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# 2018

Annual Report to Parliament on the  
**Administration of the  
Export and Import Permits Act**

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# 1.0 INTRODUCTION

The attached Annual Report to Parliament on the administration of the Export and Import Permits Act (EIPA) for the year 2018 is submitted pursuant to Section 27 of the Act, Chapter E-19 of the 1985 Revised Statutes of Canada, as amended, which provides:

"As soon as practicable after December 31 of each year the Minister shall prepare and lay before Parliament a report of the operations under this Act for that year."

## 1.1 PURPOSE OF THE EXPORT AND IMPORT PERMITS ACT (EIPA)

The authority to control the import and export of goods and technologies is derived from the EIPA. It finds its origin in the *War Measures Act* and was first introduced as an Act of Parliament in 1947 and subsequently amended on a number of occasions.

The EIPA provides that the Governor in Council may establish lists known as the *Import Control List* (ICL), the *Export Control List* (ECL), the *Area Control List* (ACL), and the *Automatic Firearms Country Control List* (AFCCCL). For each one of these lists, the EIPA sets out criteria that govern the inclusion of items or countries on the respective lists and provides that the Governor in Council may revoke, amend, vary or re-establish any of the lists. Control over the flow of goods and technology contained on these lists or to the specified destinations are implemented through the issuance of import or export permits.

The Minister of Foreign Affairs has the authority under the EIPA to grant or deny applications for permits under the Act, giving her broad powers to control the trade of items contained in the export and import control lists mentioned above.

While the Minister of Foreign Affairs maintains overall authority for decisions under the EIPA, the Minister of International Trade Diversification assists the Minister of Foreign Affairs in carrying out responsibilities under the Act that are related to international trade.

Through an exchange of letters, the Minister of Foreign Affairs has asked the Minister of International Trade Diversification to assume administrative responsibility for import and export controls implemented for economic and trade-related reasons. These include import controls on

agricultural products (including supply-managed products like poultry, eggs and dairy), along with sugar containing products, textiles and clothing, and steel for monitoring purposes; and export controls on peanut butter, sugar, sugar-containing products, sugar confectionery and chocolate preparations, processed foods, dog and cat food, textiles and clothing, and vehicles. However, ultimate decision-making authority remains with the Minister of Foreign Affairs.

For export controls over military, dual-use and strategic goods and technology, the Minister of Foreign Affairs has retained direct decision-making authority, although the views and recommendations of the Minister of International Trade Diversification are sought for certain sensitive applications.

The operations carried out under the EIPA include:

- Trade Controls implemented for economic reasons, which are an important element of Canada's free trade agenda: ensuring that Canadians and Canadian businesses are able to benefit from an open global trading regime, while also supporting vulnerable Canadian industries and important Canadian policies, such as supply management.
- Export Controls over dual-use, military and strategic goods and technology, which are designed to ensure that our exports are consistent with Canadian foreign and defence policies. A key priority of Canada's foreign policy is the maintenance of international human rights, peace and security.

## 2.0 KEY DEVELOPMENTS IN 2018

### 2.1 Legislative Amendments to the *Export and Import Permits Act (EIPA)*

#### **Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)**

In 2018, the EIPA was amended by Bill C-79 (an Act to implement the Comprehensive and Progressive Agreement for Trans-Pacific Partnership between Canada, Australia, Brunei, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam) which received Royal Assent on October 25<sup>th</sup>, 2018. This Act amended the EIPA to enable the implementation of the CPTPP.

#### **Bill C-47**

In October 2018, the Government announced a review of arms exports to Saudi Arabia. It was also announced that no new export permits for Saudi Arabia would be approved during this review.

In April 2017, the Honourable Chrystia Freeland, Minister of Foreign Affairs, introduced Bill C-47, “*An Act to amend the Export and Import Permits Act and the Criminal Code (amendments permitting the accession to the Arms Trade Treaty and other amendments)*”. Bill C-47 makes the legislative amendments required by the ATT to regulate arms brokering in Canada and by Canadians abroad. It was further strengthened in 2018 to create a requirement for the Minister of Foreign Affairs to take into account the assessment criteria identified in the ATT, and to add the substantial risk test. It received Royal Assent on December 13, 2018.

#### **Arms Trade Treaty Assessment Criteria and Substantial Risk Test**

Under the changes to the EIPA in Bill C-47, the Minister of Foreign Affairs will be legally required to take into account the Arms Trade Treaty assessment criteria for both export and brokering permit applications for the potential that the goods or technology specified in the application:

- would contribute to peace and security or undermine it; and
- could be used to commit or facilitate:
  - a serious violation of international humanitarian law,
  - a serious violation of international human rights law,
  - an act constituting an offence under international conventions or protocols relating to terrorism to which Canada is a party,
  - an act constituting an offence under international conventions or protocols relating to transnational organized crime to which Canada is a party, or
  - serious acts of gender-based violence or serious acts of violence against women and children.

Under the amended EIPA, the Minister shall not issue an export or brokering permit if, after taking into account all relevant considerations, including available mitigating measures, he or she determines that there is a substantial risk that the proposed transaction would result in any of the negative consequences referred to in the ATT assessment criteria. For there to be a substantial risk, there should be a connection, based on compelling evidence, between the negative consequences and the specific goods or technology proposed for export or brokering.

The Government acted on concerns raised during Parliament’s study of Bill C-47 and amended the legislation so that ATT assessment criteria, which were originally intended to be placed in regulation, were included directly in the EIPA. Canada is one of the few countries to have legislated the specific considerations identified in Article 7 of the ATT. The substantial risk test and the above ATT assessment criteria will be applied to export and brokering permits for strategic goods and technology included in the Export Control List and in the Brokering Control List.

Other developments in Canada’s export control program resulting from Bill C-47 include:

- Setting May 31 as the date by which the Minister of Foreign Affairs must table in both Houses of Parliament this report along with the accompanying annual *Report on the Export of Military Goods*.
- Increasing the maximum fine for a summary-conviction offence to \$250,000;
- Changing the requirement for adding countries to the AFCCL.
- Bill C-47 is anticipated to come into force, along with the corresponding package of regulations, in the summer of 2019.

### **Brokering Controls**

With Bill C-47, Parliament also agreed to control the brokering activities of persons and organizations in Canada, and also of Canadians abroad (citizens, permanent residents and organizations).

Brokering will be defined as “arranging or negotiating a transaction that relates to the movement of goods or technology included in a Brokering Control List from a foreign country to another foreign country.” The Brokering Control List, which comprises all items for which a permit will be required prior to engaging in a brokering transaction, includes full-system conventional arms (as defined in Article 2 of the ATT) and all items listed in Group 2 (Munitions List) of the ECL, as well as ECL items, including dual-use items, with a likely weapons of mass destruction end-use.

For more information about the forthcoming controls please consult the [brokering regulations](#).

### **Reporting on ATT Items Exported to the United States**

The Government of Canada has committed to looking at ways to increase transparency on military exports to the United States without unduly burdening Canadian businesses. Therefore, as part of the regulatory package to implement Bill C-47, Canada is proposing a regulatory amendment that would create a new Group in the ECL (Group 9), which would list all items that fall under the scope of the ATT and impose a permit requirement to export these items to the United States (there already exists a permit requirement to export these items to all other destinations). This will be accompanied by a new General Export Permit (GEP) that would allow Canadian exporters to avail themselves of a GEP instead of having to apply for individual permits when exporting Group 9 items to the U.S.

**For more information about these regulatory measures, please consult the [Export Controls Website](#) or the [2018 Report on the Export of Military Goods](#).**

## 2.2 Import Controls Policy

### Steel Safeguards

In the context of global conditions affecting trade in steel, and further to public consultations in August 2018, the Government of Canada imposed provisional safeguards in the form of tariff rate quotas (TRQs) on seven classes of steel goods. The provisional safeguards took effect on October 25, 2018, and will end on May 12, 2019. The TRQs are administered by Global Affairs Canada by way of shipment-specific imports permits. Goods that are not covered by a valid import permit at time of accounting are subject to a twenty-five percent surtax.

Steel Safeguards – Notice to Importers: <https://www.international.gc.ca/controls-controles/steel-acier/notices-avis/936.aspx?lang=eng>

### Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

Under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Canada established 20 new tariff rate quotas (TRQs) for various supply-managed products (dairy, poultry and eggs). Interim allocation policies for the various TRQs were announced on November 26<sup>th</sup>, 2018 with all TRQs coming into force on December 30<sup>th</sup>, 2018.

In accordance with CPTPP, certain TRQs are administered on a calendar year and others on a dairy or marketing year. Given that the agreement came into effect on December 30<sup>th</sup>, the quantity available to allocate in year 1 of each TRQ was prorated based on the number of months remaining in the applicable TRQ year.

