

Overwaitea Food Group

ROUTING GUIDE

August 2016

Overwaitea Food Group

A division of Overwaitea Food Group LP, a Jim Pattison business

Main Office

Mail Address: Box 7200, Vancouver, B.C., Canada V6B 4E4
Street Address: 19855 – 92A Avenue, Langley, B.C., Canada V1M 3B6

Table of Contents

1	Quick Start	5
2	Information Page.....	7
3	Corporate Contact Information	8
3.1	Distribution Centres & Appointment Scheduling.....	8
3.2	OFG Supply Chain.....	9
3.3	Overwaitea Food Group Corporate Office	9
4	Introduction	10
4.1	Importing Goods into Canada	10
4.1.1	Accounting for Shipments.....	10
5	Security	12
6	Terms of the Sale.....	13
6.1	Payment Terms	13
6.2	Importer Of Record (IOR)	13
6.3	Freight Terms	14
6.3.1	Domestic Shipments	14
6.3.2	International Shipments	14
6.4	INCOTERMS 2010.....	14
6.4.1	What are Incoterms?	14
6.4.2	What are Incoterms used for?	14
6.4.3	Incoterms and the Contract of Carriage	15
7	Canadian Shipment Routing AND U.S. - Canada Shipment Routing.....	16
7.1	Shipments From Canada	16
7.1.1	Canadian PREPAID Shipments (Vendor Delivered).....	16
7.1.2	Canadian COLLECT Shipments (Customer Pickup).....	16
7.2	Shipments From the United States	17
7.2.1	Which Party Assumes Import Responsibilities as the Designated "Importer Of Record" ?.....	17
7.2.2	Customs Broker.....	17
7.2.3	US PREPAID Shipments (Vendor Delivered)	18
7.2.3.1	Freight Terms When: The Vendor is the Importer Of Record	18
7.2.3.2	Freight Terms When: Overwaitea is the Importer Of Record	18
7.2.4	US COLLECT Shipments (Customer Pickup)	19
7.2.4.1	Freight Terms When: The Vendor is the Importer Of Record	19
7.2.4.2	Freight Terms When: Overwaitea is the Importer Of Record	19
7.3	Customer Pickup Information Requirements.....	20
7.3.1	Allowance For Freight	20
7.3.2	Calculation of the FOB Price or Freight Allowance.....	20
8	International Shipments (Originating outside the US or Canada)	21
8.1	Typical International Transportation Terms.....	22
8.1.1	Incoterms 2010: FCA - Free Carrier (...named place of delivery)	22
8.1.2	Incoterms 2010: DAT - Delivered At Terminal (...named terminal at port or place of destination).....	22

8.1.3	Incoterms 2010: DAP - Delivered At Place (...named place of destination)	23
8.1.4	Incoterms 2010: DDP - Delivered Duty Paid (...named place of destination)	23
8.2	Order Management – For Overwaitea Managed, “Collect” Freight Only	24
8.2.1	Latest Ship Date	24
8.2.2	Ocean Shipment Booking Procedures	24
8.2.3	General Labelling Requirements.....	25
8.2.4	Shipping Carton Marking Requirements for Direct Import Shipments:	25
8.2.5	Cargo Manifest Requirements	26
8.2.6	Consolidation of Less than Container Load (LCL) Ocean Shipments	26
8.2.7	Full Container Load (FCL) Ocean Shipments.....	26
8.2.8	Presentation of Shipping Documents	27
8.2.9	Import Container Fill Guidelines.....	28
8.2.10	Overwaitea's International Freight Forwarder	28
8.2.11	Overwaitea's International Customs Broker.....	29
9	Tariff Treatment.....	30
9.1	Customs Tariff	30
9.1.1	Preferential Free Trade Agreement (FTA) tariff treatments	30
9.1.2	Non-Free Trade Agreement (FTA) tariff treatments	30
9.2	Customs Invoice Description Requirements: HS Codes.....	31
9.3	Proof of Origin.....	31
9.3.1	Country of Origin Markings.....	31
9.3.1.1	NAFTA Goods.....	31
9.3.1.2	Non-NAFTA Goods.....	31
9.3.2	Certificates of Origin	32
9.4	Administrative Monetary Penalty System.....	33
10	Import Documentation	34
10.1	Canada Customs Invoice (CCI), or Commercial Invoice	34
10.2	Packing List.....	34
10.3	NAFTA - North American Free Trade Agreement - Certificate Of Origin	35
10.4	Exporters Statement of Origin (ESO).....	35
10.5	Form A Certificate of Origin	36
10.6	Statement of Wood Packing Material	36
10.7	Bill of Lading (B.O.L.)	37
10.8	Purchase Order (PO)	37
10.9	Permits, Health Certificates, or Forms Other Federal Government Departments Require.....	37
11	Glossary of Terms.....	39
Appendix A:	Incoterms 2010 - Rules	42
A.1	The Categories of Incoterms 2010	42
A.1.1	Incoterms that apply to any mode of transport are:.....	42
A.1.2	Incoterms that apply to sea and inland waterway transport only:	42
A.2	Incoterm 2010 Rules – Rules for Any Mode(s) of Transport	43
A.2.1	EXW – Ex Works (named place of delivery).....	43

A.2.2	FCA – Free Carrier (named place of delivery)	44
A.2.3	CPT - Carriage Paid To (named place of destination)	44
A.2.4	CIP – Carriage and Insurance Paid to (named place of destination)	45
A.2.5	DAT – Delivered at Terminal (named terminal at port or place of destination)	45
A.2.6	DAP – Delivered at Place (named place of destination)	46
A.2.7	DDP – Delivered Duty Paid (named place of destination)	46
A.3	Incoterm 2010 Rules - Rules for Sea and Inland Waterway Transport	46
A.3.1	FAS – Free Alongside Ship (named port of shipment)	47
A.3.2	FOB – Free on Board (named port of shipment)	47
A.3.3	CFR – Cost and Freight (named port of destination)	47
A.3.4	CIF – Cost, Insurance and Freight (named port of destination)	48
A.4	Previous terms eliminated from Incoterms 2010.....	48
A.4.1	DAF – Delivered At Frontier (named place of delivery) [Incoterms 2000]	48
A.4.2	DES – Delivered Ex Ship (named port of delivery) [Incoterms 2000]	48
A.4.3	DEQ – Delivered Ex Quay (Duty Paid) (named port of delivery) [Incoterms 2000]	49
A.4.4	DDU – Delivered Duty Unpaid (named place of destination) [Incoterms 2000] ...	49
Appendix B:	Determining the Allowance For Freight	51
B.1	FOB Pricing	51
B.1.1	Weight basis:.....	51
B.1.2	Size basis:	51
B.2	Off-Invoice Freight Allowance	51
Appendix C:	Instructions on How to Complete the Canada Customs Invoice	
	(CCI) or a Commercial Invoice	52
Appendix D:	Exporter's Certificate Of Origin.....	55
Appendix E:	AMPS - Administrative Monetary Penalty System	56
Appendix F:	Freight Forwarder Contacts - International Shipments	58
F.1	Locher Evers International Agent Listing – China and Taiwan.....	58
Appendix G:	Changelog	61

1 Quick Start

All goods entering Canada are subject to import regulations and requirements by the Canada Border Services Agency. The focus of this Routing Guide is on understanding regulations and procedures as they relate to the most complex part of the import process, customs clearance.

This guide is presented for informational purposes only, and OFG makes no representations or warranties as to the accuracy of the information contained herein. It represents the best information compiled by OFG to date, and is not all-inclusive, representative of all situations or circumstances, and is not intended to provide specific legal or other professional advice. You should obtain independent legal advice for your particular situation instead of relying upon the information set out herein.

The scope of will include OFG orders from both domestic and import (both US and International) vendors for delivery to Canada, and covers ocean and ground shipments for both vendor delivered shipments and Overwaitea managed (Customer Pickup/Collect) shipments.

KEY CONSIDERATIONS

Determining the TERMS OF THE SALE

1. Importer Of Record:

[Section 6.2](#)

- *If the shipment is originating outside of Canada, first determine which party will be responsible.*

The Importer of Record (IOR) is the party responsible for clearing the goods through Canada Customs and is legally responsible for the payment of duty, fees, fines or penalties issued by Customs or other government agencies.

The Canada Border Services Agency (CBSA) will hold the importer of record responsible for all documentation and data provided in a declaration and that all Other Government Department (OGD) requirements are met.

2. Freight Terms:

- *Where does the shipment originate: Canada/US, or International?*
- *Is it Prepaid or Collect?*
- *Identify the proper transportation terms to be identified in the contract of sale. If international, identify the Incoterms 2010 terminology to be used for the delivery of the goods.*

- a. **Domestic Shipments - Canada or US** [Section 7](#)
 - i. Canadian Prepaid or Collect Shipments
 - ii. US Prepaid or Collect Shipments

- b. **International Shipments – Originating outside the US or Canada**
 - i. Incoterms 2010 [Section 6.4 and Section 8](#)

* Incoterms clarify and communicate the responsibilities, costs and risks associated with the transportation and delivery of goods under sales contracts for domestic and international trade.

* They apportion transportation costs and responsibilities associated with the delivery of goods between buyers (importers) and sellers (exporters).

* They only deal with questions relating to the delivery of the goods and not of other terms of the contract of sale.

Other

- 3. **Tariff Treatment** [Section 9](#)
 - a. **Trade Agreements**

Goods imported into Canada may be subject to one of several tariff treatments. These tariff treatments are at first differentiated by preferential free trade agreement tariff treatments (ex. NAFTA), and non-free-trade tariff treatments.

 - b. **Proof of Origin**

The requirements of the particular trade agreement or tariff treatment must be satisfied in order to benefit from a preferential duty rate. You must possess proof of origin for the specific trade agreement at the time of importation.

- 4. **Import Documentation** [Section 10](#)

All necessary shipment documentation required during the import and customs clearance process must be provided accurately and in a timely manner. It is the vendor's responsibility to ensure all appropriate documentation is provided and properly completed to ensure compliance with CBSA regulations.

 - a. **Shipments from the US** [Section 7.2](#)
 - b. **International Shipments** [Section 8.2.8](#)

- 5. **Customs Broker**
 - a. **Where the Vendor is the Importer of Record** - It is up to the vendor to determine and use their own customs broker.
 - b. **Where OFG is the Importer of Record:**
 - i. **Shipments from the US** [Section 7.2.2](#)
 - ii. **International Shipments** [Section 8.2.11](#)

2 *Information Page*

Requirements

It is expected that all shipments from all vendors to all Overwaitea facilities will be in compliance with the requirements as set forth in this guide.

Additionally, government regulations may change over time and it is the vendor's responsibility to ensure they are in compliance with all of the current regulations and required documentation and reporting responsibilities.

