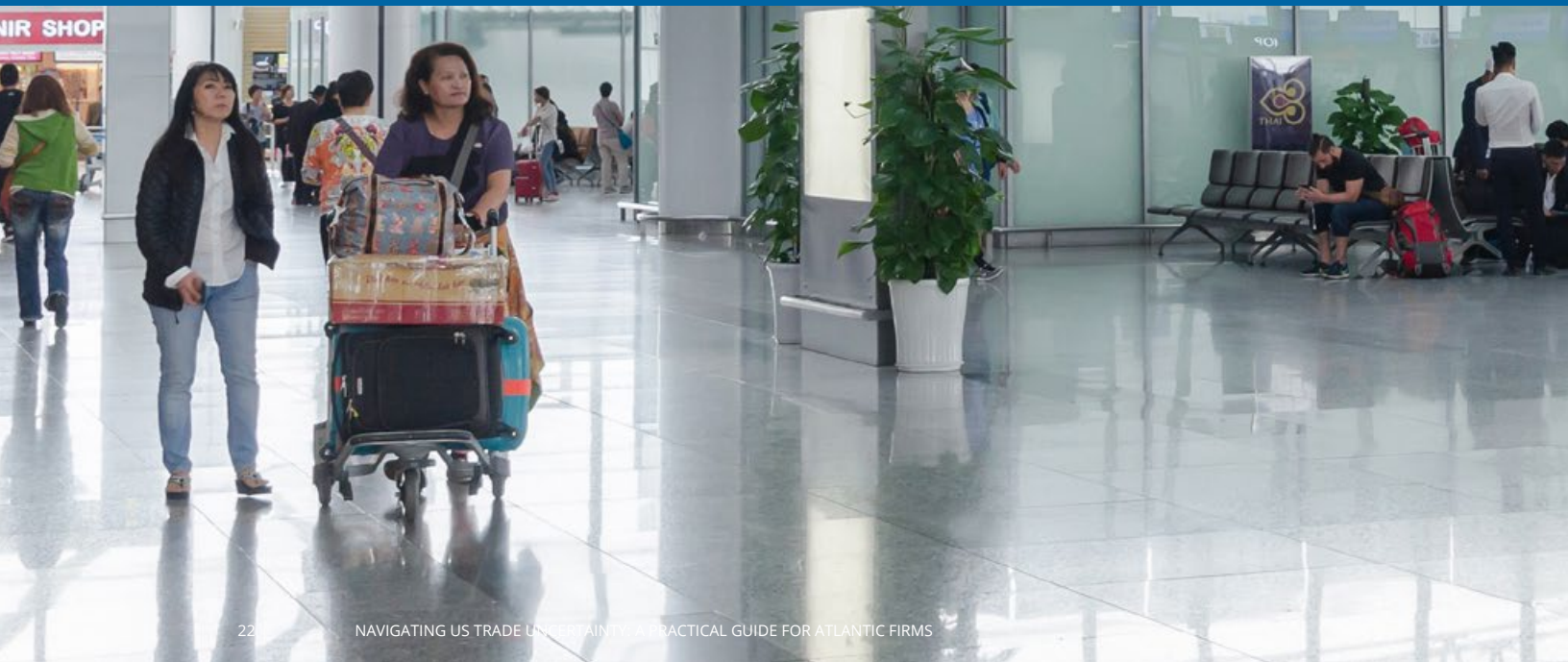


While not officially required, immigration officials may ask for a copy of the employment contract or letter of employment for professionals. For treaty traders and treaty investors, the exact documentation required may vary greatly by applicant. In the US the review of visa extensions has been enhanced to match the review of initial petitions, which may slow the approval process.

There is no appeal process if denied entry, but firms can request a supervisory review by US Citizenship and Immigration if they feel there was a misapplication of the law. Businesses should seek the advice of an immigration lawyer to discuss their legal options.