- [CPTPP Broiler Hatching Eggs and Chicks Tariff Rate Quota \(TRQ\) – \(Items 94, 95 and 135 on the Import Control List\) – Notice to Importers, Serial No. 914, November 26, 2018](#)
- [CPTPP Eggs Tariff Rate Quota \(TRQ\) - \(Item 135 to 139 on the Import Control List\) Notice to Importers, Serial No. 915, November 26, 2018](#)
- [CPTPP Chicken Tariff Rate Quota \(TRQ\) \(Items 96 to 104 on the Import Control List\) - Notice to Importers, Serial No. 916, November 26, 2018](#)
- [CPTPP Turkey - CPTPP Tariff Rate Quota \(TRQ\) \(Items 105 to 113 on the Import Control List\) - Notice to Importers, Serial No. 917, November 26, 2018](#)
- [Dairy – CPTPP Butter, Dairy Spreads and Fats and Oils Derived from Milk Tariff Rate Quota \(TRQ\) \(Items 159 to 160 on the Import Control List\) - Notice to Importers, Serial No. 918, November 26, 2018](#)
- [Dairy – CPTPP Cheeses of all Types Tariff Rate Quota \(TRQ\) \(Items 141 TO 157 on the Import Control List\) - Notice to Importers, Serial No. 919, November 26, 2018](#)
- [Dairy – CPTPP Concentrated Milk Tariff Rate Quota \(TRQ\) \(Item 122 on the Import Control List\) - Notice to Importers, Serial No. 920, November 26, 2018](#)
- [Dairy – CPTPP Cream Tariff Rate Quota \(TRQ\) \(Item 117.1 on the Import Control List\) - Notice to Importers, Serial No. 921, November 26, 2018](#)
- [Dairy – CPTPP Cream Powders Tariff Rate Quota \(TRQ\) \(Items 119 and 120 on the Import Control List\)- Notice to Importers, Serial No. 922, November 26, 2018](#)
- [Dairy – CPTPP Ice Cream and Mixes Tariff Rate Quota \(TRQ\) \(Items 130, 132, 133, 133.1 and 134 on the Import Control List\) - Notice to Importers, Serial No. 923, November 26, 2018](#)
- [Dairy – CPTPP Industrial Cheese Tariff Rate Quota \(TRQ\) \(Items 141 TO 157 on the Import Control List\) – Notice to Importers, Serial No. 924, November 26, 2018](#)
- [Dairy – CPTPP Milk Tariff Rate Quota \(TRQ\) \(Item 117 on the Import Control List\) – Notice to Importers, Serial No. 925, November 26, 2018](#)

- [Dairy – CPTPP Milk Powders Tariff Rate Quota \(TRQ\) \(Items 119 and 120 on the Import Control List\) – Notice to Importers, Serial No. 926, November 26, 2018](#)
- [Dairy – CPTPP Mozzarella and Prepared Cheese Tariff Rate Quota \(TRQ\) \(Items 141 to 144 and Item 151 on the Import Control List\) – Notice to Importers, Serial No. 927, November 26, 2018](#)
- [Dairy – CPTPP Other Dairy Tariff Rate Quota \(TRQ\) \(Items 121,126, 128, 128.1, 129, 131 and 140 on the Import Control List\) – Notice to Importers, Serial No. 928, November 26, 2018](#)
- [Dairy – CPTPP Powdered Buttermilk Tariff Rate Quota \(TRQ\) \(Item 123 on the Import Control List\) – Notice to Importers, Serial No. 929, November 26, 2018](#)
- [Dairy – CPTPP Products of Natural Milk Constituents Tariff Rate Quota \(TRQ\) \(Item 125 on the Import Control List\) – Notice to Importers, Serial No. 930, November 26, 2018](#)
- [Dairy – CPTPP Skim Milk Powders Tariff Rate Quota \(TRQ\) \(Item 118 on the Import Control List\) – Notice to Importers, Serial No. 931, November 26, 2018](#)
- [Dairy – CPTPP Whey Powders Tariff Rate Quota \(TRQ\) \(Item 125.1 on the Import Control List\) – Notice to Importers, Serial No. 932, November 26, 2018](#)
- [Dairy – CPTPP Yogurt and Buttermilk Tariff Rate Quota \(TRQ\) \(Items 124 and 158 on the Import Control List\) - Notice to Importers, Serial No. 933, November 26, 2018](#)

#### **Amendments to the Import Control List (ICL)**

There were no amendments to the Import Control List (ICL) for 2018.

### **2.3 Export Controls Policy**

There were no amendments to the Export Control List (ECL), Area Control List (ACL) or Automatic Firearms Country Control List (AFCCL) in 2018.

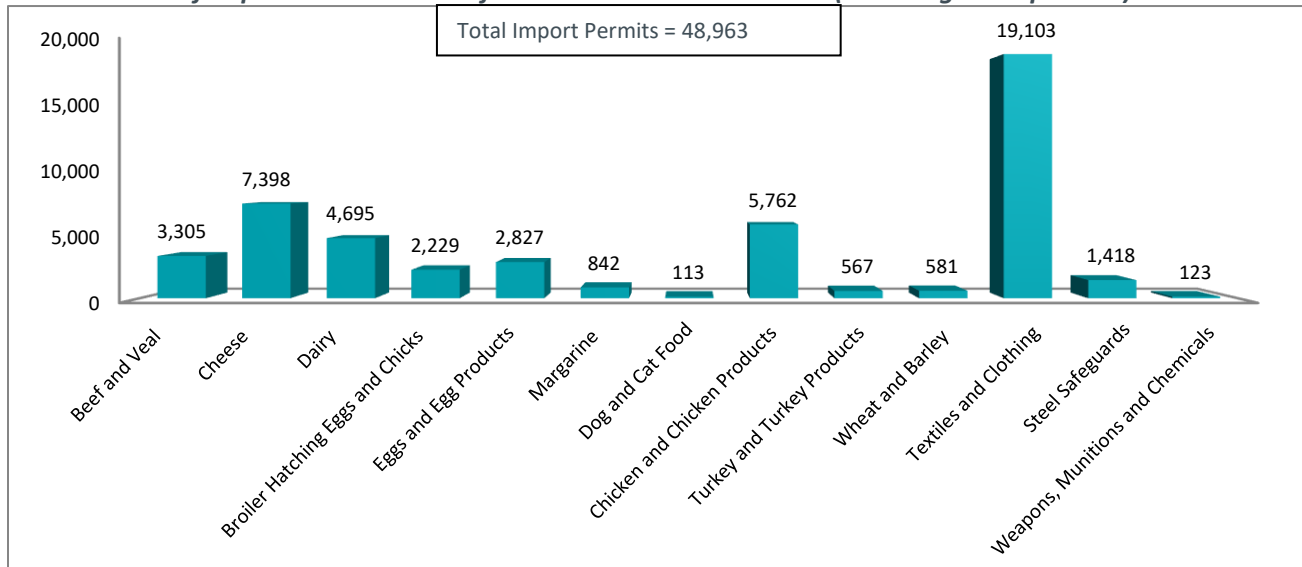
### 3.0 IMPORT CONTROLS

In 2018, Global Affairs Canada:

- Issued **48,963** permits (including Comprehensive Economic and Trade Agreement (CETA) permits);
- Rejected 5,643 applications for permits; and
- Cancelled 3,414 permits (cancellations generated by the need to amend permit details, such as quantity, import date or supplier information).

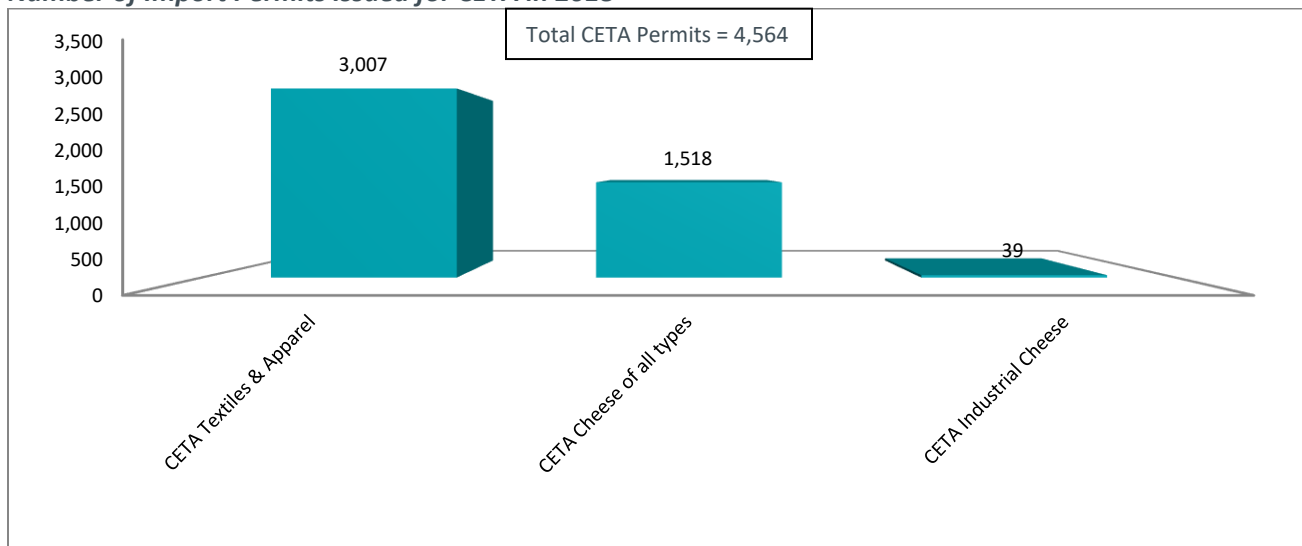
**Figure 1A**

**Total number of Import Permits Issued for Controlled Goods in 2018 (including CETA permits)**



**Figure 1B**

**Number of Import Permits Issued for CETA in 2018**





### 3.1 Textiles and Clothing - Tariff Preference Levels

Textile and clothing imports are controlled as a result of various free trade agreements, including the North American Free Trade Agreement (NAFTA), and the free trade agreements with Chile, Costa Rica and Honduras. The agreements provide for preferential access for non-originating products through the use of Tariff Preference Levels (TPLs).

All TPLs for imports are made available on a first-come, first-served basis. Once the specified annual quantity under a free trade agreement has been fully utilized, non-originating apparel, textiles and made-up goods will be subject to the Most Favored Nation tariff rate for the remainder of that TPL year. Canadian importers require a shipment-specific import permit for all TPL imports into Canada within the negotiated quantity. TPL-eligible shipments entering Canada under a shipment-specific import permit can normally do so at the rate equivalent to the originating rate.