3 Corporate Contact Information

3.1 Distribution Centres & Appointment Scheduling

EV – GLOUCESTER (Ambient)

5111 - 272 Street, Langley, BC V4W 3Z2

NON PERISHABLE

Receiving Hours: SUN pm to SAT am (6 days) 7:00 pm to 5:30 am

Appointment Booking:

24 hr. Online booking method at the OFG Partner Portal website: <https://partners.ofg.ca/>

EV LOGISTICS (Perishable/Frozen)

5016 - 272 Street, Langley, BC V4W 1S3

MEAT / DAIRY/ FLORAL / PRODUCE / ICE CREAM / FROZEN BAKERY / FROZEN MEAT / FROZEN FOOD

Receiving Hours: SUN pm to SUN am (7 days) 7:00 pm to 4:00 am

Appointment Booking:

24 hr. Online booking method at the OFG Partner Portal website: <https://partners.ofg.ca/>

TCL Supply Chain Inc. – Ambient/Perishable/Frozen

#24, 26308 Township Road 525A, Acheson, AB T7X 5A6

NON PERISHABLE / MEAT / DAIRY/ FLORAL / PRODUCE / ICE CREAM / FROZEN BAKERY / FROZEN MEAT / FROZEN FOOD

Receiving Hours: Ambient SUN pm to SUN am (7 days) 8:00 pm to 4:00 am

Receiving Hours: Per./Frozen SUN pm to SUN am (7 days) 8:00 pm to 4:00 am

Appointment Booking:

24 hr. Online booking method at the OFG Partner Portal website: <https://partners.ofg.ca/>

3.2 OFG Supply Chain

Garth Hiles
Director, Supply Chain Logistics

P. 604-857-6868
garth_hiles@owfg.com

Rehana Bali
Manager, Logistics Services

P. 604-857-6864
rehana_bali@owfg.com

Norm Handford
Manager, Warehouse Services

P. 604-857-6861
norm_handford@owfg.com

Paul Ferg
Warehouse Site Manager, TCL

P. (780) 948-7469
paul_ferg@owfg.com

Rob Jensen
Director, Transportation & Logistics Services

P. 604-857-6856
robert_jensen@owfg.com

Lori Baisley
Director, Procurement

P. 604-881-3940
lori_baisley@owfg.com

Debbie Bruhs
Procurement Manager, Perishable

P. 604-881-3309
debbie_bruhs@owfg.com

Tracey Pritchard
Procurement Manager, Ambient

P. 604-881-3650
tracey_pritchard@owfg.com

Wayne Currie
Vice-President, Supply Chain & eCommerce

P. 604-881-3444
wayne_currie@owfg.com

3.3 Overwaitea Food Group Corporate Office

Box 7200, Vancouver BC V6B 4E4
19855 – 92A Avenue, Langley BC V1M 3B6
Main Number: 604-888-1213

4 Introduction

An international sale to a company in Canada requires compliance with a variety of import regulations and procedures. All goods entering Canada are subject to requirements by the Canada Border Services Agency.

The primary focus of this guide is to assist you with your imports into Canada. The focus is on understanding regulations and procedures as they relate to the most complex part of the import process, customs clearance.

This tool is not meant to be an all-inclusive guide regarding importing into Canada, and the information that follows is not intended to provide specific legal or other professional advice.

The scope of this Routing Guide will focus on Overwaitea Food Group (OFG) orders from both domestic and import (both US and International) vendors for delivery to Canada. The instructions in this guide will cover ocean and ground shipments for both vendor delivered shipments and Overwaitea managed (Customer Pickup) shipments.

Overwaitea requires vendors to carefully read and comply with this guide which can be found on the Overwaitea Food Group partner portal at: <https://partners.owfg.com/> under "Standards and Procedures".

Please reference the Overwaitea Food Group Inbound Freight Standards and Procedures for delivery distribution centre addresses and other relevant shipment information not found in this guide.

4.1 Importing Goods into Canada

Information for businesses that import commercial goods into Canada can be obtained from the Canadian Border Services Agency (CBSA) website: <http://www.cbsa-asfc.gc.ca/import/menu-eng.html>

4.1.1 Accounting for Shipments

Businesses that import into Canada have a responsibility to submit a final accounting package for shipments to the CBSA. <http://www.cbsa-asfc.gc.ca/import/acc-resp-eng.html>

In most cases, a complete accounting package consists of:

- two copies of the cargo control document (CCD);
- two copies of the invoice;
- two copies of a completed [Form B3](#) , Canada Customs Coding Form;
- any import permits, health certificates, or forms that other federal government departments require; and
 - Form A, Certificate of Origin (when necessary).

A business can present paper copies of these documents to the CBSA or, if given the authorization by the CBSA, transmit the information using [EDI](#).

- [The cargo control document](#)
- [The invoice](#)
- [Form B3, Canada Customs Coding Form](#)
- [Tariff Classification](#)
- [Valuation](#)
- [Import permits, health certificates, or forms other federal government departments require](#)
- [Tariff Treatments/Trade Agreements](#)
- [Paying Cash](#)
- [Accounting](#)
- [Payment](#)
- [Penalties](#)
- [Interest](#)
- [Correcting your accounting package](#)

5 Security

OFG requires that all business partners remain current and informed regarding cargo security requirements. The Canadian Border Services Agency (CBSA) provides programs, services and information for businesses at their website: <http://www.cbsa-asfc.gc.ca/comm-eng.html>

Information on Safety and Security Programs and Importation Security Regulations and Requirements can be found at:

<http://www.cbsa-asfc.gc.ca/security-securite/safety-surete-eng.html>

This includes, for example: (ACI) Advance Customs Information, for marine and air shipments; eManifest, for highway and rail shipments; (AMPS) The Administrative Monetary Penalty System; and (PIP) Partners In Protection.

OFG expects all of its vendors' cooperation to comply with all customs and government regulations necessary to remain in compliance and prevent any shipment delays or penalties. Additionally, all of OFG's vendors are expected to be fully compliant with any other rules or regulations of other government agencies.

6 Terms of the Sale

6.1 Payment Terms

All payment terms must be established with Overwaitea Food Group at the time of negotiating terms prior to issuance of a purchase order.

Open Account (O/A)

Unless expressly otherwise negotiated, Overwaitea's terms are Open Account. Under "Open Account" terms, the exporter ships the goods and forwards the pertaining documents to the importer without payment. Settlement will take place based on the terms negotiated between OFG and the vendor. (Example: Net 30 days)

6.2 Importer Of Record (IOR)

The Importer Of Record (IOR) is the party responsible for clearing the goods through Canada Customs and is **legally responsible for the payment of duty, fees, fines or penalties issued by Customs or other government agencies.**

The Canada Border Services Agency (CBSA) will hold the importer of record responsible for all documentation and data provided in a declaration and that all Other Government Department (OGD) requirements are met.

The IOR is the party that issued the power of attorney to the broker. This party can be the foreign shipper, the buyer or the ultimate consignee, or any interested third party in the transaction who has the right to make entry.

The IOR is negotiated as part of the terms of sale between the buyer and the shipper. The terms of sale should be established before the consignment is shipped.

The "Importer Of Record" is responsible for all trade data submitted to a Customs agency on their behalf and is also liable for any errors or omissions. This could lead to fines, penalties and interest fees under the Administrative Monetary Penalty System if the goods are incorrectly identified or classified due to an unclear or vague product description. Importers must understand Canadian Border Services Agency (CBSA) regulations, and be aware of any changes and be in full compliance.

What is a Non-Resident Importer (NRI)?

The Importer Of Record (IOR) can either be an entity inside or outside of Canada. Importers of Record outside of Canada are referred to as a Non-Resident Importer (NRI). Your customs broker is a good source for helping you establish NRI status.

6.3 Freight Terms

6.3.1 Domestic Shipments

The contract of sale for domestic (US or Canada) purchases should include the domestic freight terms.

6.3.2 International Shipments

The contract of sale for international purchases should specifically include the reference to **Incoterms 2010** and **the appropriate term and description**.

6.4 INCOTERMS 2010

6.4.1 What are Incoterms?

The **Incoterms** rules or **International Commercial terms** are a series of predefined commercial terms published by the International Chamber of Commerce (ICC) widely used in international commercial transactions.

The Incoterms rules are accepted by governments, legal authorities and practitioners worldwide for the interpretation of most commonly used terms in international trade. They are intended to reduce or remove altogether uncertainties arising from different interpretation of the rules in different countries.

6.4.2 What are Incoterms used for?

The Incoterms rules are intended primarily to clarify and communicate the responsibilities, costs and risks associated with the transportation and delivery of goods under sales contracts for domestic and international trade. They apportion transportation costs and responsibilities associated with the delivery of goods between buyers (importers) and sellers (exporters) and reflect modern-day transportation practices.

Incoterms tell the parties what to do with respect to:

- Carriage of the goods from seller to buyer
- Division of costs and risks between seller and buyer
- Seller's and buyer's obligations in regards to export and import clearance

The scope of Incoterms is limited to matters relating to the rights and obligations of the parties to the contract of sale **with respect to the delivery of the goods sold**.

Incoterms do **NOT** deal with:

- Transfer of property rights in the goods
- Relief from obligations and exemptions from liability in case of unexpected or unforeseen events

- Consequences of breaches of contract, except those relating to the passing of risks and costs when the buyer is in breach of their obligation to accept the goods or to nominate the carrier under an 'F' term.

Incoterms are only rules for the interpretation of terms of delivery and not of other terms of the contract of sale. They only deal with questions **relating to the delivery of the goods.**

6.4.3 Incoterms and the Contract of Carriage

Buyers and sellers adopting Incoterms 2010 in their contracts should keep clearly in mind that Incoterms refer solely to the relationship between the two and that **none of the provisions affect, either directly or indirectly, the relationship of either party with the carrier as defined in the contract of carriage.**

See Appendix A for detailed information on specific Incoterms 2010 definitions.

7 Canadian Shipment Routing AND U.S. - Canada Shipment Routing

7.1 Shipments From Canada

7.1.1 Canadian PREPAID Shipments (Vendor Delivered)

- Freight Prepaid (to destination).
- PREPAID shipments are the vendor's responsibility to arrange shipment for.
- All vendor managed shipments must be marked PREPAID on the Bill of Lading.
- OFG will not be responsible for any additional charges on PREPAID shipments, including but not limited to, charges for delays, driver assist, storage, notifications, or any other similar charges. If a carrier assesses charges, the vendor will be responsible for such charges.

The transportation terms in the contract of sale should be stated as:

"Freight Prepaid to OFG Warehouse-Langley BC"

Under this term, the freight is included in the cost of goods. If the seller and the buyer wish to have the **freight prepaid** by the seller, **but added as a separate line to the invoice**, then they should use the term "FOB Destination, Prepay Freight & Add".

"Landed Cost" is sometimes used to describe the total cost of a product once it has arrived at the buyer's door.

7.1.2 Canadian COLLECT Shipments (Customer Pickup)

- Freight Collect, Vendor's Dock.
- COLLECT shipments are managed by OFG as a Customer Pickup using OFG's designated carriers. Shipping arrangements are to be coordinated with the vendor to ensure on-time shipping and delivery expectations are met.
- All Customer Pickup shipments must be scheduled for pickup with the assigned carrier a minimum of 48 hours prior to the expected pickup date. Note that purchase orders reflect a delivery date; therefore transit time must be considered when scheduling a pickup. If the carrier fails to pick up at the scheduled time, notify OFG's Transportation Department immediately at traffic@owfg.com for resolution.

The transportation terms in the contract of sale should be stated as:

"Freight Collect, Vendor's Dock"

7.2 Shipments From the United States

It is the vendor's responsibility to ensure all appropriate documentation is provided and properly completed to ensure compliance with CBSA regulations.

Required Shipping Documents
Ships from US
Packing List
Bill of Lading
Commercial Invoice
Canada Customs Invoice (CCI) [or a COS-Confirmation of Sale -for fruits and vegetables only]
Certificates of Origin, if applicable (Ex. NAFTA Certificate)
Documents for OGD's - Other Government Departments (ex. CFIA)

7.2.1 Which Party Assumes Import Responsibilities as the Designated "Importer Of Record" ?

Typically, on all US PREPAID and COLLECT shipments , the vendor is responsible for all import requirements to bring the goods into Canada; that is, the vendor is the designated Importer Of Record.