HOW TO MITIGATE LABOUR MOBILITY CHALLENGES

- Get a [NEXUS](#) card, which speeds-up border crossings for low-risk, pre-approved travellers into Canada and the US
- Ensure paperwork is done in advance rather than attempting to apply at the port of entry
- Allow sufficient [time for processing](#) and delays if you are a first time traveller to the US
- Make sure employees visiting the US do not have a criminal record or serious medical issue
- For B1 visitors, have a letter from your employer explaining the purpose of the business trip (i.e., to attend a meeting with a US parent or subsidiary corporation)
- For after-sales service, have proof that the warranty is valid or has been extended
- Answer questions asked by customs officials honestly and remain calm.
- Avoid conducting activities outside the scope of your visa, as this can result in penalties for your employer, the termination of the visa and future denial of entry
- Use staff at US offices, affiliates and partners or video-conference to minimize travel
- Review Global Affairs Canada's [guide for Canadian business persons](#) for further advice
- If you are a business traveller that is a temporary employee, it is important to have a letter or contract from your employer including the following information:
 - Job title and detailed summary of job duties;
 - Employment start date and anticipated duration of employment;
 - Employee pay arrangement (if any);
 - Proof that education requirements for the position are met; and
 - Original or certified copies of degree, diploma or certificate.



TEMPORARY ENTRY STRATEGIES FOR SMEs

A) IF EXISTING NAFTA TEMPORARY ENTRY RULES AND PROCESS REMAINS UNCHANGED

Atlantic SMEs can seek third-party advice from immigration experts, including service providers or legal counsel, as well as browse the Canadian Manufacturers and Exporters' [Canada-US Business Travel Guide](#).

B) IF NAFTA TEMPORARY ENTRY IS RENEGOTIATED

Look for changes to the list of 63 treaty national professionals and changes to improve or tighten temporary entry restrictions. For example, computer network technician (i.e., LAN technician, website technician) was not a well-defined occupation in 1994.

C) IF NAFTA IS TERMINATED

As Canada and the US have had a free trade agreement since 1989, it is not clear how temporary entry will work

if NAFTA is terminated. Atlantic SMEs will need to assess the situation and seek professional advice, such as from an immigration lawyer, to determine next steps. Canada and the US could negotiate a bilateral labour mobility deal to facilitate temporary entry for high-skilled workers from both countries but there is no guarantee of such an outcome.

If NAFTA is terminated, Atlantic professionals travelling to the US may require another non-immigrant visa or non-immigrant status, such as an H1-B visa, which are expensive and take longer to process. Over the last five years, the cap of 65,000 H1-B visas was met within 1 week of application opening. Unless the cap is increased or eliminated, the H1-B may not be a viable option if NAFTA is terminated because a sufficient number of H1-B visas will not be available.



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8 | US PROCUREMENT PREFERENCES

The US procurement market is huge, worth more than CAD\$1.2 trillion in federal, state and local government spending. US federal government purchases are regulated by US Federal Acquisition Regulations (FARS) administered by the General Services Administration. In addition, a number of individual US federal agencies administer specific Buy America or Buy American procurement regulations in infrastructure projects, although some exemptions apply.

Under the existing NAFTA procurement rules, Canadian suppliers are not subject to Buy American policies if procurement is carried out directly by a US federal government department or agency listed in [Chapter 10 of NAFTA](#), the procurement exceeds the [NAFTA thresholds](#) and there are no restrictions for US SMEs (i.e., small business set-aside).

MITIGATION STRATEGIES

1. Subcontracting: Under the small business set-aside and Buy American rules, an Atlantic SME may be able to participate in US procurement opportunities as a subcontractor for a US prime contractor that complies with US content rules. To identify US prime contractors that are good targets for developing partnership opportunities, visit the [Federal Procurement Data Centre's website](#). To minimize risk to business interests, Atlantic SMEs should execute a non-disclosure agreement with their potential US partner.
2. Establish a US presence: If affordable and of net benefit, Atlantic SMEs could establish a US presence (see box on page 26). In many Buy America instances, establishing a US operation may help meet the content and assembly rules.

US PROCUREMENT PREFERENCES

Buy America: A US statute which generally refers to US transit-related procurements valued over US\$100,000, for which funding comes from the Federal Transit Authority or Federal Highway Administration. Buy America provisions are a condition of US federal government grants to state, municipal or other organizations including transit authorities. The key provisions require stringent US content for iron/steel and manufactured products and their components. They often include US assembly requirements. Key waiver conditions apply.