There were no changes to the administration of existing agreements in 2018. TPL imports and utilization for 2018 are noted in Table 1A.

**Table 1A**

***Textiles and Clothing: Tariff Preference Levels and Utilization on Imports to Canada in 2018***

Square metre equivalents (SME) or Kilograms (KG)	United States		Mexico		Chile		Costa Rica		Honduras	
	Access Level	Utilization	Access Level	Utilization	Access Level	Utilization	Access level	Utilization	Access Level	Utilization
<b>Wool Apparel (SME)</b>	919,740	272,819	250,000	213,040	112,616	26	N/A	N/A	N/A	N/A
<b>Cotton or Man-made Fibre Apparel (SME)</b>	9,000,000	8,488,359	6,000,000	1,739,046	2,252,324	0	N/A	N/A	N/A	N/A
<b>Cotton or Man-made Fibre Fabrics and Made-up Goods (SME)</b>	2,000,000	0	7,000,000	0	1,000,000	0	1,000,000	0	N/A	N/A
<b>Cotton or Man-made Fibre Spun Yarns (SME)</b>	1,000,000	319,592	1,000,000	0	500,000	0	150,000	0	N/A	N/A
<b>Wool Fabrics and Made-up Goods (KG)</b>	N/A	N/A	N/A	N/A	250,000	0	250,000	0	N/A	N/A
<b>Fabric and Made-up Goods (KG)</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,000,000	0
<b>Apparel (SME)</b>	N/A	N/A	N/A	N/A	N/A	N/A	1,379,570	0	4,000,000	720,786

## CETA Textiles and Apparel

Imports from the EU and its Member States to Canada of textiles and apparel that are eligible under CETA origin quotas are subject to import controls under the EIPA. Accordingly, import permits are required for imports of these products in order to obtain the preferential tariff rate under CETA. The origin quotas specify the annual quantity of a product(s) that can qualify as originating and receive preferential CETA tariff treatment. In order to receive this treatment, the product must meet the product description and undergo sufficient production to satisfy the applicable product-specific rule of origin associated with that origin quota. CETA contains growth factors for the textiles and apparel origin quotas that provide for an increase in the volume of the origin quotas if certain conditions are met. Growth factor provisions are outlined in the Agreement.

**Table 1B**  
**CETA Origin Quotas: Textiles and Apparel 2018**

CETA Origin Quotas			
Description	HS Classification	Access Level	Utilization
	U = Units                      KG = Kilograms M2 = Square Metres      DZN = Dozens		
<b>CETA Origin Textiles &amp; Apparel</b>	5702.42 (M2) Carpets and other Floor coverings, man-made, woven	187,000	37,175
	Apparel 61.06 (U) Blouses, shirts and shirt blouses, knitted or crocheted (excluding T-shirts and vests.)	126,000	1,616
	Apparel 61.09 (U) T-Shirts, singlets and other vests knitted or crocheted	722,000	7,007
	Apparel 61.10 (U) Jerseys, pullovers, cardigans, waistcoats and similar articles knitted or crocheted (excluding wadded waistcoats)	537,000	20,581
	Apparel 6105.10 (U) Men's or boys shirts of cotton knitted or crocheted (excluding nightshirts, t-shirts, singlets and other vests)	46,000	190
	Apparel 62.04 (U) Women's or girl's suits, ensembles, jackets, blazers, dresses etc. (excluding knitted or crocheted and swimwear)	537,000	83,745
	Apparel 6202.11 (U) Women's or girls overcoats, raincoats, car coats, capes, cloaks and similar articles of wool or fine animal hair, not knitted or crocheted.	15,000	149
	Apparel 6202.93(U) Women's or girls anoraks, windcheaters, wind jackets and similar articles, of manmade fibres (not knitted or crocheted)	16,000	11,605
	Apparel 6203.11 (U) Men's or boys suits of wool or fine animal hair.	39,000	9,645
	Apparel 6203.12 to 6203.49 (U) Men's or boys suits (excluding wool or fine animal hair), ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (excluding knitted or crocheted and swimwear)	281,000	67,386
	Apparel 6205.20 (U) Men's or boys shirts of cotton, not knitted or crocheted	182,000	30,517
	Apparel 61.14 (KG) Other garments not elsewhere specified or included, knitted or crocheted	58,000	4,708
	Apparel 62.11 (KG) Tracksuits, ski suits, swimwear and other garments, not elsewhere specified or included (excluding knitted or crocheted)	85,000	8,475
	Apparel 6302.21 (KG) Bed linen, printed, of cotton, not knitted or crocheted	176,000	4,963
	Apparel 6302.31 (KG) Bed linen (other than printed) of cotton, not knitted or crocheted	216,000	16,302
	Apparel 62.12 (DZN) Brassieres, girdles, corsets, braces, suspenders, garters and similar articles and parts thereof, of all types of Materials, whether or not elasticated including knitted or crocheted (excluding belts and corselets made entirely of rubber)	26,000	3,527
	Apparel 61.15 (Pairs) Pantyhose, tights, stockings, socks and other hosiery, including graduated compression hosiery (for example, stockings for varicose veins) and footwear without applied soles, knitted or crocheted (excluding for babies)	1,691,000	27,595

### 3.2 Agriculture and Dairy Products

Canada is a signatory to the World Trade Organization (WTO) Agreement on Agriculture concluded in December 1993. This Agreement obliged Canada to convert its existing quantitative agricultural import controls to a system of tariff rate quotas (TRQs), which came into effect in 1995.

Under TRQs, imports are subject to low within-access commitment rates of duty up to a predetermined limit (i.e., until the import access quantity has been reached), while imports over this limit are subject to higher over-access commitment rates of duty. For most products, the privilege of importing at the within-access commitment rates of duty is allocated to firms through the issuance of import allocations (or "quota-shares"). Those with quota-shares normally receive, upon application, specific import permits giving access to the within-access commitment rates of duty as long as they meet the terms and conditions of permit issuance. These conditions are normally described in Allocation Method Orders and in Notices to Importers. Imports in excess of access levels are permitted under General Import Permit No. 100 - Eligible Agricultural Goods, which allows unrestricted imports at the higher rate of duty. Canada continues to respect its access level commitments under the NAFTA, and where both WTO and NAFTA commitments exist, Canada applies the higher of the two levels for the product in question.

Under the EIPA, the Minister may, at his/her discretion, authorize imports of products subject to TRQs apart from the import access quantity, particularly if the Minister determines that the importation of these products is required to meet Canadian market needs. Supplemental import permits are normally issued for the following specific purposes:

- to address domestic market shortages;
- to assist Canadian manufacturers to compete with similar imported products that can enter Canada duty free or at a low rate of duty as a result of the NAFTA (the Import-to-Compete Program);
- to assist Canadian manufacturers to compete in foreign markets (the Import for Re-Export Program (IREP));
- to facilitate test marketing in the Canadian market of new products that are, for example, unique or are produced with unique processes and require a substantial capital investment for their production; or
- to address extraordinary or unusual circumstances.

Policies governing supplemental import permits for each commodity can be found at <http://www.international.gc.ca/controls-controles/index.aspx?lang=eng>, with any updates published under a Notice to Importers.

All TRQs are based on Customs Tariff item numbers. When the TRQs came into effect in 1995, the ICL was amended to replace named products (e.g. turkey and turkey products) with tariff item numbers. For ease of understanding, the older product descriptions continue to be used in this report.

## **Poultry Products**

Effective January 1, 1995, Canada's chicken, turkey, broiler hatching eggs and chicks, shell egg and egg product quantitative restrictions were converted to TRQs and were maintained on the ICL in order to support supply management of poultry under the *Farm Products Marketing Act* and to support action taken under the *WTO Agreement Implementation Act*.

Chicken was placed on the ICL on October 22, 1979. Pursuant to the NAFTA, the import access level is set annually at 7.5 per cent of domestic production for that year or the WTO level of 39,900,000 kilograms, expressed in eviscerated equivalent (EE) weight, whichever is higher.

Turkey and turkey products were placed on the ICL on May 8, 1974. Pursuant to the NAFTA, the access level is 3.5% of the current year's domestic production quota or the WTO level of 5,588,000 kilograms, expressed in eviscerated equivalent (EE), whichever is higher.

Broiler hatching eggs and chicks for chicken production were placed on the ICL on May 8, 1989. Pursuant to the NAFTA, the combined import access level for broiler hatching eggs and chicks is 21.1 per cent of the estimated domestic production of broiler hatching eggs for the calendar year to which the TRQ applies. The combined annual import access level is divided into separate levels of 17.4 per cent for broiler hatching eggs and 3.7 per cent for egg-equivalent chicks.

Eggs and egg products were placed on the ICL on May 9, 1974. Pursuant to the NAFTA, the import access level for eggs and egg products is set at a total of 2.988 per cent of the previous year's domestic production and in accordance with the following breakdown: 1.647 per cent for shell eggs; 0.714 per cent for liquid, frozen or further-processed egg products; and 0.627 per cent for egg powder.

In 1996, an allocation for eggs for breaking purposes was introduced. This resulted from a WTO commitment to increase the import access quantity to a level greater than the NAFTA access level at the time. The WTO level (21,370,000 dozen eggs in 2018) continues to be higher than Canada's NAFTA access level. The eggs for breaking purposes allocation are equal to the difference between the WTO and NAFTA commitment levels.

There were no changes made regarding the administration of these controls for 2018. Details are summarized in Table 2.