Overwaitea Food Group will **ONLY** be responsible and designated as the Importer Of Record where such terms have been agreed to in advance during vendor negotiations. In such cases, the vendor must provide an annual blanket NAFTA Certificate Of Origin for eligible items so that OFG may claim the lower rate of duty.

7.2.2 Customs Broker

- Where the vendor is the Importer Of Record, it is the vendor's responsibility to clear the shipment using their own customs broker.
- Where Overwaitea has agreed to be the Importer Of Record, the customs broker is as follows:

ABC Customs Brokers Ltd.

Pacific Highway Office

#110 - 17637 1st. Ave. Surrey, BC Canada V3S 9S1

Phone: 604.538.5777

Fax: 604.538.5666

Toll Free Phone: 888.432.5403

Toll Free Fax: 800.663.8573

7.2.3 US PREPAID Shipments (Vendor Delivered)

- Freight Prepaid (to destination).
- PREPAID shipments are the vendor's responsibility to arrange shipment for.
- All vendor managed shipments must be marked PREPAID on the Bill of Lading.
- OFG will not be responsible for any additional charges on PREPAID shipments, including but not limited to, charges for delays, driver assist, storage, notifications, or any other similar charges. If a carrier assesses charges, the vendor will be responsible for such charges.
- Customs clearance responsibility is dependent upon who is the Importer Of Record.

7.2.3.1 Freight Terms When: **The Vendor is the Importer Of Record**

If the vendor is the Importer Of Record, the transportation terms in the contract of sale should be stated as:

"Freight Prepaid to OFG Warehouse-Langley BC; Vendor is the Importer Of Record; Customs Clearance responsibility of the Vendor"

Under this term, the freight is included in the cost of goods. If the seller and the buyer wish to have the freight prepaid by the seller, but added as a separate line to the invoice, then they should use the term " Freight Prepaid (to destination), Prepay Freight & Add; Vendor is the Importer Of Record; Customs Clearance responsibility of the Vendor".

"Landed Cost" is sometimes used to describe the total cost of a product once it has arrived at the buyer's door.

The closest equivalent using **Incoterms 2010** is **DDP-Delivered Duty Paid (Overwaitea Food Group Warehouse)**.

The term DDP is frequently used in cross border shipments to indicate the shipper is responsible for all charges to OFG's Door, including customs clearance, duty and GST. It is not uncommon for DDP terms to be refined to be "DDP Including GST" or "DDP Excluding GST". (GST is paid by the consignee)

7.2.3.2 Freight Terms When: **Overwaitea is the Importer Of Record**

If Overwaitea is the Importer Of Record, the transportation terms in the contract of sale should be stated as:

"Freight Prepaid to OFG Warehouse-Langley BC; Overwaitea Food Group is the Importer Of Record; Customs Clearance responsibility of Overwaitea"

Under this term, the freight is included in the cost of goods. If the seller and the buyer wish to have the freight prepaid by the seller, but added as a separate line to the invoice, then they should use the term " Freight Prepaid (to destination), Prepay Freight & Add; Overwaitea Food Group is the Importer Of Record; Customs Clearance responsibility of Overwaitea ".

7.2.4 US COLLECT Shipments (Customer Pickup)

- Freight Collect, Vendor's Dock.
- COLLECT shipments are managed by OFG as a Customer Pickup using OFG's designated carriers. Shipping arrangements are to be coordinated with the vendor to ensure on-time shipping and delivery expectations are met.
- All Customer Pickup shipments must be scheduled for pickup with the assigned carrier a minimum of 48 hours prior to the expected pickup date. Note that purchase orders reflect a delivery date; therefore transit time must be considered when scheduling a pickup. If the carrier fails to pick up at the scheduled time, notify OFG's Transportation Department immediately at traffic@owfg.com for resolution.

7.2.4.1 Freight Terms When: **The Vendor is the Importer Of Record**

If the vendor is the Importer Of Record, the transportation terms in the contract of sale should be stated as:

"Freight Collect, Vendor's Dock; Vendor is the Importer of Record; Customs Clearance responsibility of the Vendor"

7.2.4.2 Freight Terms When: **Overwaitea is the Importer Of Record**

If Overwaitea is the Importer Of Record, the transportation terms in the contract of sale should be stated as:

"Freight Collect, Vendor's Dock; Overwaitea Food Group is the Importer Of Record; Customs Clearance responsibility of Overwaitea"

The closest equivalent using **Incoterms 2010** is **EXW-Ex Works (Vendor's Dock to Conveyance)**. The added terminology "Vendor's Dock to Conveyance" indicates the vendor is also responsible for loading the freight onto the mode of transport, as this responsibility is not included under the Ex Works term on its own.

7.3 Customer Pickup Information Requirements

Overwaitea prefers to arrange its incoming freight whenever it is logistically possible. The Overwaitea Food Group's policy is to review inbound freight into our Distribution Centres from our vendor partners to identify opportunities to create synergies in delivery efficiencies, on-time delivery performance, and freight savings.

Information such as the shipping origin, the type of freight, contact information, and volume-cost analysis information is required to identify where opportunities to manage freight on a CPU basis may exist.

Routing Information

Vendors may sell different commodities to OFG based on the point of origin that it ships from. (Ex. Crackers from Mississauga; Soup from Vancouver) An understanding of the breakdown of the type of freight and where it is originating is required. If you are a vendor that falls into this category then please provide information for each pickup location.

- Shipping Origin Point (City/Town, Province/State)
- A brief description of the freight by pickup location.
 - General commodity type(s)
 - Ambient; Perishable/Temperature-Controlled; or Frozen

Contact Information

- Logistics Manager's contact name, email address and phone number.

Volume

- Actual or Estimate of historical yearly volume (by LB's and Cubic Feet and # of Shipments)

7.3.1 Allowance For Freight

- If this freight were to be picked up by Overwaitea, how would the allowance for freight be negotiated?
 - As an FOB price based on the point of origin, or
 - As a Freight Allowance (typically Off-Invoice).

7.3.2 Calculation of the FOB Price or Freight Allowance

Calculations are to be based on the Vendor Case Gross Weight and Size. Freight is to be measured by one of the following calculations:

- \$ per Hundred Weight (CWT) [\$ per 100 LBs]
(Example: \$7.00 per CWT = \$7.00 per One Hundred LBs = \$0.07 per LB)
- \$ per Cubic Foot (CFT)
(Dimensions in Inches: $(L \times W \times H)/1728 = \text{CFT}$)

See Appendix B for information on Determining the Allowance for Freight

8 International Shipments (Originating outside the US or Canada)

The contract of sale for international purchases should specifically include the reference to **Incoterms 2010** and **the appropriate term and description**. A few of the most commonly used terms are listed further below in this section.

OFG's typical practice is to buy its seasonal direct import shipments on an **FCA - Free Carrier (...named place)** basis.

Other terms may be used in special circumstances or for different types of grocery or perishable purchases.

See Appendix A for detailed information on specific Incoterms 2010 definitions.

- If consideration is given to using the terms **CIF or CIP**, where there is a specific requirement on the seller's behalf to obtain insurance coverage, please note that the seller is only required to purchase the minimum coverage. If either of these terms are used, then a special clause should be added to the Incoterm stating that "**Insurance coverage must be 'All Risks'**".
- Arranging foreign inland transportation at origin, by OFG, is not an option.
- Collect freight will be on an Open Account; or by electronic funds transfer for select offshore shipments.
- Any other terms must be negotiated in advance.

8.1 Typical International Transportation Terms

8.1.1 Incoterms 2010: FCA - Free Carrier (...named place of delivery)

Under this Incoterm, the majority of the risk, responsibility and cost is on the buyer, Overwaitea. This includes all import responsibilities.

When using the Incoterm **FCA - Free Carrier (...named place)**, the named place will be the forwarder or agent used at the designated port of origin. The terms must also be inclusive of the following additional terms: "**All origin terminal charges and charges for loading on the vessel are for the account of the vendor**".

The transportation terms in the contract of sale should be stated as:

"Incoterms 2010: FCA (...named place of delivery: ie, Forwarder and port of Origin); All origin terminal charges and charges for loading on the vessel are for the account of the vendor."

Example: Overwaitea purchases product to be shipped under the Incoterms 2010 term of FCA, leaving from the port of Shanghai. The terms should be written as: "Incoterms 2010: FCA (M&R Forwarding, Port of Shanghai; All origin terminal charges and charges for loading on the vessel are for the account of the vendor."

This term indicates that the named "place" is OFG's forwarder (M&R Forwarding) at the Port of Shanghai. If this is a full container shipment, then when the vendor contacts M&R, M&R will direct them to deliver the container directly to the appropriate steamship line's facility at the port (their CFS - Container Freight Station). If it is a shipment that requires consolidation, then M&R will instruct them to deliver it to M&R's consolidation facility for the necessary consolidation.

The important point here is that it is expressly listed that the vendor is to be responsible for all of the origin charges not normally included under the FCA rule.

8.1.2 Incoterms 2010: DAT - Delivered At Terminal (...named terminal at port or place of destination)

Under this Incoterm, the risk, responsibility and cost to deliver to the named terminal at port of place of destination is on the vendor. However, the import responsibilities and the delivery to the final destination are the responsibility of the buyer, Overwaitea.

The transportation terms in the contract of sale should be stated as:

"Incoterms 2010: DAT (Port of Vancouver, BC)"

8.1.3 Incoterms 2010: DAP - Delivered At Place (...named place of destination)

Under this Incoterm, the risk, responsibility and cost to deliver to the named place of destination is on the vendor. The named place could be the buyer's final destination, which means the vendor is responsible for the local delivery. However, the import responsibilities are the responsibility of the buyer, Overwaitea.

The transportation terms in the contract of sale should be stated as:

"Incoterms 2010: DAP (Overwaitea's warehouse, Langley BC)"

8.1.4 Incoterms 2010: DDP - Delivered Duty Paid (...named place of destination)

Under this Incoterm, the entire risk, responsibility and cost is on the vendor. This includes all import responsibilities.

The transportation terms in the contract of sale should be stated as:

"Incoterms 2010: DDP (Overwaitea's warehouse, Langley BC)"

8.2 Order Management – For Overwaita Managed, “Collect” Freight Only

8.2.1 Latest Ship Date

Overwaita Food Group’s PO Delivery Date is the date the product is required to arrive at OFG's DC's in Canada. The Latest Ship Date, from the port of origin, will be identified by the OFG Merchandiser or Category Manager when placing the order with the vendor.

- OFG’s Latest Ship Date is a pre-determined cut-off date by which it is required that product be physically sailing on a vessel. This is the key date for shipment.
- To ensure compliance with the shipping window, containers must be booked a minimum of ten to fourteen (10-14) days prior to the actual sail date. This allows the freight forwarder time to book space on a vessel and arrange for the container to be delivered to the factory in a timely manner.
- To avoid delays, vendors are required to deliver containers to the Port of Origin no later than the vessel cut off date of the sailing determined and communicated by the freight forwarder. Note that Container Yard deliveries (CY Cut-Offs) are typically two – four (2-4) days prior to the actual sail date. Contact the Forwarder for their specific CY Cut- Off.
- Executing to the Latest Ship Date is critical to managing product availability and sell through. If the vendor is not compliant with these requirements OFG may deem the order void, thus driving order re-negotiation. Contact OFG's Category Manager if there are any questions or concerns about the Latest Ship Date.