Buy American: A US statute that generally applies to US supply purchases over a certain threshold and construction purchases for non-transit projects. Under Buy American provisions, the federal government must purchase domestic (i.e., US) construction materials for public use unless a waiver has been granted. For a manufactured good to qualify as domestic, it must be manufactured in the US and the cost of the components mined, produced or manufactured in the US must exceed 50% of the cost of all the components. Buy American regulations do not apply to US purchases of services.

Small business set-aside: Under the [small business set-aside](#), the US targets allocating 23% of federal procurement to US small business for contracts valued between US\$3,500 and US\$150,000.



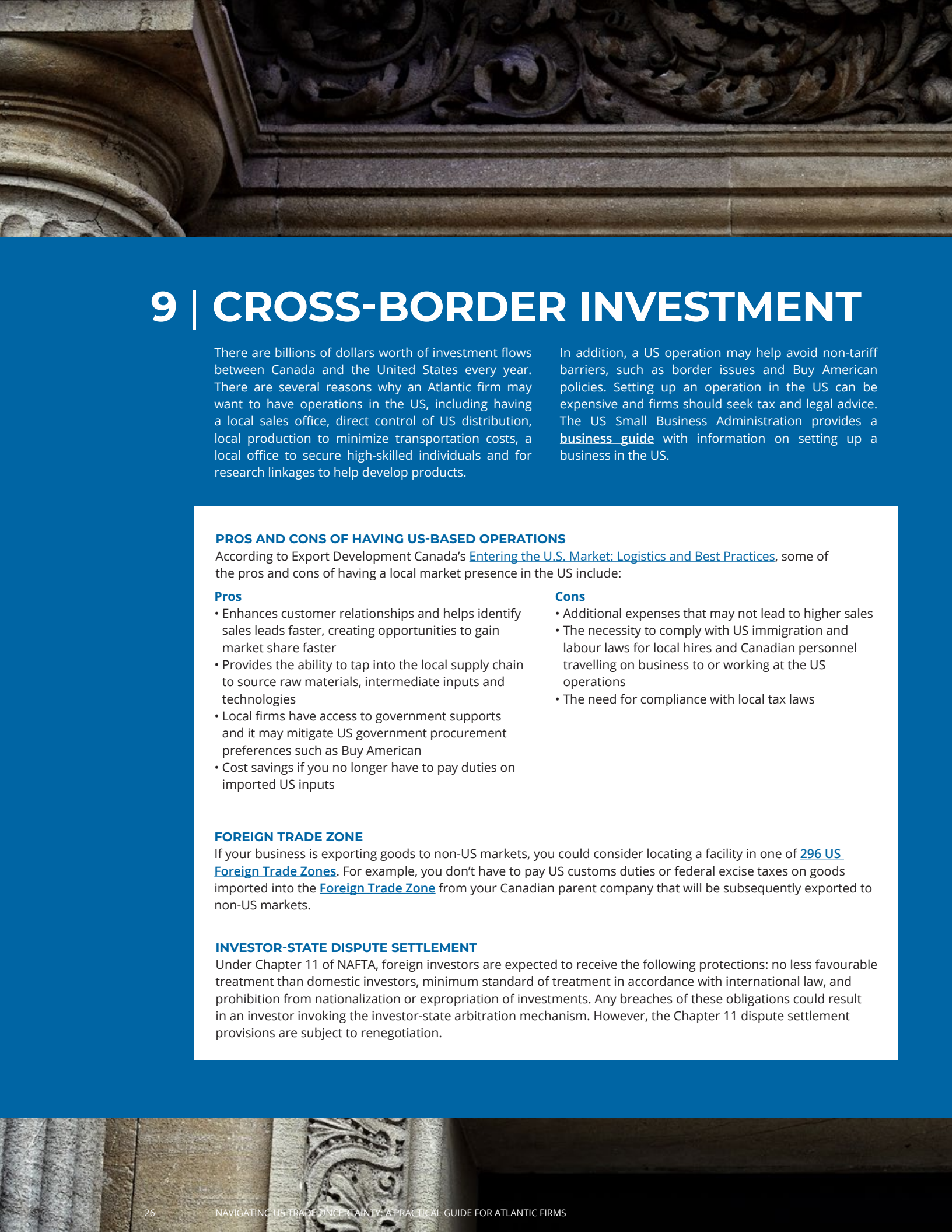
ACCESSING US PROCUREMENT

Atlantic SMEs need to navigate a complex bidding process with evolving US domestic preferences at both the federal and state level. The current Administration places strong emphasis on the enforcement of federal procurement laws and a report from the US Secretary of Commerce on how to strengthen implementation of Buy American Laws is expected soon.

Atlantic SMEs should be well informed of the requirements in place for each purchase or project to demonstrate compliance vis a vis the prime contractor in the US who in turn must provide evidence of compliance to US federal agencies. Compliance with these regulations will enable Atlantic SMEs to have continued access to the US procurement market and future business partnerships in the US.

ACCESSING PROCUREMENT OPPORTUNITIES IN THE US

- Atlantic SMEs can find information on how to sell to the US government on the [US General Administration's website](#).
- Contact US government procurement officials, especially technical or contract officers, to find out about upcoming bidding opportunities, the bid process, recent bid history and applicable provisions, such as the small business set-aside. For example, [Small business technical officers](#) can help small businesses market their products and services to the prime contractors in the [General Services Administration's subcontracting directory](#).
- Atlantic SMEs can register and view all US federal government agency supply opportunities over US\$25,000 at [FedBizOpps](#).
- To be included in the Central Contractor Registration (CCR) database that federal agencies use to identify potential contractors, Atlantic SMEs can register for free on the [US System for Award Management \(SAM\)](#) and review the [SAM user guide](#).
- Understand the source of funding for a project under which you are bidding. Each US agency's website contains useful information on their purchasing and procurement rules. In addition, contractual language should contain relevant requirements for contractors and subcontractors.