**Table 2**  
***Poultry and Eggs: Tariff Rate Quotas and Supplemental***

Tariff Rate Quotas				Supplemental Imports			
Description	Unit of Measure	Access Level	Within-Access Imports	IREP	Import to Compete	Market Shortage	Other
<b>Chicken and Chicken Products</b>	EE Kilograms	90,135,900	89,228,138	19,833,168	6,667,041	0	0
<b>Turkey and Turkey Products</b>	EE Kilograms	5,588,000	5,545,180	66,044	0	0	0
<b>Broiler Hatching Eggs and Chicks</b>	Egg Equivalent	167,554,851	161,248,112	0	0	0	1 917,720
<b>Eggs and Egg Products</b>	Egg Equivalent	21,370,000	21,207,549	0	0	0	0
<i>Shell Eggs</i>	<i>Dozens</i>	11,689,703	11,676,887	0		10,545,408	0
<i>Shell Eggs for Breaking</i>	<i>Dozens</i>	162,451	138,218	270,580	0	25,369,011	0
<i>Egg Powder</i>	<i>Kilograms</i>	671,977	368,798	0	0	0	0
<i>Liquid, frozen or further processed egg products</i>	<i>Kilograms</i>	2,913,909	2,574,449	518,984	0	726,469	0
<b>Import permits are required for importing inedible egg products into Canada, for monitoring purposes only. Permits were issued for 2,780,073 kilograms of this type of product in 2018.</b>							

## Dairy Products

Quantitative restrictions in 12 categories of dairy products were converted to TRQs in support of supply management under the *Canadian Dairy Commission Act* and action taken under the *WTO Agreement Implementation Act*. These products are:

- i)** butter, dairy spreads, and oils and fats derived from milk (implemented on August 1, 1995);
- ii)** cheese of all types other than imitation cheese (implemented on January 1, 1995);
- iii)** buttermilk powder (implemented on January 1, 1995);
- iv)** fluid milk (implemented on January 1, 1995)<sup>1</sup>;
- v)** dry whey (implemented on August 1, 1995);
- vi)** concentrated/condensed milk/cream (implemented on January 1, 1995);
- vii)** cream (implemented on August 1, 1995);
- viii)** products consisting of natural milk constituents (implemented on January 1, 1995);
- ix)** food preparations under tariff item 1901.90.33 (implemented on January 1, 1995);
- x)** ice cream and ice cream novelties and yoghurt (implemented on January 1, 1995);
- xi)** dairy products, and other food preparations containing dairy, not subject to TRQs, including skimmed and whole milk powder, cream powder, other milk powder, other cream powder, buttermilk (other than powdered buttermilk), curdled milk and cream, kephir and other fermented or acidified milk and cream, animal feed, non-alcoholic beverages containing milk, and chocolate ice cream mix and ice milk mix (implemented on January 1, 1995); and
- xii)** milk protein substances with a milk protein content of 85 per cent or more by weight, calculated on the dry matter, that do not originate in the United States, Mexico, Chile, Costa Rica or Israel (implemented on September 8, 2008).

There were no changes made regarding the administration of these controls for 2018. TRQ import levels for 2018 are noted in Table 3. However, additional dairy commitments were implemented under CETA (see following section).

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<sup>1</sup> The fluid milk access level represents estimated annual cross-border purchases by Canadian consumers. The goods are imported under General Import Permit No. 1 - Dairy Products for Personal Use. On January 26, 2000 General Import Permit No. 1 was amended. The \$20 limit in value for each importation of fluid milk for personal use was removed.

**Table 3**  
**Dairy Imports in 2018**

Kilograms (KG) except where otherwise indicated with Tonnes (t)	Tariff Rate Quotas			Supplemental Imports			
	Description/tariff item number	Access Level	Within-Access Imports	IREP	Import to Compete	Market Shortage	Other
<b>Butter, dairy spreads, and oils and fats derived from milk (Aug. 1 - Jul. 31)</b>	(TRQ allocated to Canadian Dairy Commission with 2,000,000 reserved for NZ)	3,274,000	3,267,855	13,095,379	0	0	18,276
<b>Cheese of all types other than imitation cheese</b>	(66% allocated to European Union)	20,411,866	20,165,104	3,625,443	0	0	498,249
<b>Powdered buttermilk</b>	(reserved for imports from NZ)	908,000	54,000	141,737	0	0	29,443
<b>Buttermilk (other than powdered buttermilk), curdled milk and cream, kephir and other fermented or acidified milk and cream</b>	0403.90.91.10 0403.90.91.90	0	0	47,605	0	0	53,107
<b>Fluid milk</b>		64,500 (t)	0	29,020,402	0	0	25
<b>Dry whey (Aug. 1 - Jul. 31)</b>		3,198,000	363,424	1,301,922	0	0	3,508
<b>Concentrated/condensed milk/cream</b>	(reserved for imports from Australia)	11,700	0	1,413,075	0	0	0
<b>Cream (Aug. 1 - Jul. 31)</b>	(sterilized, minimum 23% butterfat and sold in cans with volume less than 200 millilitres)	394,000	390,960	1,260,372	0	0	161,448
<b>Products consisting of natural milk constituents</b>		4,345,000	3,912,489	495,735	0	0	1,358,808
<b>Food preparations</b>	1901.90.33	70,000	70,000	0	0	0	42
	1901.20.11	0	0	0	0	0	0
	1901.90.21	0	0	0	0	0	0
	1901.90.31	0	0	0	0	0	0
	1901.90.51	0	0	0	0	0	0
	1901.90.53	0	0	64,645	0	0	0
	2106.90.31	0	0	0	0	0	0
	2106.90.93	0	0	448,105	0	0	250,632
<b>Ice cream and ice cream novelties and yogurt</b>	Ice Cream	484,000	714,415	0	0	0	0
	Yoghurt	332,000	155,435	95,871	0	0	298,987
<b>Dairy products, other than food preparations, not subject to tariff rate quotas, including, skimmed and whole milk powder, cream powder, other milk powder, other cream powder, animal feed, non-alcoholic beverages containing milk, and chocolate ice cream mix and ice milk mix</b>	Skimmed Milk Powder	0	0	3,656,004	0	0	242,437
	Whole Milk Powder	0	0	599,822	0	0	264,875
	Other Chocolate Ice Cream Mix and Ice Milk Mix	0	0	0	0	0	0
	Non-alcoholic Beverages containing Milk	0	0	0	0	0	4
	Complete Feeds and Feed Supplements containing 50% or more Milk Solids	0	0	0	0	0	0
	Cream Powder	0	0	220,267	0	0	0
<b>Milk protein substances with a milk protein content of 85% or more by weight, calculated on the dry matter, that do not originate in the United States, Mexico, Chile, Costa Rica, or Israel (Apr. 1 - Mar. 31)</b>		10,000,000	2,116,921	0	0	0	0

**CETA Cheese of all Types and Industrial Cheese Products:**

As a result of the provisional application of CETA, Canada established two new TRQs for cheese originating from an EU country or other CETA beneficiary.

**Table 4**  
***CETA Tariff Rate Quotas: Cheese of All Types and Industrial 2018***

CETA Tariff Rate Quotas			
Description	Unit of Measure	Access Level	Within-Access Imports
CETA Cheese of all Types	Kilograms	5,333,000	5,292,902
CETA Industrial Cheese	Kilograms	567,000	403,111

**CPTPP:**

As a result of the coming into force of CPTPP, Canada established twenty new TRQs for various supply-managed products (dairy, poultry and eggs) originating from a CPTPP member state. In accordance with CPTPP, certain TRQs are administered on different TRQ years, with some being based on a calendar year and others on a dairy or marketing year. Given that the agreement came into effect as of December 30<sup>th</sup>, the quantity available to allocate in year 1 of each TRQ was prorated on the basis of the number of months remaining in the applicable TRQ year.

**Table 5**  
***CPTPP Tariff Rate Quotas***

CPTPP Tariff Rate Quotas			
Description	Unit of Measure	Access Level	Within-Access Imports
Broiler hatching Eggs and Chicks	Dozen eggs equivalent	13,889	0
Eggs	Dozen eggs equivalent	231,945	0
Chicken	Kilogram (Eviscerated Equivalent)	326,000	0
Turkey	Kilogram (Eviscerated Equivalent)	243,000	0
Butter	Kilogram	500,000	0
Cheese of All Types	Kilogram	50,000	0
Concentrated Milk	Kilogram	28,000	0
Cream	Kilogram	333,000	0
Cream Powders	Kilogram	67,000	0
Ice Cream and Mixes	Kilogram	83,000	0
Industrial Cheese	Kilogram	111,000	0
Milk	Kilogram	5,555,000	0
Milk Powders	Kilogram	667,000	0
Mozzarella and prepared Cheese	Kilogram	40,000	0
Other Dairy	Kilogram	83,000	0
Powdered Buttermilk	Kilogram	63,000	0
Products of Natural Milk Constituent's	Kilogram	56,000	0
Skim Milk Powders	Kilogram	833,000	0
Why Powders	Kilogram	667,000	0
Yogurt and Buttermilk	Kilogram	83,000	0



## Other Agricultural Products

Other agriculture products subject to import controls are: margarine; wheat, barley and their products; and beef and veal.

The TRQ for margarine was introduced on January 1, 1995.

The restrictions imposed on imports of wheat, barley and their products under the *Canadian Wheat Board Act* were converted to TRQs on August 1, 1995. These TRQs are administered by Global Affairs Canada and Canada Border Services Agency on a first-come, first-served basis using an August-July year. Importers may cite General Import Permit No. 20 - Wheat and Wheat Products, Barley and Barley Products to import goods at the lower rate of duty. Once the access levels are filled, importers must cite General Import Permit No. 100 - Eligible Agricultural Goods on customs entry documents to import goods at the higher rate of duty. Administrative measures are established to ensure full usage of quota, which sometimes results in imports at the within-access rate over the TRQ limit.