8.2.2 Ocean Shipment Booking Procedures

To ensure timely execution of the shipment, the vendor must contact OFG's freight forwarder (i.e., their local Agent), 10-14 days prior to PO Latest Ship Date and provide booking information. The vendor should book the shipment electronically whenever possible, using the system provided by the freight forwarder.

The booking information should include:

- Description of Goods
- Consignee Name and Address
- Freight Terms and Destination
- PO number
- Quantity of Master Cases
- SKU(s)
- Port of origin
- Total cubic meters
- Expected volume (example.. full container load or less than container)
- Cargo ready date.

The shipment should be cleared for export and delivered to the port in accordance with vessel close date, prior to OFG's Latest Ship Date.

When shipping a full container, the vendor will be supplied with the container equipment for loading. If the vendor is shipping a less than container, the cargo must be delivered to the designated Container Freight Station (CFS) for loading to a consolidation container, as directed by the Freight Forwarder.

Vendor must ship all PO units on one booking unless authorized by Overwaitea. Although partial shipments are allowed, vendor must make every effort to ship all PO units on one booking, especially if the cargo ready date for split order is within 7 days of each other.

A particular SKU within a PO should be booked and loaded in **one** container. In other words, one SKU within a PO should not be shipped via multiple containers.

Vendors must work together with the freight forwarder to ensure shipments are loaded in containers, clear customs and are delivered to the port prior to vessel cut off dates and times, to meet the determined departure date.

8.2.3 General Labelling Requirements

- All product (individual units, inners cartons and master cartons) must be appropriately labelled.
- Information can be either pre-printed on the product/carton, applied in the form of a label, or a combination there-of. Label can be located anywhere on the carton except the bottom.
- Special handling notations should be on any and all cartons if applicable. Examples of such notations are:
 - Fragile
 - This end up
 - Do not clamp on sides
 - Do not stack more than X units high
 - Protect from heat
 - Cartons must be marked with the production date code.

8.2.4 Shipping Carton Marking Requirements for Direct Import Shipments:

Exporters need to put the following markings on Master Cartons to be shipped:

- OVERWAITEA FOOD GROUP
- PO Number: (OFG Master PO #)
- UPC #: (Product Retail UPC):
- ITEM DESCRIPTION:
- PORT OF ENTRY: **VANCOUVER**
- CARTON # ____ OF ____

- INNER CARTON PACK: (Number of Inner Cartons)
- RETAIL UNITS: (Total Number of OFG Retail Units in Master Carton)
- MFR'S CODE: (Manufacturer's style number)
- MADE IN: (Country of Origin)

Exporters need to put the following markings on Inner Cartons:

- ITEM DESCRIPTION:
- RETAIL UNITS: (Total Number of OFG Retail Units in Inner Carton)

8.2.5 Cargo Manifest Requirements

In compliance with Customs and Border Protection's 24 Hour Rule, the following information must be supplied by all vendors to the Freight Forwarder 72 hours prior to vessel close date.

Required information to be presented to the Freight Forwarder 72 hours prior to vessel close date:

- Complete name and address of consignee. This information must accurately reflect the party who will be receiving the merchandise.
- Detailed cargo description. No generic descriptions are allowed, such as "Freight All Kinds", "General Cargo" and "Said To Contain". Such categorical descriptions, such as "stuffed toy" or "electronics" are likewise insufficient.
- Container Numbers
- Seal Numbers

8.2.6 Consolidation of Less than Container Load (LCL) Ocean Shipments

The vendor is responsible to deliver finished product to the freight forwarder's Container Freight Station. The freight forwarder will be responsible for consolidating multiple vendor orders into full container shipments based on the required delivery dates. The freight forwarder is responsible for moving freight to the port for exportation.

The use of the consolidator's facility requires timeliness on the part of each factory. A factory delay can set the entire shipment off schedule, resulting in warehouse charges, storage charges, and discrepancies to the letter of credit.

8.2.7 Full Container Load (FCL) Ocean Shipments

All factory loaded containers must be floor loaded, no palletized containers are accepted. Always make sure that containers are free from serious defects like holes, splinters, snags, dents, or bulges. All equipment should also be clean and free of residue from previous shipments. If there are any holes in the container do not load the product, instead request new equipment from the freight forwarder.

At the time of loading, record the container number and seal associated with each SKU and include it on the packing list. It is very important that this information is accurate and complete to assist in efficient receiving at the distribution centres.

- Do not confuse the shipping window with the Required Delivery/Due Date that is provided on OFG's receiving Purchase Order, which reflects delivery to the OFG distribution centre.

8.2.8 Presentation of Shipping Documents

- A complete copy of the set of documents listed must be sent via email to traffic@owfg.com within 48 hours after vessel departure.
- Original documents and copies must be couriered to the parties listed below within three days after vessel departure. Failure to comply may result in shipment and payment delays.
 - **One Copy** of the complete documents couriered to Overwaita Food Group's Customs Broker, identified as the Notify Party below.
 - **One ORIGINAL and one Copy** of the documents couriered to Overwaita Food Group's Transportation Department, identified as the *Secondary* Notify Party below.

Required Shipping Documents
International Shipment (Not US or Mexico)
<i>1 Original and 2 Copies of each of the following are required.</i>
Packing List
Express Bill of Lading (preferred - Original not required) <i>or</i> Original Bill of Lading
Commercial Invoice
Canada Customs Invoice (CCI)
Container Breakdown (if multiple containers)
Certificate of Origin, if applicable (Ex. GSP Certificate of Origin Form A) <i>or</i> Exporters Statement of Origin
Wood Packaging Materials and ISPM 15 Requirements: All non-manufactured wood packaging material arriving in Canada from countries other than the U.S. must either be stamped with the official IPPC mark according to ISPM 15 standards, or be accompanied by a valid phytosanitary certificate issued by the exporting country's regulated government body. Important: A phytosanitary certificate is NOT ACCEPTED FROM CHINA. Wood packaging material from CHINA must be treated according to the ISPM 15 standards . Website: http://www.cbsa-asfc.gc.ca/security-securite/wp-meb-eng.html Also, see CFIA Plant Protection Policy Directive D-98-08 Website: http://www.inspection.gc.ca/plants/plant-protection/directives/forestry/d-98-08/eng/1323963831423/1323964135993
Note: It is the responsibility of the vendor to be aware of and compliant with these requirements. It is also expected that the wood packaging requirement will also be implemented between Canada and the USA in the very near future.
Documents for OGD's - Other Government Departments (ex. CFIA)

The Canada Customs Invoice or the Commercial Invoice MUST state the **Country of Origin** of each product item.

Notify Party:

LEI Customs Brokers Inc.
 456 Humber Place, Annacis Business Park, New Westminster, BC Canada V3M 6A5
 Ph. (604) 523-5100

Secondary Notify Party:

Overwaitea Food Group 19855-92A Avenue, Langley, BC Canada V1M 3B6
 Attn: Transportation Dept. traffic@owfg.com Import Desk Ph: 604-857-6841

Consignee:

Overwaitea Food Group Ltd.
 19855 - 92A Avenue, Langley, BC Canada V1M 3B6
 (Department & Merchandising Contact)
Example: Grocery Non-Foods/Seasonal Dept. Attn: John Smith Ph. 604-555-4444

8.2.9 Import Container Fill Guidelines

The vendor will be expected to load product with the end result achieving maximum cube utilization for each container used

<i>Container Capacities</i>	20' container		40' container		40' high-cube container		45' high-cube container	
	imperial	metric	imperial	metric	imperial	metric	imperial	metric
Volume	1,169 ft ³	33.1 m ³	2,385 ft ³	67.5 m ³	2,690 ft ³	76.2 m ³	3,040 ft ³	86.1 m ³
Recommended Load Volume	1,000 ft³	28 m³	2,050 ft³	58 m³	2,350 ft³	66 m³	2,585 ft³	73 m³
Net load	48,060 lb	21,600 kg	58,820 lb	26,500 kg	<i>Net Payload is just marginally less than a 40' container</i>		56,620 lb	25,680 kg
Recommended Load Volume is 10-15% less than the actual capacity								

8.2.10 Overwaitea's International Freight Forwarder

Locher Evers International is OFG's exclusive international logistics provider for shipments originating outside North America. LEI is partnered with M&R Forwarding. If the vendor has any questions or concerns about our requirements, please contact our Manager of Transportation Services (604-857-6838) or the M&R Forwarding office in the vendor's specific origination port.

Locher Evers International
456 Humber Place, Annacis Business Park, New Westminster, BC V3M 6A5 Canada
Ph. 604-523-5100 Fax. 604-523-5125

See Appendix F for a listing of Locher Evers' agents.

8.2.11 Overwaitea's International Customs Broker

LEI Customs Brokers Inc.
456 Humber Place, Annacis Business Park, New Westminster, BC V3M 6A5 Canada
Ph. 604-523-5100 Fax. 604-523-5125

9 *Tariff Treatment*

General Tariff Information in the Customs D Memoranda can be accessed here:

<http://www.cbsa-asfc.gc.ca/publications/dm-md/d11-eng.html>

9.1 *Customs Tariff*

The *Customs Tariff* is based on the World Customs Organization's (WCO) Harmonized Commodity Description and Coding System (HS).

<http://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/menu-eng.html>

The Canadian Customs Tariff includes several separate tariff treatments. Goods imported into Canada may be subject to one of these tariff treatments.

These tariff treatments are at first differentiated by preferential free trade agreement tariff treatments and non-free-trade tariff treatments.

9.1.1 **Preferential Free Trade Agreement (FTA) tariff treatments**

The United States Tariff (UST), Mexico Tariff (MT) and the Mexico-U.S. Tariff (MUST) are all preferential tariff treatments under the **North American Free Trade Agreement (NAFTA)**.

Canada also has preferential tariff treatments with various other countries.

9.1.2 **Non-Free Trade Agreement (FTA) tariff treatments**

Many products imported into Canada may qualify for a reduced duty under a special trade arrangement known as the General Preferential Tariff (GPT) Treatment and the Least Developed Country Tariff (LDCT) Treatment.

Memorandum D11-4-4 RULES OF ORIGIN RESPECTING THE GENERAL PREFERENTIAL TARIFF AND LEAST DEVELOPED COUNTRY TARIFF outlines the guidelines for the determination of the origin of goods for purposes of the General Preferential Tariff (GPT) and Least Developed Country Tariff (LDCT) treatment, enacted pursuant to the Customs Tariff. It can be accessed at:

<http://www.cbsa-asfc.gc.ca/publications/dm-md/d11/d11-4-4-eng.pdf>

- The General Preferential Tariff (**GPT**), the Caribbean Commonwealth Countries Tariff (CCCT) and the Least Developed Country Tariff (**LDCT**) are tariff treatments unilaterally extended to countries that have unique geo-political or economic conditions to which Canada has chosen to extend the benefit of reduced rates of duties.
- The Most-Favoured Nation tariff treatment (MFN) is extended to all countries with which Canada has a trading relationship and which are signatories to the General Agreement on Tariff and Trade (GATT).

9.2 Customs Invoice Description Requirements: HS Codes

The Harmonized Commodity Description and Coding System (HS)

<http://www.cbsa-asfc.gc.ca/trade-commerce/tariff-tarif/hcdcs-hsdcm/menu-eng.html>

The Harmonized Commodity Description and Coding System (HS) forms the basis of the Customs Tariff. The Harmonized System (HS) is the standardized coding system of names and numbers used in international trade. Over 200 countries representing about 98 percent of world trade use the HS as a basis for customs tariffs and the compilation of international trade data and statistics. HS compliance refers to the mandatory proper classification and declaration of goods coming into or leaving Canada. As an importer or exporter, you are responsible for the correct declaration of your goods.