- To find information on state procurement and links to state procurement websites, go to the [Trade Commissioner's website](#).
- Contact the Canadian Trade Commissioner representative serving the US jurisdiction in which you are interested. Their locations and contact information can be found [here](#).
- Contact the [Canadian Commercial Corporation](#). They help Canadian businesses, including SMEs, sell their goods and services to foreign governments, including the US.
- Take advantage of sector networking opportunities, including joining relevant industry associations and attending industry events.



9 | CROSS-BORDER INVESTMENT

There are billions of dollars worth of investment flows between Canada and the United States every year. There are several reasons why an Atlantic firm may want to have operations in the US, including having a local sales office, direct control of US distribution, local production to minimize transportation costs, a local office to secure high-skilled individuals and for research linkages to help develop products.

In addition, a US operation may help avoid non-tariff barriers, such as border issues and Buy American policies. Setting up an operation in the US can be expensive and firms should seek tax and legal advice. The US Small Business Administration provides a [business guide](#) with information on setting up a business in the US.

PROS AND CONS OF HAVING US-BASED OPERATIONS

According to Export Development Canada's [Entering the U.S. Market: Logistics and Best Practices](#), some of the pros and cons of having a local market presence in the US include:

Pros

- Enhances customer relationships and helps identify sales leads faster, creating opportunities to gain market share faster
- Provides the ability to tap into the local supply chain to source raw materials, intermediate inputs and technologies
- Local firms have access to government supports and it may mitigate US government procurement preferences such as Buy American
- Cost savings if you no longer have to pay duties on imported US inputs

Cons

- Additional expenses that may not lead to higher sales
- The necessity to comply with US immigration and labour laws for local hires and Canadian personnel travelling on business to or working at the US operations
- The need for compliance with local tax laws

FOREIGN TRADE ZONE

If your business is exporting goods to non-US markets, you could consider locating a facility in one of [296 US Foreign Trade Zones](#). For example, you don't have to pay US customs duties or federal excise taxes on goods imported into the [Foreign Trade Zone](#) from your Canadian parent company that will be subsequently exported to non-US markets.