The restrictions on imports of non-NAFTA beef and veal established under the *Meat Import Act* were converted to a TRQ on January 1, 1995. The TRQ applies to all imports of fresh, chilled and frozen beef and veal that do not originate in Chile, a NAFTA country or an EU country or other CETA beneficiary.

**Table 6**  
**Other Agricultural Product Imports in 2018**

Tariff Rate Quotas				Supplemental Imports			
Kilograms (KG) except where otherwise indicated with Tonnes (t)	Description/tariff item number	Access Level	Within-Access Imports	IREP	Import to Compete	Market Shortage	Other
<b>Margarine</b>		7,558,000	3,020,165	N/A	0	0	0
<b>Wheat, Barley and their Products</b>	Wheat	226,883 (t)	125,775(t)	N/A			
	Wheat Products	123,557 (t)	199,762 (t)	N/A	0	0	0
	Barley	399,000 (t)	58,848 (t)	N/A			
	Barley products	19,131 (t)	32,170 (t)	N/A	0	0	12,265
<b>Beef and Veal (non-NAFTA except Chile)</b>	Imports from Australia	35,000 (t)	52,105(t)	N/A	N/A	0	0
	Imports from New Zealand	29,600 (t)					
	Imports from all countries certified by the Canadian Food Inspection Agency (CFIA)	11, 809 (t)					

### 3.3 Steel Monitoring

Carbon steel products (semi-finished steel, plate, sheet and strip steel, wire rods, wire and wire products, railway-type products, bars, structural shapes and units, and pipes and tubes) were initially placed on the ICL, effective September 1, 1986, following a report by the Canadian Import Tribunal recommending the collection of information on goods of this type entering Canada. Speciality steel products (stainless flat-rolled products, stainless steel bars, wire and wire products, alloy tool steel, mould steel and high speed steel) were added to the ICL, effective June 1, 1987, pursuant to an amendment to the EIPA providing for import monitoring of steel products under certain conditions.

A General Import Permit (GIP) has been established for each of these items: GIP 80 (Carbon Steel) and GIP 81 (Specialty Steel).

The purpose of placing carbon and speciality steel on the ICL is to provide more timely and precise steel import data than that available via the normal export reports produced by Statistics Canada. There are no quantitative restrictions, and the requirement for shipment-specific import permits was removed in 2012.

In accordance with Section 5.1(3) of the EIPA, the Minister of Foreign Affairs tables an annual report to Parliament with a statistical summary of any information collected during that year related to imports of steel. The report is required to be tabled within the first 15 sitting days of Parliament following the end of the calendar year. The 2018 report was tabled in Parliament on February 16, 2018.

### 3.4 Steel Safeguards

In the context of global conditions affecting trade in steel, and further to public consultations in August 2018, the Government of Canada imposed provisional safeguards in the form of tariff rate quotas (TRQs) on seven classes of steel goods: heavy plate, wire rod, stainless steel wire, concrete reinforcing bar, energy tubular products, hot-rolled sheet, and pre-painted steel. The provisional safeguards took effect on October 25, 2018, and ended on May 12, 2019. The TRQs were administered by Global Affairs Canada by way of shipment-specific imports permits. Goods that were not covered by a valid import permit at time of accounting were subject to a twenty-five percent surtax.

The TRQs were administered in four consecutive periods of fifty days, as follows:

- October 25 to December 13, 2018;
- December 14, 2018 to February 1, 2019;
- February 2 to March 23, 2019; and
- March 24 to May 12, 2019.

**Table 7**  
***Steel Safeguards 2018***

Description	*Access Level (KG)	Within Access Levels (KG)
Energy tubular products	128,696,000	100,411,319
Heavy plate	25,836,000	20,562,019
Hot Rolled Sheet	30,598,000	15,646,282
Pre-painted steel	23,270,000	22,219,449
Concrete reinforcing bar	70,664,000	47,212,597
Stainless steel wire	934,000	749,937
Wire Rod	23,026,000	20,547,553

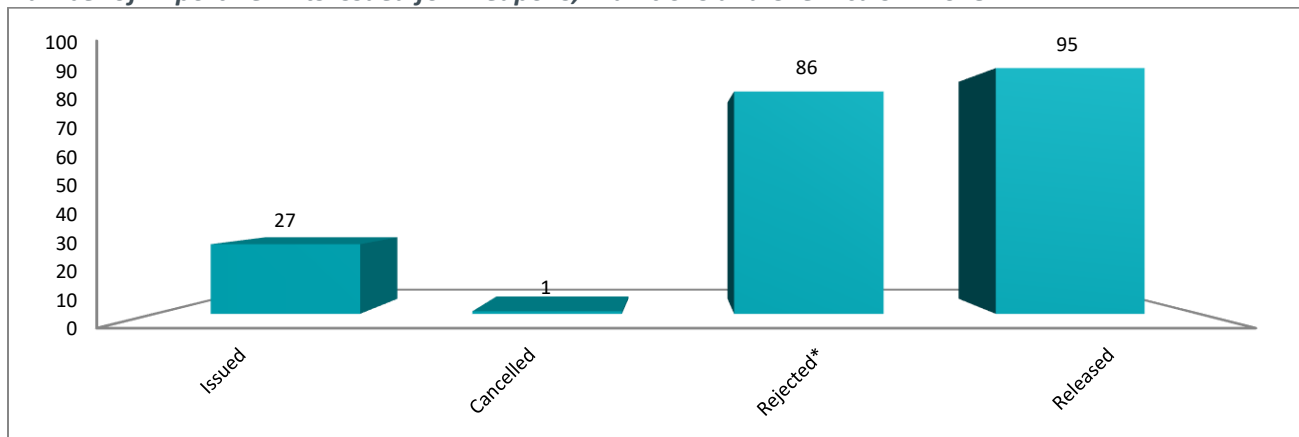
**Note \*:** these levels represent available quota for the first two 50-day periods (through February 1, 2019)

### 3.5 Weapons, Munitions and Chemicals

Pursuant to items 70 to 73 and 91 of the ICL, a permit is required to import into Canada all small- and large-calibre weapons, ammunition, bombs, pyrotechnics, tanks and self-propelled guns. As well, all components and parts specifically designed for these items also require import permits. Firearms classified as non-restricted or restricted in legal classification and destined to sporting or recreational use, and their parts, are exempted from an import permit. Manufacturers and businesses licensed by the Provincial Chief Firearms Officers may import prohibited weapons, prohibited firearms and prohibited devices under strictly controlled conditions. Pursuant to item 74 of the ICL, an import permit is required to import certain toxic chemicals, precursors and mixtures.

In 2013-14, broad-based Import Permit Letters were introduced for low-risk, high-volume commercial importers of firearms and related goods, leading to a significant reduction of the number of import permits for weapons, munitions and chemicals issued annually.

**Figure 2**  
**Number of Import Permits Issued for Weapons, Munitions and Chemicals in 2018**



\*import permits issues for weapons, munitions and chemicals are usually rejected due to a lack of appropriate information.

### 3.6 International Import Certificates and Delivery Verification Certificates

The issuance of international import certificates and delivery verification certificates is provided for under section 9 of the EIPA and under the *Import Certificate Regulations* (C.R.C., c. 603). International import certificates enable an importer to describe goods in detail and to certify that he/she will not assist in their disposal or diversion during transit. Such assurances may be required by the country of export before permitting the shipment of certain goods, most notably munitions and strategic goods. An international import certificate is not an import permit and does not entitle the holder to import the goods described on the certificate into Canada. Delivery verification certificates may be issued following arrival of the goods in Canada to enable an exporter of goods to Canada to comply with requirements of the exporting country.

Since 2011, International Import Certificate (IIC) letters have been issued to trusted high-volume importers, which have resulted in a significant reduction in the number of individual certificates issued.

In 2018, Global Affairs Canada issued 1,626 international import certificates and 314 delivery verification certificates.

### 3.7 General Import Permits

The Act provides for the issuance of general permits authorizing the import of certain designated goods to all destinations or to specified destinations. General Import Permits (GIPs) are intended to facilitate imports by enabling importers to import selected goods without applying for individual permits.

The following GIPs were in effect during 2018.

- GIP 1 - Dairy Products for Personal Use
- GIP 2 – Chicken and Chicken Products for Personal Use
- GIP 3 – Wheat and Wheat Products and Barley and Barley Products for Personal Use
- GIP 6 – Roses for Personal Use
- GIP 7 – Turkey and Turkey Products for Personal Use
- GIP 13 – Beef and Veal for Personal Use
- GIP 14 – Margarine for Personal Use
- GIP 20 – Wheat and Wheat Products and Barley and Barley Products
- GIP 60 – Import of Arms Permit
- GIP 80 – Carbon Steel
- GIP 81 – Specialty Steel
- GIP 100 – Eligible Agricultural Goods
- GIP 108 – CWC Toxic Chemicals and Precursors

## 4.0 EXPORT CONTROLS

Section 3 of the EIPA provides that the Governor in Council may establish a list of goods and technology, to be called the Export Control List, including therein any article the export of which the Governor in Council deems it necessary to control for purposes specified in the EIPA. A complete list of goods and technologies that are subject to export controls may be found online at [https://www.international.gc.ca/controls-controles/about-a\\_propos/expor/guide-2015.aspx?lang=eng](https://www.international.gc.ca/controls-controles/about-a_propos/expor/guide-2015.aspx?lang=eng)

The ECL comprises seven groups, as follows:

Group 1:	Dual Use List
Group 2:	Munitions List
Group 3:	Nuclear Non-proliferation List
Group 4:	Nuclear-Related Dual Use List
Group 5:	Miscellaneous Goods and Technology
Group 6:	Missile Technology Control Regime List
Group 7:	Chemical and Biological Weapons Non-Proliferation List

**Groups 1 and 2** contain Canada's multilateral commitments made under the *Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies*, founded in 1996. The "Initial Elements" define the objectives of the Wassenaar Arrangement as, inter alia: "to contribute to regional and international security and stability, by promoting transparency and greater responsibility in transfers of conventional arms and dual-use goods and technologies, thus preventing destabilising accumulations." Through national policies, the Participating States seek to ensure that transfers of items covered by the common control lists do not contribute to the development or enhancement of military capabilities that have the potential to undermine regional and global security and stability. Participating States also commit to take every precaution to ensure that such items are not diverted to illegitimate end-uses.