9.3 Proof of Origin

The requirements of the particular trade agreement or tariff treatment must be satisfied in order to benefit from a preferential duty rate. You must possess proof of origin for the specific trade agreement at the time of importation. Various proof of origin requirements exist for all preferential tariff treatments. These can include a NAFTA Certificate of Origin; a Form A, Certificate of Origin; or the Exporter's Statement of Origin.

Preferential tariff treatment under a free trade agreement may be denied or withdrawn in respect of goods for which that treatment is claimed if the importer, owner, or other person required to furnish proof of origin of the goods under this section fails to comply with any provision of this Act or the *Customs Tariff*, or any regulation made under either of those Acts, concerning that preferential tariff treatment.

<http://cbsa-asfc.gc.ca/publications/dm-md/d11/d11-4-2-eng.html>

9.3.1 Country of Origin Markings

The purpose of the country of origin marking is to inform the ultimate purchaser the country in which the goods were substantially manufactured.

9.3.1.1 NAFTA Goods

The marking of NAFTA goods shall indicate, to the ultimate purchaser, the country of origin of the NAFTA goods. The regulations governing this can be accessed at:

<http://www.cbsa-asfc.gc.ca/publications/dm-md/d11/d11-3-3-eng.html>

9.3.1.2 Non-NAFTA Goods

The marking of non-NAFTA goods shall indicate, to the ultimate purchaser, or where there is no ultimate purchaser, to the ultimate recipient, the country of origin of the non-NAFTA goods. The regulations governing this can be accessed at:

<http://www.cbsa-asfc.gc.ca/publications/dm-md/d11/d11-3-1-eng.html>

9.3.2 Certificates of Origin

Different certificates of origin are required for each of Canada's free trade agreements.

To support the tariff treatment claimed, there must be sufficient Proof of Origin:

- [North American Free Trade Agreement \(NAFTA\)](#) – Certificate of Origin, [Form B232](#) , must be used if you are claiming a NAFTA tariff treatment.

When applicable, the one most commonly used by our vendors is the **North American Free Trade Agreement (NAFTA) - Certificate of Origin, Form B232**. This form must be used if you are claiming a NAFTA tariff treatment for goods that meet the Country of Origin requirements for goods originating in Mexico, the US, or Canada.

It is imperative that this form be 100% accurate. Any false declarations are considered contraventions to the Customs Act and will be subject to sanctions by the CBSA.

The exporters of the goods must fill out the certificate of origin based on their own knowledge that the goods qualify for a tariff treatment or based on information they have received from the producer of the goods.

Vendors to the Overwaitea Food Group with goods originating in the United States and Mexico, and where Overwaitea is declared as the Importer Of Record, MUST provide an accurate “blanket” NAFTA Certificate of Origin annually with all the qualifying goods listed on it. Overwaitea requires an ORIGINAL on file, with a copy to be submitted to ABC Customs Brokers.

The ORIGINAL should be submitted annually to Overwaitea, c/o the Purchasing Manager.

Other Tariff Treatments

- Form A, Certificate of Origin, OR the Exporter's Statement of Origin (ESO)
The exporter in the country where the goods were finished issues Form A, [Certificate of Origin](#), or the [Exporter's Statement of Origin](#). Either may be used to support a claim for preferential treatment for goods imported under the General Preferential Tariff (GPT), Commonwealth Caribbean Countries Tariff (CCCT), and, with the exception of textile and apparel goods, the Least Developed Country Tariff (LDCT).

For more information, see [D11-4-4, Rules of Origin Respecting the General Preferential Tariff and Least Developed Country Tariff](#).

9.4 Administrative Monetary Penalty System

The Administrative Monetary Penalty System (AMPS) is a civil penalty regime that secures compliance with customs legislation through the application of monetary penalties.

AMPS authorizes the CBSA to assess monetary penalties for non-compliance with customs legislative, regulatory and program requirements.

AMPS applies to contraventions of the Customs Act and the Customs Tariff and the regulations under these Acts, as well as contraventions of the terms and conditions of licensing agreements and undertakings.

The CBSA may impose monetary penalties based on the type, frequency, and severity of the infraction. Most penalties are graduated and will take the compliance history of the client into consideration. AMPS does not impact businesses who comply with customs requirements.

Customs invoices covering shipments to Canada from all countries must contain the information outlined below to facilitate the tariff classifications of specified commodities. These requirements apply to all product categories. Incorrect coding will result in Administrative Monetary Penalty System (AMPS) charges being imposed by the Canada Border Services Agency and subsequently charged back to the vendor. You may refer to the following website:

<http://www.cbsa-asfc.gc.ca/trade-commerce/amps/menu-eng.html>

See Appendix E for further information on AMPS

10 Import Documentation

Various forms from the CBSA can be found at:

<http://www.cbsa.gc.ca/publications/forms-formulaires/menu-eng.html>

10.1 Canada Customs Invoice (CCI), or Commercial Invoice

All documents that accompany your merchandise are important and vital to the processing of cargo through Canadian Customs. However, no single document is as important as the commercial invoice. Lack of information or improper information on the invoice is by far the greatest cause of rejection and delayed release from Canadian Customs. Persons preparing commercial invoices must be familiar with CBSA (Canadian Border Services Agency) requirements and ensure all invoices are compliant.

As a vendor/exporter, you can use one of the invoicing options:

- A Canada Customs Invoice (CCI)
- A commercial invoice containing the same information as a CCI.

Instructions on how to complete a Commercial Invoice or a Canada Customs invoice are located at CBSA Invoice Requirements:

<http://www.cbsa-asfc.gc.ca/publications/dm-md/d1/d1-4-1-eng.html>

See Appendix C for Instructions on How to Complete a Canada Customs Invoice (CCI) or a Commercial Invoice

The commercial invoice will correctly reflect the country of origin for each product. The country of origin must always be listed on the commercial invoice, regardless of other forms that might be provided.

Commercial invoices submitted for Customs clearance must be identical in quantity, price, and model/SKU to the invoice submitted for payment to Overwaita for payment.

Only one PO per invoice and one invoice per PO is to be submitted to the freight forwarder. Multiple POs on one shipment are allowed, provided that separate invoices are created for each PO. However, two invoices must be created if shipping one PO via Full Container Load (FCL) & Less than Container Load (LCL). Any discrepancies may delay the shipment and will require revised documents to be submitted by the vendor.

10.2 Packing List

The vendor must submit one packing list per invoice. The purpose of the packing list is to identify what merchandise is contained in each individual package. The following information must be placed on all packing lists:

- Vendor's/Seller's full name and address
- Exporter's/Shipper's name and address, if different than vendor/seller
- Consignee's name and address
- Product description
- SKU
- Quantity shipped per SKU
- Number of cartons
- Number of units
- Total Gross weight and net weight, recorded in kilograms. Please note, weight amounts are not required per line item.
- UPC numbers (barcode not necessary)
- Seal number and container number for Full Containers loaded by vendor

10.3 NAFTA - North American Free Trade Agreement - Certificate Of Origin

The **North American Free Trade Agreement (NAFTA) - Certificate of Origin, Form B232** must be used if claiming a NAFTA tariff treatment for goods that meet the Country of Origin requirements for goods originating in Mexico, the US, or Canada.

Links to instructions and an electronic copy of the form:

- [North American Free Trade Agreement \(NAFTA\)](#) – Certificate of Origin, [Form B232](#) , must be used if you are claiming a NAFTA tariff treatment.

10.4 Exporters Statement of Origin (ESO)

If eligible for GPT or LDCT, The Exporter's Statement of origin must be completed and signed by the exporter in the beneficiary or least developed country in which the goods were finished. The statement may be written out on a commercial invoice or provided as a separate document. The information required in the statement must be provided in its entirety for goods to qualify for the GPT or LDCT. The signed form should include:

- Name and title of person signing the document
- Corporation name and address
- Telephone and fax numbers
- Date as listed on BOL or commercial invoice; this must be the ETD date.
- Commercial invoice number.
- Exporter or Manufacturer name and address. The address of the exporter or manufacturer must be one that is located in the noted beneficiary country. The name of the country must be in the ESO.
 - For example, if the goods are produced in China with at least 60% ex-factory price originating in China, a Chinese address should be listed; preferably, the factory address.
 - If the goods are produced in more than one beneficiary country, the country to list is the last country where the goods received processing.

- A hand signature from an authorized representative is required; a stamp is not sufficient.
- The ESO should not contain the name and address of the trading house, freight forwarder or export broker.
- Goods eligible under Chapters 50 – 63 of the LDCT must be accompanied by Form B255 - Certificate of Origin-Textile and Apparel Goods Originating in an LDC, in order to benefit from the LDCT Tariff.

See Appendix D for a sample Exporter's Statement Of Origin.

10.5 Form A Certificate of Origin

A Form A Certificate of Origin can be submitted instead of an Exporter's Statement of Origin. **A blank copy of the form along with instructions is available online at <http://cbsa-asfc.gc.ca/publications/dm-md/d11/d11-4-4-eng.pdf>** . This will lead you to the Canadian Border Services Agency's publication: *D11-4-4 Rules of Origin Respecting the General Preferential Tariff and Least Developed Country Tariff*.

10.6 Statement of Wood Packing Material

<http://www.inspection.gc.ca/english/plaveg/for/cwpc/wdpkge.shtml>

Wood Packaging Imports

The definition "wood packaging" is any piece of non-manufactured wood used to brace, support, protect or secure a consignment or cargo. Wood packaging products include, but are not limited to dunnage, crating, wood boxes, load boards, pallets, wooden wire drums and skids.

Wood packaging products constructed entirely (100%) from manufactured parts: plywood, plastics, cardboard, fibre board and oriented strand board are exempt from Canada's import requirements.

Import Policy

Canada strictly regulates the entry of wood packaging from all countries of the world. The entry requirements for wood packaging from all areas except the continental United States are specified in policy D-98-08.

<http://www.inspection.gc.ca/plants/plant-protection/directives/forestry/d-98-08/eng/1323963831423/1323964135993>

Importers should be aware that non-compliant wood packaging may be refused entry into Canada.

Overwaitea generally does not allow the use of wood packing material with any international shipment. In the instances where no wood packing material was used the following statement must appear on the commercial invoice, packing list or separate company letterhead:

- "No wood packing materials were used in this shipment."

The PO number for the shipment must be referenced on the document containing this statement.

All shipments that use wood packing material must be pre-approved and must include the following statement on the commercial invoice, packing list or separate company letterhead:

- “Wood packing materials were used for this shipment and have been appropriately marked according to IPPC standards.”

The PO number for the shipment must be referenced on the document containing this statement.

If an exception is made and wood packing material is approved by Overwaitea for use, the vendor is responsible for making sure the shipment complies with the regulations for Wood Packing Materials outlined in ISPM #15. The regulations require that all wood packing material be treated before export, no matter what the country of origin.

10.7 Bill of Lading (B.O.L.)

An accurate and informative Bill of Lading is essential in order to ensure that your merchandise is received promptly and correctly at the OFG Distribution Centre. A B.O.L. must accompany all shipments.

The following information must be on the B.O.L.:

- Number of cartons and/or bags
- OFG purchase order number;
- OFG always verifies the number of cartons shipped as per the B.O.L.
- NOTE: The Bill of Lading is not designed to be a packing list, and should not be used as one.

10.8 Purchase Order (PO)

The purchase order number must be in a clear prominent location on the invoice and packing. Shipments will not be accepted without a valid purchase order number.

Shipments will not be accepted without a valid delivery appointment for each PO.