INVESTOR-STATE DISPUTE SETTLEMENT

Under Chapter 11 of NAFTA, foreign investors are expected to receive the following protections: no less favourable treatment than domestic investors, minimum standard of treatment in accordance with international law, and prohibition from nationalization or expropriation of investments. Any breaches of these obligations could result in an investor invoking the investor-state arbitration mechanism. However, the Chapter 11 dispute settlement provisions are subject to renegotiation.



10 | DIVERSIFICATION TO NON-US MARKETS

Another strategy to help mitigate dependence upon the US market, and to reduce risks associated with potential tariff and non-tariff barriers when exporting to the US, is to increase your sales and market presence in other countries.

Canada has negotiated many **free trade agreements**, which can facilitate market diversification, such as the **Comprehensive Economic and Trade Agreement** (CETA) between Canada and the EU and the soon to be ratified **Comprehensive and Progressive Agreement for Trans-Pacific Partnership** (CPTPP). These preferential trade agreements provide access to markets at tariff rates that are zero or lower than Most-Favoured Nation (MFN) tariffs (see Tariff Case Studies on pages 8 to 13).

Mexico is part of NAFTA and has free trade agreements with numerous other countries, providing Canadian firms located there with further access to tariff-free markets. The Mexican market is closer to Canada than some overseas markets and there are well-established North American transportation systems. Shipments can move through the US “in bond” directly to Mexico. Mexico has favourable investment policies and labour costs are lower than Canada.

Atlantic SMEs need to consider potential additional costs of exporting to other, possibly more distant markets such as transportation costs, duties and taxes, labelling, packaging and marketing. Products may need to be modified to meet local customer or regulatory requirements (e.g., safety standards).

Businesses need to conduct thorough market research to assess the opportunities and growth potential in new markets. Small firms need to recognize that it can take a few years to develop new markets and ensure they have the resources to manage the costs and risks of such investments. Emerging markets may pose **higher risks and higher costs** than more developed countries.

APEC has provided a **profile of opportunities for Atlantic firms in the EU** and earlier analysis **exploring opportunities in the Americas**. Finding a suitable local partner is a key strategy used by many Atlantic firms to succeed in foreign markets. Local agents, brokers, or distributors can help provide market research, identify potential clients, and help navigate local regulatory regimes.

Atlantic businesses looking to expand abroad should seek expert advice on tax treatment, customs and duties, finance and banking, and the legal and regulatory framework in their target markets.

RESOURCES

TRADE SUPPORT AND ASSISTANCE

For international trade support and assistance, such as export development training, trade show support and international financial services, contact:

Carolann Harding

Director, International Business Development
Department of Tourism, Culture, Industry and Innovation
Government of Newfoundland and Labrador
(709)-729-4617
carolannharding@gov.nl.ca
<http://tcii.gov.nl.ca/exporting/index.html>

Darryl Bradley

Director, Global Trade Services
Innovation PEI
Government of Prince Edward Island
(902)-368-5952
darrylbradley@gov.pe.ca
<http://www.innovationpei.com/trade>

Kyle Schmeisser

Director, Export Development
Nova Scotia Business Inc.
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kschmeisser@nsbi.ca
<https://www.novascotiabusiness.com/export>

Suzanne Turmel

Director
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<https://onbcanada.ca/for-business/export-your-products>

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Canadian Trade Commissioner Service – Globaltrade@international.gc.ca

Canadian Trade Commissioner Service – in the [US](#)
[Exporting to the United States - A Guide for Canadian Businesses](#)

Canadian Trade Commissioner Service – in [Mexico](#)



APEC's Trade Intelligence and Business Guides

[Succeeding in the EU: A Guide for Atlantic Canadian Businesses](#)

[A Brief Profile of the EU: Key Considerations for Atlantic Exporters](#)

[Opportunities for Atlantic Manufacturers in the EU](#)

[Additional resources on APEC's EU website](#)

[Succeeding Globally: The Importance of Global Value Chains for Small and Medium-Sized Businesses in Atlantic Canada](#)