- The 2018 Report on Military Exports (<https://www.international.gc.ca/controls-controles/report-rapports/mil-2018.aspx?lang=eng>) contains extensive detail and break down of information on Group 2 exports.

**Groups 3, 4, 6 and 7** represent Canada's multilateral commitments under the various non-proliferation regimes (the Nuclear Suppliers Group, the Australia Group, and the Missile Technology Control Regime) designed to control the proliferation of weapons of mass destruction (chemical, biological and nuclear weapons) as well as their delivery systems.

**Group 5** comprises various strategic and non-strategic goods and technologies that are controlled for other purposes, as provided in the EIPA. This category includes, *inter alia*, forest products (logs, softwood lumber), agricultural products (peanut butter, sugar and sugar-containing products) and CETA origin quotas.

Group 5 also includes controls on the export of United States origin goods and technology not otherwise controlled on the ECL and controls over the export of other goods and technology not controlled elsewhere. Group 5 also contains an end-use provision to control the export of goods or technology that may be destined for use in an activity or facility involved in weapons of mass destruction.

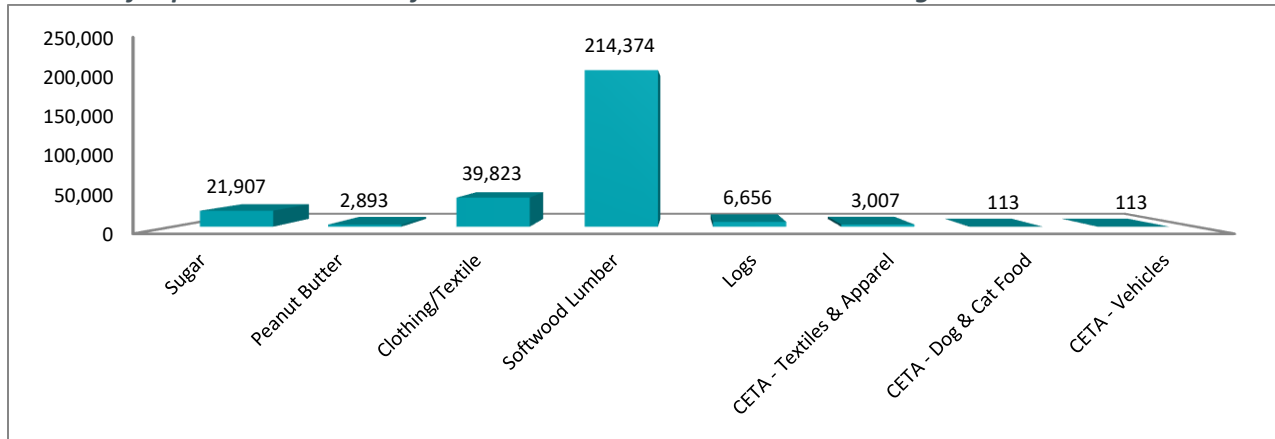
In addition, in accordance with the authority in the EIPA to implement an intergovernmental agreement, textile and clothing exports to countries with relevant free trade agreements (United States, Mexico, Chile, Costa Rica and Honduras) are regulated under the EIPA. Section 9.1 of the EIPA also authorizes the Minister of Foreign Affairs to issue export certificates of eligibility.

In 2018, for **non-strategic exports** (softwood lumber, logs, clothing and textiles, agricultural products and CETA products), Global Affairs Canada:

- issued **288,886** permits
- rejected 3,773 applications; and
- cancelled 10,995 permits (note that the term “denied” is not used for non-strategic exports.)

**Figure 3A**

**Number of Export Permits Issued for Controlled Goods in 2018 - Non-Strategic**

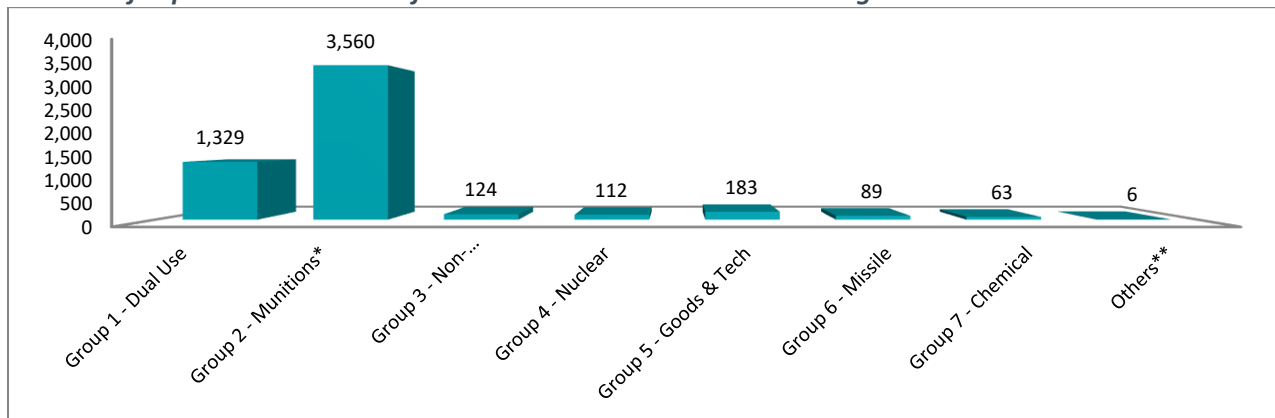


In 2018, for **military, dual-use and strategic goods exports**, Global Affairs Canada:

- issued **5,466** permits;
- returned without action 248 applications;
- withdrawn 704 applications; and
- denied 1 application(s).

**Figure 3B**

**Number of Export Permits Issued for Controlled Goods in 2018 - Strategic**



\*Further details on Group 2 exports can be found in the 2018 Military Exports Report <http://www.international.gc.ca/controls-controles/report-rapports/mil-2018.aspx?lang=eng>. \*\*The category of “others” captures exports of permitted goods (e.g. humanitarian) to ACL countries not captured elsewhere on the ECL.

## 4.1 Military, Strategic and Dual-use Items

The EIPA requires those who wish to export from Canada any items included on the ECL to obtain, prior to shipment, an export permit issued by Global Affairs Canada.

An export permit describes, among other things, the quantity, description and nature of the items to be exported, as well as the final destination country and final consignee. Unless otherwise stated, an export permit may authorize multiple shipments, up to the expiry of the permit and as long as the cumulative total of the quantity and value of items exported does not exceed the quantity and value stated on the permit. An export permit constitutes a legally-binding authorization to export controlled goods or technology as described.

The principal objective of export controls is to ensure that exports of certain goods and technology are consistent with Canada's foreign and defence policies. Among other policy goals, export controls seek to ensure that exports from Canada:

- do not cause harm to Canada and its allies;
- do not undermine national or international security;
- do not contribute to national or regional conflicts or instability;
- do not contribute to the development of nuclear, biological or chemical weapons of mass destruction, or of their delivery systems;
- are not used to commit human rights violations; and
- are consistent with existing economic sanctions' provisions.

Under export control policy guidelines approved in 1986 by Cabinet, Canada closely controls the export of military goods and technology to countries:

- that pose a threat to Canada and its allies;
- that are involved in or under imminent threat of hostilities;
- that are under United Nations Security Council sanctions; or
- whose governments have a persistent record of serious violations of the human rights of their citizens, unless it can be demonstrated that there is no reasonable risk that the goods might be used against the civilian population.

Bill C-47, which is scheduled to enter into force in September 2019, introduces several explicit assessment criteria and a substantial risk test, as laid out in Article 7 of the Arms Trade Treaty. These criteria are already being used to assess export permit applications, and include an evaluation as to whether the item could be used to:

- contribute to or undermine peace and security;
- commit or facilitate a serious violation of international humanitarian or human rights law;
- commit or facilitate terrorism or transnational organized crime; or
- commit or facilitate serious acts of either gender-based violence or violence against women and children.

All applications to export goods or technology are carefully reviewed against the criteria listed above, including the ATT criteria, through wide-ranging consultations among geographic, human rights, international security and defence-industry experts at Global Affairs Canada (including at Canada's overseas diplomatic missions), the Department of National Defence, Innovation, Science and Economic Development Canada, and, as necessary, other government departments and agencies. Any concerns raised through this process are then closely evaluated, including whether a substantial risk exists with respect to any of the ATT



criteria. Through this process, export permit applications are assessed for any risk they pose with respect to the policy objectives laid out above.

A key consideration in the review of each application is the end-use and end-user of the exported article. Careful attention is paid to end-use documentation in an effort to ensure that the export is intended for a legitimate end-user and will not be diverted to ends that could threaten the security of Canada, its allies, other countries or civilians. Where a risk is identified, additional end-use assurances or transparency measures may be sought before a permit is issued.