Failure to comply with these operating procedures will result in the refusal of the delivery, and therefore the re-delivery of the order. OFG will not be held responsible for any additional delivery costs incurred. These will be the sole responsibility of the vendor.

10.9 Permits, Health Certificates, or Forms Other Federal Government Departments Require

Some goods are subject to the requirements of other federal government departments and may need permits, certificates, and examinations. The CBSA administers the import portions of legislation on behalf of these departments. For example, the Canadian Food Inspection Agency examines and gives permits for some meat products, and all restricted or controlled drugs require an import permit from Health Canada.

At the CBSA, they:

- verify the permits or conduct inspections on behalf of the other federal departments; and detain the goods if necessary.

Please contact the appropriate federal government department to determine what, if any, documentation you need.

11 Glossary of Terms

Actual Landed Cost- The true cost of imported goods that include all related charges to the product including shipping.

Certificate of Origin- A document attesting to the country of origin of goods.

Commercial Invoice- Represents a complete record of the transaction between exporter and importer with regard to the goods sold. Also reports the content of the shipment and serves as the basis for all other documents about the shipment.

Consignee- The person or firm named in a freight contract to whom goods have been shipped or turned over for care.

Consolidation- The combination of multiple shipments into one container.

Consolidator- A person or firm performing a consolidation service for others; receives the goods overseas and coordinates shipping and document collection for the consignee.

Container- A single rigid, sealed, reusable metal "box" in which merchandise is shipped by vessel, truck or rail.

Container Freight Station (CFS)- A facility used by ocean carriers to load/unload cargo to and from containers.

Country of Export- The country that the goods are shipped from.

Country of Origin- The country where merchandise was grown or manufactured, not necessarily the country of export.

Canada Border Services Agency (CBSA)- Canadian government agency, whose major responsibility is to administer and enforce the Customs Act, Customs Tariff Act, Excise Act, Excise Tax Act and Special Import Measures Act. Primary duties include the assessment and collection of all duties, taxes and fees on imported merchandise and the enforcement of customs and related laws. Part of the Department of Public Safety and Emergency Preparedness.

Customs Broker- An individual or firm licensed to enter and clear goods through Customs for another individual or firm.

Duty- A tax levied by the importing country on goods. The duty varies with each category of merchandise and is generally a percentage of first cost. (See also Ad Valorem Duty, Specific Duty, and Compound Duty.)

Estimated Landed Cost (ELC)- The estimated cost of goods plus freight, duty, insurance, and other charges related to importation of the goods.

ETA- Estimated or expected time of arrival.

Exporter- An individual or company that transports goods or merchandise from one country to another in the course of trade.

FCL- Full container load.

Final Destination- Consignee's facility of where shipment ends its movement as noted on the Bill of Lading.

Forwarder Cargo Receipt (FRC)- A document issued by a freight forwarder acknowledging receipt of goods into their custody for purposes of shipment to a given location.

Freight Forwarder- A person engaged in the business of assembling, collection, consolidating, shipping and distributing less-than truckload or less-than container load freight.

Gross Weight- Entire weight of shipment including goods, packing, and cartons.

Harmonized System of Tariff Classification (HS Tariff)- An organized listing of goods and their duty rates which is used by Canadian Customs as the basis for classifying imported products and establishing the duty rate to be charged.

Importer- The individual, firm or legal entity that brings articles of trade from a foreign source into a domestic market in the course of trade.

Incoterms- A set of International Rules for the interpretation of the most commonly used trade terms in foreign trade.

Lead Time- The amount of time needed by a vendor to produce an item after the order has been placed.

Less than Container Load (LCL)- Less than container load; a shipment of cargo that does not fill a container and is merged with cargo from more than one consignee or from more than one shipper.

Master Carton- The shipping carton containing a specified number of units or inner-packs.

Net Weight- Weight of goods including packing but not shipping carton.

Notify Party- Name and address of a party in the transport document to be notified by the shipping company of the arrival of a shipment.

NVOCC (Non-Vessel Operating Common Carrier)- A cargo consolidator of small shipments in ocean trade.

Open Account- Credit extended that is not supported by a note or Letter of Credit.

Packing List- A document prepared by the shipper listing the kinds and quantities of merchandise in a particular shipment.

Selling Agent- Controlled by, related to, or working for the manufacturer or vendor. The importer may be able to purchase from a particular manufacturer without using the services of their Selling Agent.

Seller- The seller of the goods or merchandise. Is not always the manufacturer of the goods.

Vendor- The party from whom goods are purchased. The vendor is not always the actual manufacturer of the goods.

Appendices

A.1 *The Categories of Incoterms 2010*

The two main categories of Incoterms 2010 are now organized by modes of transport. Used in international as well as in domestic contracts for the first time, the new groups aim to simplify the drafting of contracts and help avoid misunderstandings by clearly stipulating the obligations of buyers and sellers.

The introduction to the new 2010 Rules stresses the need to use the term appropriate to the goods, to the chosen means of transport and to whether or not the parties intend to impose additional obligations on the seller or buyer.

Reclassification of Rules

A.1.1 Incoterms that apply to any mode of transport are:

Rules for use in relation to any mode or modes of transport, which can be used where there is no maritime transport at all or where maritime transport is used for only part of the carriage.

- EXW Ex Works
- FCA Free Carrier
- CPT Carriage Paid To
- CIP Carriage and Insurance Paid To
- DAT Delivered at Terminal
- DAP Delivered at Place
- DDP Delivered Duty Paid

A.1.2 Incoterms that apply to sea and inland waterway transport only:

Rules for sea and inland waterway transport, where the point of delivery and the place to which the goods are carried to the buyer are both ports.

- FAS Free Alongside Ship
- FOB Free on Board
- CFR Cost and Freight
- CIF Cost, Insurance, and Freight

In respect of FOB, CFR and CIF, reference to the “ship’s rail” has now been deleted and this has been replaced with the goods being delivered when they are “on board” the vessel.

Rules apply to domestic as well as international trade

The Incoterms have traditionally been used for international sale contracts even though some trade blocs, such as the European Union, have minimised the significance of border formalities. The new Rules now recognise that they can also be used for domestic sale contracts and reference is made in a number of the Rules that export and import formalities will only need to

be complied with where applicable. It is anticipated that this change may encourage greater use of the Rules in the USA in place of the former US Uniform Commercial Code.

Two new terms replace four current terms

Incoterms 2000 contained 13 Rules, which have been reduced to 11 terms in Incoterms 2010. This has been achieved by introducing two new Rules to replace five current Rules. The two new Rules may be used irrespective of the mode of transport selected and under both new Rules, delivery takes place at a named destination. In essence, the “D” (Delivered) terms under the 2000 Rules have been consolidated to reduce the number of terms that were considered to have little real difference between them.

DAT (Delivered at Terminal) replaces DEQ (Delivered ex Quay). DAT may be used irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed. “Delivered at Terminal” means that the seller delivers when the goods, having been unloaded from the arriving means of transport, are placed at the buyer’s disposal at a named terminal at the named port or place of destination. DAT requires the seller to clear the goods for export where applicable but the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities. It was considered that DAT would prove more useful than DEQ in the case of containers that might be unloaded and then loaded into a container stack at the terminal, awaiting shipment. There was previously no term clearly dealing with containers that were not at the buyer’s premises.

DAP (Delivered at Place) replaces DAF, DES, DEQ and DDU. The arriving “vehicle” under DAP could be a ship and the named place of destination could be a port. Consequently, the ICC considered that DAP could safely be used instead of DES and that it would make the Rules more “user-friendly” if they abolished terms that were fundamentally the same. Again, a seller under DAP bears all the costs (other than any import clearance costs) and risks involved in bringing the goods to the named destination.

A.2 Incoterm 2010 Rules – Rules for Any Mode(s) of Transport

EXW – Ex Works

FCA – Free Carrier

CPT – Carriage Paid To...

CIP – Carriage & Insurance Paid To...

DDP – Delivered Duty Paid

DAT - Delivered at Terminal

DAP - Delivered at Place

A.2.1 EXW – Ex Works (named place of delivery)

- This term can be used across all modes of transport.

- EXW means that a seller has the goods ready for collection at his premises (works, factory, warehouse, plant) on the date agreed upon.
- The seller doesn't load the goods on collecting vehicles and doesn't clear them for export. If the seller does load the good, he does so at buyer's risk and cost.
- If parties wish seller to be responsible for the loading of the goods on departure and to bear the risk and all costs of such loading, this must be made clear by adding explicit wording to this effect in the contract of sale.
- The buyer pays all transportation costs and also bears the risks for bringing the goods to their final destination.
- It is not recommended to use Ex Works when the buyer cannot carry out directly the export formalities. In such circumstances FCA is recommended.
- This term places the maximum obligation on the buyer and minimum obligations on the seller. The Ex Works term is often used when making an initial quotation for the sale of goods without any costs included.
- This term is often used interchangeably with Ex Factory.

A.2.2 FCA – Free Carrier (named place of delivery)

- This term can be used across all modes of transport.
- The seller pays for carriage to the named point of delivery and hands over the goods, cleared for export, into the disposal of the first carrier (named by the buyer). Risk passes when the goods are handed over to the first carrier.
- If no precise point is indicated by the buyer, the seller may choose within the place or range stipulated where the carrier shall take the goods into his charge.
- If the delivery occurs at the seller's premises the seller is responsible for loading. If delivery occurs at any other place, the seller is not responsible for unloading.
- When the seller's assistance is required in making the contract with the carrier the seller may act at the buyers risk and expense.
- For the purposes of FCA, carrier means any person who, in contract of carriage, undertakes to perform the carriage by rail, sea, air, inland waterway or by a combination of such modes. If the buyer instructs the seller to deliver the cargo to a person, the seller is deemed to have fulfilled his obligation to deliver the goods when they are in the custody of that person.
- Buyer assumes all risks and costs associated with delivery of goods to final destination including transportation after delivery to carrier and any customs fees to import into a foreign country.

A.2.3 CPT - Carriage Paid To (named place of destination)

- This term can be used across all modes of transport, including multimodal transport.
- The seller clears the goods for export and delivers them to the carrier or another person stipulated by the seller at a named place of shipment.
- Seller is responsible for the transportation costs associated with delivering goods to the named place of destination but is not responsible for procuring insurance.

- The risk of loss of, or damage to, the goods, as well as any additional costs due to events occurring after the time the goods have been delivered to the carrier, is transferred from the seller to the buyer when the goods have been delivered into the custody of the carrier.
- 'Carrier' means any person who, in a contract of carriage, undertakes to perform or to procure the performance of carriage, by rail, road, sea, air, inland waterway or by a combination of such modes.
- If subsequent carriers are used for the carriage to the agreed destination, the risk passes when the goods have been delivered to the first carrier.

A.2.4 CIP – Carriage and Insurance Paid to (named place of destination)

- The containerized transport/multimodal equivalent of CIF.
- This term can be used across all modes of transport.
- The seller clears the goods for export and delivers them to the carrier or another person stipulated by the seller at a named destination point, but risk passes when the goods are handed over to the first carrier.
- The seller has the same obligations as under CPT but with the addition that the seller has to procure cargo insurance against the buyer's risk of loss of, or damage to, the goods during the carriage.