[Exploring the Americas: An Assessment of Atlantic Canada's Trade Prospects in the Americas](#)

TRADE AGREEMENTS AND NEGOTIATORS

For questions on international trade agreements and negotiations, such as understanding the text of trade agreements and your rights and obligations, contact:

Jeff Loder

Director, Trade Policy Division
Intergovernmental and Indigenous Affairs Secretariat
Government of Newfoundland and Labrador
(709)-729-4146
jeffloder@gov.nl.ca

Kal Whitnell

Senior Director, Economic Research and Trade Negotiations
Department of Economic Development and Tourism
Government of Prince Edward Island
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kbwhitnell@gov.pe.ca

Angela Houston

Director, Strategic Policy (Trade)
Intergovernmental Affairs
Government of Nova Scotia
(902)-424-2827
angela.houston@novascotia.ca

Serge Breau

Executive Director, Trade Policy
Executive Council Office – Intergovernmental Affairs
Government of New Brunswick
(506)-444-5137
Serge.Breau@gnb.ca

If you want to submit a trade-related query, contact Global Affairs Canada at:
[Global Affairs online query](#)

If you have questions or comments about NAFTA, contact Global Affairs Canada at:
re-enquiries-demandes.NAFTA@international.gc.ca

Participate in Global Affairs Canada's [online public consultations on the renegotiation of NAFTA](#)

or provide email submissions to NAFTA-Consultations-ALENA@international.gc.ca

INDUSTRY AND BUSINESS ASSOCIATIONS

You may also want to contact your own business or industry association, in addition to the following organizations:

Atlantic Chamber of Commerce: <http://www.atlanticchamber.ca>
Canadian Chamber of Commerce: <http://www.chamber.ca>
Canadian Manufacturers and Exporters: <http://www.cme-mec.ca>
Canadian Association of Importers and Exporters: <https://www.iecanada.com>
Canadian Federation of Independent Business: <https://www.cfib-fcei.ca/en>

APPENDIX

ATLANTIC CANADA'S TOP 25 MERCHANDISE EXPORTS TO THE US

Rank	HS Code	Product	Average exports, 2015-2017 (\$millions)	Share (%)	NAFTA tariff	MFN tariff
1	2710.12	Light oils and preparations (refined petroleum products)	4,305	20.6	0	10.5¢/bbl or 52.5¢/bbl or 7%
2	2710.19	Petroleum oils and oils from bituminous minerals and Preparations (refined petroleum products)	3,421	16.4	0	5.25¢/bbl to 82¢/bbl or 1.3¢ + 5.7% or 5.8% or 7%
3	2709.00	Crude petroleum oils and oils obtained from bituminous minerals (crude oil)	2,963	14.2	0	5.25¢/bbl or 10.5¢/bbl
4	4011.20	New pneumatic rubber tires - for buses or trucks (lorries)	651	3.1	0	3.4% to 4%
5	0306.14	Crabs - frozen	579	2.8	0	0 or 7.5%
6	4407.10	Lumber (thickness >6mm) - coniferous wood	566	2.7	0	0
7	0306.12	Lobsters, (homarus spp) - frozen	553	2.6	0	0
8	4802.61	Paper, fine, in rolls, uncoated	461	2.2	0	0
9	2004.10	Potatoes, frozen - prepared/preserved without vinegar/acetic acid	399	1.9	0	6.4% or 8%
10	4011.10	New pneumatic rubber tires - for motor cars	393	1.9	0	3.4% or 4%
11	0306.22	Other lobsters nes - not frozen	347	1.7	0	0
12	1605.30	Lobsters - prepared or preserved	342	1.6	0	0 or 10%
13	2713.20	Petroleum bitumen	314	1.5	0	0
14	2711.21	Natural gas in gaseous state	305	1.5	0	0
15	2710.20	Petroleum oils and oils obtained from bituminous minerals, containing by weight 70% or more of oils	277	1.3	0	5.25¢/bbl to 52.5¢/bbl
16	0302.14	Atlantic Salmon (fresh or chilled) (excl fish fillets)	244	1.2	0	0
17	0306.32	Lobsters, live, fresh or chilled	166	0.8	0	0
18	2711.14	Liquefied petroleum or hydrocarbon gases	151	0.7	0	0
19	2716.00	Electrical energy	147	0.7	0	0
20	4704.21	Chemical woodpulp - sulphite - coniferous, bleached	129	0.6	0	0
21	4801.00	Newsprint - in rolls or sheets	107	0.5	0	0
22	7801.10	Lead - unwrought, refined	105	0.5	0	2.5% on the value of the lead content
23	0701.90	Potatoes - fresh or chilled - except seed	98	0.5	0	0.5¢/kg
24	0304.41	Atlantic (fresh or chilled) (fish fillets)	81	0.4	0	0
25	4703.21	Chemical woodpulp - soda or sulphate - coniferous, bleached	56	0.3	0	0
		Other products	3,617	17.3		
		Total	20,921	100		