**Table 8**  
**Export Control List Group and Permit Status Summary for 2018\***

	Submitted	Returned without action	Withdrawn	Cancelled	Issued	Denied
Group 1	1,451	56	46	20	1,329	0
Group 2*	3,946	100	199	86	3,560	1
Group 3	133	4	2	3	124	0
Group 4	114	2	0	0	112	0
Group 5	249	7	57	2	183	0
Group 6	97	2	2	4	89	0
Group 7	67	2	1	1	63	0
Others	481	75	397	3	6	0
<b>Totals</b>	<b>6,538</b>	<b>248</b>	<b>704</b>	<b>119</b>	<b>5,466</b>	<b>1</b>

\* Further detailed information on Group 2 exports is available in the 2018 Military Exports Report (<http://www.international.gc.ca/controls-controles/report-rapports/2018.aspx?lang=eng>)

\* Table 4 of the 2018 Military Exports Report shows that three export permits were denied for Group 1 items in 2018. As these applications were submitted prior to 2018, they are not included in the above table.

#### Definitions:

**Returned without action** – A permit application is returned without action by Global Affairs Canada if it is administratively incomplete, or if there is inconsistent information. A company that wishes to pursue the export would then be required to submit a new permit application.

**Withdrawn:** Permit applications may be withdrawn either at the request of the exporter (e.g., if the permit is no longer required because the commercial deal falls through or if the company becomes aware of political, commercial, or other types of risk that may affect their application, and decides not to pursue the opportunity), or by Global Affairs Canada (e.g., if the goods or technology proposed for export are not controlled, the items are controlled but a permit is not required for their export to the U.S., or if a General Export Permit applies). In 2018, a total of 17 applications for Group 2 (military) items were withdrawn by Global Affairs Canada because a permit was not required for one of the reasons listed above. The remaining 182 withdrawals were at the request of the company, because they had decided not to pursue the export opportunity.

**Cancelled** – An export permit that has been issued may be cancelled for administrative reasons (e.g., at the request of applicant as the permit is no longer required, or due to an error on the permit requiring

replacement by a new permit), or by direction of the Minister of Foreign Affairs. An export permit that has been cancelled is no longer valid for the export of goods or technology.

**Issued** – Means a permit has been approved and issued. If a permit was issued in 2018 and is subsequently cancelled, it is only counted once in the cancelled column.

**Denied** – A permit that was denied by the Minister of Foreign Affairs, either directly or further to policy direction received by officials. An export permit application may be denied by the Minister of Foreign Affairs. This is unusual, occurring in fewer than 1% of cases annually, and is generally for reasons of Canada’s foreign and defense policy, as provided in the criteria for controlling the export of military, dual use and strategic goods outlined above.

**Table 9**  
**Top 12 Destinations for Strategic Export Permits Issued in 2018**

	Destination	% of Permits Issued
1	United Kingdom	12.07%
2	France	6.61%
3	Germany	6.46%
4	South Africa	5.85%
5	Israel	5.35%
6	Australia	4.33%
7	United States	3.12%
8	China	3.01%
9	Japan	2.67%
10	Turkey	2.65%
11	Korea (South), Republic of	2.51%
12	India	2.31%

\*Export permits are only required for a small number of items controlled for strategic purposes on the ECL when exported to the United States. This chart reflects the top 12 destinations by number of permits issued this year for all military, dual-use and strategic items on the ECL. The 2018 Military Exports Report has a similar table but is a listing of Canada’s top destinations for military items (group 2 only) by value outside of the United States for permits utilized in 2018.

**4.2 Area Control List**

Section 4 of the EIPA provides for the control of "any goods or technology to any country included in an ACL. Currently the only country listed on the ACL is the Democratic People’s Republic of Korea (North Korea). In 2018, 5 permits were issued for North Korea, falling within the Government of Canada’s general humanitarian policy, which was established to allow the approval of exports countries on the ACL, if the export in question has a humanitarian basis.

### 4.3 Automatic Firearms Country Control List (AFCCL)

The EIPA provides for the establishment of an AFCCL. Export permit applications for automatic firearms and certain other prohibited firearms, weapons and devices are only considered to countries on the AFCCL.

The countries listed on the AFCCL as of 2018 were: Albania, Australia, Belgium, Botswana, Bulgaria, Chile, Colombia, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Israel, Italy, Kuwait, Latvia, Lithuania, Luxembourg, Netherlands, New Zealand, Norway, Peru, Poland, Portugal, Romania, Saudi Arabia, Slovakia, Slovenia, Spain, Sweden, The Republic of Korea (South Korea), Turkey, United Kingdom, Ukraine and United States.

### 4.4 Softwood Lumber

With the expiry of the *2006 Canada-United States of America Softwood Lumber Agreement*, on October 12, 2015, Global Affairs Canada continued to require export permits for shipments to the United States with the implementation of a monitoring program effective October 13, 2015.

For 2018, exports of softwood lumber, based on definitions specific to the Agreement, totalled 14.3 billion board feet, as indicated in Table 10.

**Table 10**  
***Softwood Lumber Exports to the United States for 2018***

Month	Number of Issued Permits
January	15,619
February	13,979
March	16,387
April	17,418
May	20,099
June	18,598
July	17,974
August	19,046
September	16,417
October	17,680
November	16,497
December	13,498
<b>Total</b>	<b>203,212</b>

Notes:

- Corrections to 2018 data may be reflected in this data; and
- This data represents permits issued and actual exports

## 4.5 Logs

A federal export permit issued by Global Affairs Canada is required for the export of all logs from any type of land in Canada (e.g., provincial Crown land, federal Crown land, private lands, parks and reserves).

Additional information on the export process for logs can be found at

<http://www.international.gc.ca/controls-controles/logs-bois/index.aspx?lang=eng>

In 2018, Global Affairs Canada issued 6,656 permits.

**Table 11**

***Log Permits by month for 2018***

Month	Permits Issued
January	748
February	548
March	652
April	539
May	523
June	518
July	578
August	446
September	577
October	459
November	674
December	394
Grand Total	6,656

## 4.6 Agri-food Products to the United States

As part of its implementation of WTO commitments, the United States established TRQs for imports of peanut butter, certain sugar-containing products and refined sugar. Within these TRQs, Canada receives a country-specific quota allocation. The United States Government administers these TRQs on a first-come, first-served basis. In order to help ensure the orderly export of these programs against Canada's country-specific quotas, Canada placed these products on the ECL. Accordingly, in order to comply with the EIPA and to benefit from the in-quota United States' tariff rate, Canadian exports of peanut butter, certain sugar-containing products and refined sugar to the United States require an export permit issued by Global Affairs Canada. There are no quantitative restrictions for Canadian exports of these products to destinations outside of the United States.

Peanut butter was placed on the ECL on January 1, 1995.

Sugar-containing products were placed on the ECL on February 1, 1995. The global TRQ of the United States' sugar-containing products is 64,709,000 kilograms and applies to imports of certain sugar-containing products falling under Chapters 17, 18, 19 and 21 of its Harmonized Tariff Schedule. The quota year for sugar containing products is from October 1 to September 30. In September 1997, Canada and the United States exchanged letters of understanding, under which Canada obtained a country-specific reserve within the United States' sugar-containing products TRQ of 59,250,000 kilograms. The understanding also provides that only goods that are "product of Canada" may benefit from Canada's country-specific reserve.

Refined sugar was placed on the ECL on October 1, 1995. The quota year for refined sugar is from October 1 to September 30. In September 1997, Canada and the United States exchanged letters of understanding, under which Canada obtained a 10,300,000 kilogram (or 10.3 tonnes) country-specific quota. The understanding also provides that only goods that are "product of Canada" may benefit from Canada's country-specific reserve. Exports of Agri-food products in 2018 are summarized in Table 12.

**Table 12**  
***Agri-food Exports to the United States in 2018***

Kilograms (KG)	Quota	Utilization	Permits Issued
Peanut Butter	14,500,000	14,262,624	2,750
Sugar-containing Products	59,250,000	47,056,510	4,030
Refined Sugar *raw equivalent	10,300,000	10,277,531	557

## 4.7 Textiles and Clothing – Tariff Preference Levels

Textile and clothing exports are controlled as a result of various free trade agreements, including NAFTA, and the agreements with Chile, Costa Rica and Honduras. The agreements provide for preferential access for non-originating products through the use of Tariff Preference Levels (TPLs).

As of July 5, 2010, all TPLs for export to the United States, except for yarn, are allocated on a historical-use basis to the extent of utilization by exporters and on a first-come, first-served basis for those amounts not allocated directly to exporters. The TPL for yarn for exports to the United States and all TPL exports to Mexico, Chile, Costa Rica and Honduras are made available to exporters on a first-come, first-served basis.

As provided for in the NAFTA, the annual growth rates for the TPL volumes for Canadian goods entering the United States were eliminated at the end of 1999. No growth rates were provided for trade with Mexico.

TPL exports to the United States and Mexico must be accompanied by a certificate of eligibility. Other TPL exports that are not subject to controls do not require a certificate of eligibility. There were no changes to the administration of the existing agreements.

In 2018, Global Affairs Canada issued 23,743 certificates; 23,314 applications were rejected and 1,489 were cancelled. The vast majority of permit cancellations are generated by the need to amend permit details, such as quantity or export date. A small number of permits are cancelled to address non-compliance with legislative, regulatory or policy requirements or criteria. TPL export levels and utilization for textiles and clothing during 2018 are summarized in Table 13.