A.2.5 DAT – Delivered at Terminal (named terminal at port or place of destination)

- May be used for all transport modes.
- Seller delivers when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named terminal at the named port or place of destination. "Terminal" includes quay, warehouse, container yard or road, rail or air terminal. Both parties should agree the terminal and if possible a point within the terminal at which point the risks will transfer from the seller to the buyer of the goods.
- The seller will bear all risks concerned in bringing the goods to and unloading them at the terminal at the named port or place of destination including export licenses and other official authorization to export, customs export formalities, carriage and insurance of the goods to the named terminal at the agreed port or place of destination and unload the goods. The seller will also have to bear the costs of checking, packaging and marking.
- The buyer will have to bear the costs of obtaining import licenses or other official authorization to import, customs import formalities, take delivery of the goods and pre-shipment inspection, except when such inspection is mandated by the authorities of the country of export. The buyer has to clear the goods for import and pay any customs duties.
- If it is intended that the seller is to bear all the costs and responsibilities from the terminal to another point, DAP or DDP may apply.

A.2.6 DAP – Delivered at Place (named place of destination)

- May be used for all transport modes.
- The seller clears the goods for export and bears all risks and costs associated with delivering the goods to the named place of destination not unloaded. The seller pays for carriage and delivers the goods when they are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination. Parties are advised to specify as clearly as possible the point within the agreed place of destination, because risks transfer at this point from seller to buyer.
- If the seller incurs unloading costs at place of destination, unless previously agreed they are not entitled to recover any such costs.
- Buyer is responsible for all costs and risks associated with unloading the goods and clearing customs to import the goods into the named country of destination.
- If the seller is responsible for clearing the goods, paying duties etc., consideration should be given to using the DDP term.

A.2.7 DDP – Delivered Duty Paid (named place of destination)

- This term may be used irrespective of the mode of transport.
- The seller is responsible for delivering the goods to the named place in the country of importation, including all costs and risks in bringing the goods to import destination. This includes duties, taxes and customs formalities.
- This term places the maximum obligations on the seller and minimum obligations on the buyer.
- This term should not be used if the seller is unable directly or indirectly to obtain the import license.
- If the parties wish the buyer to clear the goods for importation and to pay the duty, the term DDU should be used. If the parties wish to exclude from the seller's obligations some of the costs payable upon importation of the goods (such as Value Added Tax), this should be made clear by adding words to this effect: 'Delivered duty paid, VAT unpaid (...named place of destination)'.

A.3 Incoterm 2010 Rules - Rules for Sea and Inland Waterway Transport

The four rules defined by Incoterms 2010 for international trade where transportation is entirely conducted by water are:

FAS – Free Alongside Ship

FOB – Free on Board

CFR – Cost and Freight

CIF – Cost, Insurance and freight

A.3.1 FAS – Free Alongside Ship (named port of shipment)

- The seller clears the goods for export and delivers them when they are placed alongside the vessel at the named port of shipment.
- The buyer has to bear all the costs and risks of loss, or damage to, the goods from that moment.
- Suitable only for maritime transport but NOT for multimodal sea transport in containers (see Incoterms 2010, ICC publication 715). This term is typically used for heavy-lift or bulk cargo.

A.3.2 FOB – Free on Board (named port of shipment)

- The seller clears the goods for export and delivers them when they are onboard the vessel, nominated by the buyer, at the named port of shipment. The buyer must instruct the seller the details of the vessel and the port where the goods are to be loaded, and there is no reference to, or provision for, the use of a carrier or forwarder.
- Cost and risk are divided when the goods are actually on board of the vessel.
- The buyer has to bear all the costs and risks of loss of, or damage to, the goods from the point the goods are actually on board of the vessel.
- The term is applicable for maritime and inland waterway transport only but NOT for multimodal sea transport in containers (see Incoterms 2010, ICC publication 715).
- This term has been greatly misused over the last three decades ever since Incoterms 1980 explained that FCA should be used for container shipments.
- When the ship's rail serves no practical purpose, such in the case of roll-on / roll off or container traffic, FCA is more appropriate.

A.3.3 CFR – Cost and Freight (named port of destination)

- This term can only be used for sea and inland waterway transport. When the ship's rail serves no practical purpose, such in the case of roll-on / roll off or container traffic, CPT is more appropriate.
- The seller clears the goods for export and delivers them when they are onboard the vessel at the port of shipment.
- The seller must pay the costs and freight required in bringing the goods to the named port of destination.
- The risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time goods have been delivered on board the vessel, is transferred from the seller to the buyer when the goods pass the ship's rail in the port of shipment.
- Buyer assumes all risks for goods from the time goods have been delivered on board the vessel at the port of shipment.
- Maritime transport only and Insurance for the goods is NOT included. This term is formerly known as CNF (C&F).

A.3.4 CIF – Cost, Insurance and Freight (named port of destination)

- This term should only be used for sea or inland waterway transport. When the ship's rail serves no practical purpose such as in the case of roll-on/roll-off or container traffic, the CIF term is more appropriate to use.
- The seller has the same obligations as under CFR - the seller clears the goods for export and delivers them when they are onboard the vessel at the port of shipment.
- The seller bears the cost of freight and insurance to the named port of destination.
- The seller is also required to provide insurance against the buyer's risk of loss or damage to the goods during transit. The seller contracts for insurance and pays the insurance premium. The buyer should note that under the CIF term the seller is only required to obtain insurance on minimum coverage.
- Risk passes from seller to buyer once the goods are onboard the vessel at the port of shipment.
- Buyer is responsible for all costs associated with unloading the goods at the named port of destination and clearing goods for import.

A.4 Previous terms eliminated from Incoterms 2010

DAF – Delivered at Frontier

DES – Delivered ex Ship

DEQ – Delivered ex Quay

DDU – Delivered Duty Unpaid

A.4.1 DAF – Delivered At Frontier (named place of delivery) [Incoterms 2000]

- Although primarily intended to be used when goods are to be carried by rail or road, the term may be used for any mode of transport.
- The seller fulfills his obligation to deliver when the goods have been made available, cleared for export, at the named point and place at the frontier, but before the customs border of the adjoining country.
- The passing of risk occurs at the frontier. The term 'frontier' may be used for any frontier including that of the country of export. Therefore, it is of vital importance that the frontier in question be defined precisely by always naming the point and place in the term.
- The buyer arranges for customs clearance and pays for transportation from the frontier to his factory.

A.4.2 DES – Delivered Ex Ship (named port of delivery) [Incoterms 2000]

- This term can be used only for sea or inland waterway transport.
- Where goods are delivered ex ship, the passing of risk does not occur until the ship has arrived at the named port of destination and the goods made available for unloading to the buyer.

- The seller fulfils his obligation to deliver when the goods have been made available to the buyer on board the ship un-cleared for import at the named port of destination. The seller has to bear all the costs and risks involved in bringing the goods to the named port of destination.
- The seller pays the same freight and insurance costs as he would under a CIF arrangement. Unlike CFR and CIF terms, the seller has agreed to bear not just cost, but also Risk and Title up to the arrival of the vessel at the named port. Costs for unloading the goods and any duties, taxes, etc... are for the Buyer.
- A commonly used term in shipping bulk commodities, such as coal, grain, dry chemicals - - - and where the seller either owns or has chartered, their own vessel.

A.4.3 DEQ – Delivered Ex Quay (Duty Paid) (named port of delivery) [Incoterms 2000]

- This term can be used only for sea or inland waterway transport.
- The seller fulfils his obligation to deliver when he has made the goods available to the buyer on the quay (wharf) at the named port of destination. This is similar to DES, but the passing of risk does not occur until the goods have been unloaded at the port of destination.
- The seller has to bear all risks and costs including duties, taxes and other charges of delivering the goods thereto.
- The buyer must clear the goods for importation and pay for all formalities, duties, taxes, and other charges upon import.
- This term should not be used if the seller is unable directly or indirectly to obtain the import license.
- If the parties wish the buyer to clear the goods for importation and pay the duty, the words 'duty unpaid' should be used instead of 'duty paid'. If the parties wish to exclude from the seller's obligations some of the cost payable upon importation of the goods (such as Value Added Tax), this should be made clear by adding words to this effect: 'Delivered ex quay, VAT unpaid (...named port of destination)'.

A.4.4 DDU – Delivered Duty Unpaid (named place of destination) [Incoterms 2000]

- This term may be used irrespective of the mode of transport.
- The seller fulfills the obligation to deliver when the goods have been made available at the named place in the country of importation.
- The seller has to bear the costs and risks involved in bringing the goods thereto (excluding duties, taxes and other official charges payable upon importation) as well as the costs and risks of carrying out Customs formalities.
- The goods are not cleared for import or unloaded from any form of transport at the place of destination.
- The buyer has to pay any additional cost and to bear any risks caused by his failure to clear the goods for import in time.

- The buyer is responsible for the costs and risks for the unloading, duty and any subsequent delivery beyond the place of destination. However, if the buyer wishes the seller to bear cost and risks associated with the import clearance, duty, unloading and subsequent delivery beyond the place of destination, then this all needs to be explicitly agreed upon in the contract of sale.
 - Example: If the parties wish to include in the seller's obligations some of the costs payable upon importation of the goods (such as Value Added Tax), this should be made clear by adding words to this effect. 'Delivered duty unpaid, VAT paid, (named place of destination)'.

Appendix B: *Determining the Allowance For Freight*

B.1 *FOB Pricing*

If the vendor's terms are based on converting Delivered Pricing to FOB Pricing, then confirm which calculation method is used to determine the freight discount to be applied to arrive at an FOB price. NOTE that all items shipped from one pickup location must have a freight discount applied using the same uniform calculation; either by Weight, or by Size.

B.1.1 *Weight basis:*

The Vendor FOB List Price is equal to the Delivered List Price Per Case adjusted by a Freight Discount based on case Weight.

FOB List Price *Equals* [Delivered List Price]

Minus

[Freight Discount in \$/CWT *Multiplied By* Gross Vendor Case Weight in LBs *Divided By* 100]

FOB\$ = Dlvd\$ - [Frt\$/CWT X (LBs/100)]

Ex: Case weight: 20 LBs; Delivered Price: \$10.15; Freight Allowance: \$5.50/CWT.

Thus FOB Price = (10.15 – (\$5.50*(20/100)))
= (10.15 – (\$5.50*(0.20)))
= 10.15 – 1.10 equals \$9.05

B.1.2 *Size basis:*

The Vendor FOB List Price is equal to the Delivered List Price Per Case adjusted by a Freight Discount based on case Size (i.e. Cubic Feet).

FOB List Price *Equals* [Delivered List Price]

Minus

[Freight Discount in \$/CFT *Multiplied By* Gross Vendor Case Size in CFT]

FOB\$ = Dlvd\$ - [Frt\$/CFT X CFT]

Ex: Case size: 1.12 CFT; Delivered Price: \$10.15; Freight Allowance: \$0.98/CFT.

Thus FOB Price = (10.15 – (\$0.98*1.12))
= 10.15 – 1.10 equals \$9.05

B.2 *Off-Invoice Freight Allowance*

If the terms are based on an Off-Invoice Freight Allowance, then please provide the actual freight allowance rate based on either:

- Freight Allowance \$/CWT, or
- Freight Allowance \$/CFT
- Is a supplemental Fuel Allowances provided?

[Note: Case weight in KG's and a discount in \$/KG can be used. 1 KG = 2.204623 LBs]

Please contact the Manager, Transportation Services with any questions you may have.

Appendix C: Instructions on How to Complete the Canada Customs Invoice (CCI) or a Commercial Invoice

Below is a brief description of how to complete each required field on Form CI1, Canada Customs Invoice, or a commercial invoice. The field name as shown on Form CI1 is in bold face, with similar commercial terms in parenthesis for certain fields.