Source: Trade Data Online and US Harmonized Tariff Schedule.

ATLANTIC CANADA'S TOP 25 MERCHANDISE IMPORTS FROM THE US

Rank	HS Code	Product	Average imports, 2015-2017 (\$millions)	Share (%)	NAFTA tariff	MFN tariff
1	2709.00	Crude petroleum oils and oils obtained from bituminous minerals (crude oil)	2,485	33.9	0	0
2	2710.19	Petroleum oils and oils from bituminous minerals and preparations (refined petroleum products)	837	11.4	0	0 or 5%
3	0306.22	Other lobsters nes - not frozen	276	3.8	0	0
4	2711.21	Natural gas in gaseous state	228	3.1	0	0
5	8802.12	Helicopters of an unladen weight (more than 2,000 Kg)	203	2.8	0	0
6	2710.12	Light oils and preparations	175	2.4	0	0 or 5%
7	8701.20	Road tractors for semi-trailers (truck tractors)	129	1.8	0	6.1%
8	0306.32	Lobsters, live, fresh or chilled	95	1.3	0	0
9	7326.90	Other articles (excluding wire) nes - iron or steel (incl ladders and coffins or caskets)	71	1	0	0 or 6.5%
10	3302.10	Mixtures of odoriferous substances for the food or drink industries	64	0.9	0	0
11	0304.41	Pacific, Atlantic and Danube salmon (fresh or chilled) (fish fillets)	64	0.9	0	0
12	0302.14	Atlantic Salmon and Danube salmon (fresh or chilled) (excl fish fillets)	48	0.7	0	0
13	2713.11	Petroleum coke - not calcined	45	0.6	0	0
14	8803.30	Parts of airplanes or helicopters nes	45	0.6	0	0
15	4005.91	Unvulcanized compounded rubber - in plates, sheets or strips, nes	43	0.6	0	0
16	4005.10	Unvulcanized rubber - compounded with carbon black or silica	43	0.6	0	0
17	2701.12	Bituminous coal - whether or not pulverized but not agglomerated	39	0.5	0	0
18	2815.12	Sodium hydroxide (caustic soda) - in aqueous solution	30	0.4	0	0
19	8704.23	Trucks - compression ignition - load exceeding 20 tonnes	28	0.4	0	6.1%
20	3824.90	Chemical products and preparations of the chemical or allied industries, nes	27	0.4	0	0
21	8431.43	Parts of boring or sinking machinery (whether or not self-propelled)	21	0.3	0	0
22	8716.39	Other trailers for the transport of goods -not mechanically propelled	19	0.3	0	0 to 9.5%
23	2803.00	Carbon (carbon blacks and other forms of carbon nes)	17	0.2	0	0
24	8481.40	Valves - safety or relief	13	0.2	0	0
25	3824.99	Chemical products and preparations of the chemical or allied industries, nes	12	0.2	0	0
		Other products	2,172	29.6		
		Total	7,338	100		

Note: Only includes imports cleared through Atlantic Canada points of entry. Does not include goods imported from the US but transshipped through other Canadian provinces.
Source: Trade Data Online, Canada Tariff Finder and Canada Border Services Agency Departmental Consolidation of the Customs Tariff.



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