**Table 13**  
***Textiles and Clothing: Tariff Preference Levels and Utilization on Exports from Canada in 2018***

	United States		Mexico		Chile		Costa Rica		Honduras	
	Access Level	Utilization	Access Level	Utilization	Access Level	Utilization	Access level	Utilization	Access Level	Utilization
Square metre equivalents (unless otherwise indicated)										
<b>Wool Apparel</b>	5,325,413	2,425,263	250,000	26	112,616	0	N/A	N/A	N/A	N/A
<b>Cotton or Man-made Fibre Apparel</b>	88,326,463	13,523,365	6,000,000	457,954	2,252,324	N/A	N/A	N/A	N/A	N/A
<b>Cotton or Man-made Fibre Fabrics and Made-up Goods</b>	71,765,252	68,161,272	7,000,000	42,960	1,000,000	N/A	1,000,000	N/A	N/A	N/A
<b>Cotton or Man-made Fibre Spun Yarns</b>	11,813,664	2,926,214	1,000,000	1,223	500,000	N/A	150,000	N/A	N/A	N/A
<b>Wool Fabrics and Made-up Goods (KG)</b>	N/A	N/A	N/A	N/A	250,000	N/A	250,000	N/A	N/A	N/A
<b>Apparel</b>	N/A	N/A	N/A	N/A	N/A	N/A	1,379,570	N/A	4,000,000	633,898
<b>Fabric and Made-Up Goods</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,000,000	N/A

## 4.8 CETA Origin Quota

Certain exports from Canada that are eligible under the CETA origin quota are subject to export controls under the EIPA. Accordingly, an export permit is required for shipments of these products from Canada to the EU in order to obtain the preferential tariff rate under CETA. These include high-sugar containing products, sugar confectionery and chocolate preparations, processed foods, dog and cat food, vehicles, and certain apparel products.

Exports of fish and seafood products, textiles and most apparel products from Canada to EU are not subject to export controls under the EIPA. Accordingly, export permits are not required for shipments of these products to the EU in order to obtain the preferential tariff under CETA. Origin quota access is made available on a first-come, first-served basis, with the exception of the origin quotas for high sugar and vehicles for which allocation policies have been established.

CETA contains growth factors for origin quotas, with the exception of vehicles that provide for an increase in the volume of the origin quotas if certain conditions are met. Growth factor provisions are outlined in CETA.

**Table 14**  
**CETA Origin Quota 2018**

CETA Origin Quotas			
Description	HS Classification	Access Level	Utilization
	U = Units T = Tonnes KG = Kilograms		
High Sugar Containing Products		30,000 (t)	0
Sugar Confectionery and Chocolate Preparations		10,000 (t)	0
Processed Foods		35,000 (t)	0
Dog and Cat Food		60,000 (KG)	2,263,032
Apparel	Apparel 61.04 (U) Women's or girls' suits, ensembles, suit-type jackets, blazers, dresses, skirts, divided skirts, trousers, etc. (no swimwear), knitted or crocheted	535,000 (U)	298,968
	Apparel 61.14 (KG) Garments not elsewhere specified or included, knitted or crocheted	90,000 (KG)	12,131
	Apparel 6102.30 (U) Women's or girls' overcoats, car coats, capes, cloaks, anoraks, ski-jackets and similar articles of manmade fibres, knitted or crocheted	17,000 (U)	6,053
	Apparel 62.01(U) Men's or boys' overcoats car coats, capes, cloaks, anoraks (including ski-jackets), windcheaters, wind-jackets and similar articles, not knitted or crocheted, other than those of heading 6203	96,000 (U)	95,934
	Apparel 62.05 (U) Men's or boys' shirts, not knitted or crocheted	15,000 (U)	2
Vehicles		100,000 (U)	7,597

## 4.9 General Export Permits

The EIPA provides for the issuance of general permits authorizing the export of certain designated goods or technology to specified destinations. General Export Permits (GEPs) are intended to facilitate exports by enabling exporters to export certain items without applying for individual permits.

The following GEPs were in effect during 2018.

- GEP EX. 1: Goods with a value of less than \$100, household articles, personal effects, business equipment required for temporary use outside Canada and personal automobiles
- GEP EX. 3: Consumable Stores Supplied to Vessels and Aircraft
- GEP EX. 5: Forest Products
- GEP EX. 10: Export of Sugar Permit
- GEP EX. 12: United States-Origin Goods
- GEP EX. 18: Personal Computers
- GEP EX. 31: Peanut Butter
- GEP EX. 37: Chemicals and Precursors to the United States
- GEP EX. 38: Chemical Weapons Convention Toxic Chemical and Precursor Mixtures
- GEP EX. 41: Dual-Use Goods and Technology to Certain Destinations
- GEP EX. 43: Nuclear Goods and Technology to Certain Destinations
- GEP EX. 44: Nuclear-Related Dual-Use Goods and Technologies to Certain Destinations
- GEP EX. 45: Cryptography for the Development or Production of a Product
- GEP EX. 46: Cryptography for Use by Certain Consignees.



## 5.0 OFFENCES UNDER THE EXPORT AND IMPORT PERMITS ACT

Penalties are listed in subsection 19(1) of the EIPA as follows:

Every person who contravenes any provision of this EIPA or the regulations is guilty of:

(a) an offence punishable on summary conviction and liable to a fine not exceeding \$25,000 or to imprisonment for a term not exceeding 12 months, or to both; or

(b) an indictable offence and liable to a fine in an amount that is in the discretion of the court or to imprisonment for a term not exceeding ten years, or to both.

A prosecution under section 19(1)(a) may be instituted at any time within but not later than three years after the time when the subject-matter of the complaint arose.

Section 25 of the EIPA delegates responsibility for the enforcement of the EIPA to all officers as defined in the *Customs Act* (subsection 2(1)). Global Affairs Canada entrusts the enforcement of the EIPA to the Canada Border Services Agency (CBSA), and to the Royal Canadian Mounted Police (RCMP).

Export control enforcement continued to be a key element in Canada's export control system in 2018.

Global Affairs Canada works closely with enforcement agencies, in particular the CBSA and the RCMP, which are responsible for enforcing the provisions of the EIPA. On receipt of information relating to an unauthorized export or import of controlled items, Global Affairs Canada may, depending on the circumstances of the case, refer the matter to the RCMP or CBSA for investigation and decision as to whether to proceed with administrative measures and/or penalties or criminal charges. Global Affairs Canada also routinely provides, assistance, expert advice, and investigative support to CBSA, RCMP and other investigative agencies. In 2018, Global Affairs Canada responded to 7 formal requests for investigation support.

Alleged violations may come to the attention of Global Affairs Canada directly (e.g., a Canadian exporter or importer may bring a suspected violation to the attention of Global Affairs Canada) or indirectly, as the result of an investigation and/or audit. Potential violations may also be identified in the course of CBSA operations at border control locations and major ports of entry and exit. CBSA may detain a shipment, referring to the appropriate department, including Global Affairs Canada, to verify that legislative and regulatory requirements controlling exports (e.g. export controls under the EIPA; sanctions; licenses from the Canadian Nuclear Safety Commission for nuclear-related items) have been met. In 2018, the CBSA referred 274 export detentions to Global Affairs Canada

Global Affairs Canada recognizes that, on occasion, responsible exporters and importers inadvertently fail to comply with the EIPA. Exporters and importers finding themselves in such a situation are encouraged to disclose any incidents of non-compliance to Global Affairs Canada as soon as possible. If after considering the information provided GAC is satisfied that the exporter has fully cooperated, no further action maybe warranted. Depending on the gravity or overall circumstances of a case, Global Affairs Canada may nonetheless refer disclosures to CBSA or RCMP for further review. In 2018, Global Affairs Canada received 30 voluntary disclosures from Canadian exporters regarding the export of strategic and/or military goods and technology.

The Minister of Foreign Affairs has the authority to designate inspectors, who for any purpose related to the administration or enforcement of the EIPA may inspect, audit or examine the records of any person who has applied for an authorization under the EIPA. Such activities are conducted to ensure compliance with the EIPA and its associated regulations and established policies, including eligibility criteria associated with various TRQs.

Global Affairs Canada has verification teams deployed to four major metropolitan areas to support the administration of import and export permits related to trade commodities: Ottawa, Montreal, Toronto and Vancouver. Between 100 and 140 verification inspections are conducted annually.

## 5.1 PERFORMANCE STANDARDS

Global Affairs Canada is committed to providing clients with prompt and reliable service based on Canadian export and import controls law, regulation and policy.

Our aims are: to foster an orderly processing of controlled imports into and exports from Canada; implement our commitments under international agreements; and ensure that the administration of trade controls under the authority of the EIPA is carried out smoothly and without undue hindrance to Canadian exporters, importers and consumers.

To fulfill this policy, and under the authority of the EIPA, Global Affairs Canada is responsible for issuing permits for importing controlled goods into Canada that are included in the ICL, and for exporting goods included in the ECL or for exporting goods to destinations included in the ACL.

In order to fulfill our responsibilities under the EIPA, Global Affairs Canada has established service standards.

- The target for processing import and export permit applications for non-strategic goods within the Export Import Controls System (EICS) is within four **business hours of receipt**.
- The target for processing of log permit applications for log exports is within three working days.
- The target for processing permit applications to export controlled strategic goods or technology within the Export Controls On-line System (EXCOL) is within 10 working days; and should consultations be required; the period is within 40 days.

In 2018, a total of 321,433 permit applications were processed within EICS and EXCOL, and approximately 98.24 per cent of those permit applications were processed within the allotted service periods. (Further detail on the specific service standards for military, dual-use and strategic permits may be found in the Report on Military Exports).

## 6.0 GLOSSARY

ACL	Area Control List
AFCCCL	Automatic Firearms Country Control List
CDC	Canadian Dairy Commission
CETA	Comprehensive Economic and Trade Agreement
CHFTA	Canada-Honduras Free Trade Agreement
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
ECL	Export Control List
EE	Eviscerated Equivalent
EICS	Export and Import Controls System
EIPA	Export and Import Permits Act
EXCOL	Export Controls System On-line
FBM	Foot Board Measure
GEP	General Export Permit
ICL	Import Control List
IREP	Import for Re-Export Program
MFN	Most Favoured Nation
NAFTA	North America Free Trade Agreement
NZ	New Zealand
SME	Square Metre Equivalent
TRQs	Tariff Rate Quotas
WTO	World Trade Organization