Field	Description
1	Vendor – (seller, sold by, remit to, consignor, shipper) – Indicate the complete name, including the company name if applicable, and address (street, city, location) of: (a) the party selling the goods to the purchaser; and/or (b) the party consigning the goods to Canada.
2	Date of direct shipment to Canada – Indicate the date the goods began their continuous journey to Canada.
3	Other references – Use to record other useful information (e.g., the commercial invoice number, the purchaser’s order number).
4	Consignee – The name and address of the party to which the goods are being “shipped to” as shown on the commercial sales contract (i.e. commercial invoice, bill of sale, or other sales contract).
5	Purchaser’s name and address – (sold to, buyer) – The last known entity to whom the merchandise is sold leased or otherwise transacted.
6	Country of transshipment – The country through which the goods were shipped in transit to Canada under customs control.
7	Country of origin of goods – The country of origin of invoiced goods is the country in which the goods have been grown, produced, or manufactured according to criteria laid down for the application of the Customs Tariff or quantitative restrictions, or any measure related to trade. Each manufactured article on the invoice must have been significantly transformed in the country specified as the country of origin to its present form ready for export to Canada. Certain operations such as packaging, splitting, and sorting may not be considered as sufficient operations to confer origin. Note: The origin of goods as applied to the assignment of tariff treatment is dealt with in Memorandum D11-4-2, Proof of Origin.
8	Transportation: Give mode and place of direct shipment to Canada – Indicate the mode of transportation and the place from which the goods began their uninterrupted journey to Canada.
9	Conditions of sale and terms of payment – Describe the terms and the conditions agreed upon by the vendor and the purchaser.
10	Currency of settlement – Indicate the currency in which the vendor’s demand for payment is made.
11	Number of packages – Indicate the number of packages.
12	Specification of commodities – The following information must be provided: (a) Kind of packages – Indicate the kind of packages (e.g., cases, cartons). (b) Marks and numbers – Indicate the descriptive marks and numbers imprinted on the packaged goods. The marks and numbers must be legibly placed on the outside of all packaged

goods if possible. However, the following classes of shipments do not require marks and numbers:

- (1) shipments forwarded by parcel post;
- (2) goods shipped in bulk, that are not packaged, but merely wire-bound, tagged, or fastened together in lots. However, the number of pieces, bundles, bushels, etc., must be shown on the invoice; and
- (3) agricultural equipment and machinery, or machinery parts, when shipped loose.

However, when in packages, the invoices must show the numbers and descriptions of same.

(c) General description and characteristics – Give, in general terms, a description of the merchandise (e.g., textiles, auto parts, live goldfish, fresh Chilean seabass) and show a proper identifying description in commercial terms (i.e., style or code numbers, size, and dimensions) as known in the country of production or exportation. For plants and animals and their products and derivatives, also indicate the scientific name of each species (e.g., *Carassius auratus*, *Dissostichus eleginoides*).

The condition of the goods, if other than new, must be given on the invoice, and, if applicable, the following information shown:

- (1) other than prime quality goods;
- (2) remnants;
- (3) job lots;
- (4) close-outs;
- (5) discontinued lines;
- (6) obsolete goods; and
- (7) used goods.

13 Quantity – Indicate the quantity of each item included in the description field in the appropriate unit of measure.

14 Unit price – (price per article, item amount) – Provide a value in the currency of settlement (as defined under Field 10) for each item described in the description field.

15 Total – Indicate the price paid or payable in the currency of settlement (as defined under Field 10) for the number of items recorded in the quantity field when they were sold by the vendor to the purchaser. Where there is no price paid or payable for the items recorded in the description field, N/A should be indicated.

16 Total weight – Show both net and gross weight.

17 Invoice total – (total value, pay this amount) – The total price paid or payable for goods described on the invoice or on the continuation sheet if used.

18 Self-Explanatory.

19 Exporter's name and address – Indicate the name and address of the person or organization shipping the goods to the consignee/purchaser.

20 Originator – Where the invoice is completed on behalf of a company, the company's name and address must be indicated. The name of the person completing the invoice may also be indicated. Invoices completed on behalf of individuals must indicate the name and address of the person completing the invoice. This field may be left blank if this information is provided elsewhere on the invoice.

21 CBSA ruling – Give the number and date of any CBSA ruling applicable to the shipment.

22-25 Indicate the currency used when Field 23 or 24 is applicable. The actual completion of Fields 22 to 25 is self-explanatory with the exception of export packing. The amount of export

packing must be indicated if additional packing was required solely for the overseas transportation of goods. Detailed information on the remaining sub-components of these fields can be found in Memorandum D13-4-7, Adjustments to the Price Paid or Payable (Customs Act, Section 48). <http://www.cbsa-asfc.gc.ca/publications/dm-md/d13/d13-4-7-eng.html>

EXPORTER'S STATEMENT OF ORIGIN

I certify that the goods described in this invoice or in the attached invoice No. _____ were produced in the beneficiary country of _____ and that at least _____ % of the ex-factory price of the goods originates in the beneficiary country/countries of _____.

_____.

Name and title

Telephone and fax numbers

Manufacturer name and address

Signature and date (day/month/year – Please fill in ETD Date)

Appendix E: *AMPS - Administrative Monetary Penalty System*

Customs Penalties (AMPS)

Failure to comply with the Canada Border Services Agency requirements will result in penalties that will be charged back to your account. Penalties can be assessed up to four years in arrears.

Overview of the Administrative Monetary Penalty System (AMPS)

A Responsible Enforcement Program

The Administrative Monetary Penalty System (AMPS) is a civil penalty regime that secures compliance with Customs legislation through the application of monetary penalties. AMPS applies to contraventions of the Customs Act, the Customs Tariff, and the Special Import Measures Act (SIMA) and the regulations there under, as well as contraventions of the terms and conditions of licensing agreements and undertakings.

AMPS imposes monetary penalties in proportion to the type, frequency, and severity of infraction. These penalties are designed to be corrective rather than punitive.

AMPS largely replaces the use of seizure and forfeiture provisions for technical infractions. The use of seizure and forfeiture is only used for the most serious offences.

Categories of Penalties

There are approximately two hundred and fifty AMPS penalties grouped within 21 specific categories. The penalties within each category vary depending on the contravention and to whom they apply (e.g. commercial importers, travelers, carriers, etc.):

- Abatements and Refunds
- Accounting and Payment of Duties
- Bonded Warehousing and Ships' Stores
- Brokers and Agents
- Corrections – Trade Data
- Customs Self Assessment (CSA) and Carrier Re-engineering (CR)
- Drawbacks
- Duties Relief
- Exportation
- Forms
- Late Accounting
- Marking of Goods (e.g. fibre content label, CA label or vendor name and address, etc.)
- Movement and Storage of Goods
- Origin of Goods (i.e. Country of Origin)
- Records (i.e. incomplete or inaccurate shipping documents)
- Release
- Report of Goods and Conveyances
- Report of Persons
- Special Import Measures Act (SIMA)
- Transportation
- Warehouse and Duty Free Shops

AMPS at a Glance

The Administrative Monetary Penalty System (AMPS) is a civil penalty regime that secures compliance with Customs legislation through the application of monetary penalties.

- AMPS largely replaces the use of seizure and forfeiture provisions for technical infractions. Seizure and ascertained forfeiture is only used for the most serious offences.
- AMPS applies to contraventions of the Customs Act, the Customs Tariff, and the Special Import Measures Act (SIMA) and the regulations there under, as well as contraventions of the terms and conditions of licensing agreements and undertakings.
- AMPS imposes monetary penalties in proportion to the type, frequency, and the severity of the infraction. Most penalties are graduated and will take the compliance history of the client into consideration.
- AMPS penalties are corrective rather than punitive. AMPS does not affect businesses that continue to comply with the Canada Border Services Agency requirements and regulations.
- AMPS penalties are progressive starting at \$100 per shipment escalating to \$25,000 per line entry, depending on the number of incidences or in the most serious cases up to 60% of the shipment value

For further information, please refer to the Canada Border Services Agency website:

<http://www.cbsa-asfc.gc.ca/trade-commerce/amps/menu-eng.html>

Appendix F: *Freight Forwarder Contacts - International Shipments*

F.1 *Locher Evers International Agent Listing – China and Taiwan*

See Table below for forwarder's agent's locations (M&R Forwarding) throughout China and Taiwan.

NOTE:

These agent locations are for Full Container Load (FCL) shipments only.

If an agent listing is required for an Overwaitea managed shipment which is Less than Container Load (LCL), then please contact traffic@owfg directly.

Other country locations available upon request.

Country	City	Name	Address	Postal_Code	Email	Phone	Fax	Webpage
China	Zhongshan	M+R Forwarding (China) Ltd. Guangzhou Branch-Zhongshan Site	2F, Sinotrans Building, 70-72 Cheng Nan 1st Road,	Zhongshan 528455	csd.can@cn.mrspedag.com , seaxport.can@cn.mrspedag.com	86 760 8891 8801	86 760 8891 8998	http://www.mrspedag.com
China	Shunde	M+R Forwarding (China) Ltd. Guangzhou Branch-Shunde Site	2F,Sinotrans Building, No.8,Jiang Nan Road, RongGui Town, Shunde District,Foshan City	528303	sea.export.can@cn.mrspedag.com	86 757 26618330,26620 671	86 757 26620672	http://www.mrspedag.com
China	Dongguan	M+R Forwarding - Dongguan	Guangzhou Branch-Dongguan Site	Rm 210, Administration Bldg, Prosperity Bonded Warehouse Liaobu Hengkeng	sea.export.can@cn.mrspedag.com	86 769 8223 3695	86 769 8223 3695	http://www.mrspedag.com
China	Head Office	M+R Forwarding (China) Ltd. - Head Office	(Head Office in China) 11th fl, Centro Bldg No 568 Heng Feng Rd	200070 Shanghai P.R China	china.management@cn.mrspedag.com	011 86 21 61431000 (general)	011 86 21 516 867786/611537 20	http://www.mrspedag.com
China	Beijing	M+R Forwarding (China) Ltd. - Beijing	Room 1609, HOA Center, Building 9, No 6 Zuo Jia Zhuang, Middle Road	Chao Yang District, Beijing, 100028	management.bjs@cn.mrspedag.com	86 10 8460 4600	86 10 8460 5996	http://www.mrspedag.com
China	Changchun	M+R Forwarding (China) Ltd. - Changchun	(contact M+R Beijing) Jilin Province Yuhang Logistics International co	no 5466 Lin He street Changchun Economic & tech Development zone	management.bjs@cn.mrspedag.com	0086 431 86766655	008643186466 522	http://www.mrspedag.com
China	Chengdu	M+R Forwarding (China) Ltd. - Chengdu	(contact M+R Chongqing) Unit 2-F3, 25th fl peninsula International Mansion	50 Zou Rong Road Yu Zhong District Chongqing 400010 Sichuan PRC	management.ckg@cn.mrspedag.com	011-86 23 6378 4451,6378 4452	011-86 236381 2305	http://www.mrspedag.com
China	Chongqing	M+R Forwarding (China) Ltd. - Chongqing	Unit 2-F3, 25th fl peninsula International Mansion	50 Zou Rong Road Yu Zhong District Chongqing 400010 Sichuan PRC	management.ckg@cn.mrspedag.com	011 86 23 63784451	011 86 23 63812305	http://www.mrspedag.com
China	Dalian	M+R Forwarding (China) Ltd. - Dalian	Rm 2302, 23/F, China Life Insurance mansion	26, Remin Road, Zhongshan District Dalian 116001	management.dln@cn.mrspedag.com	86 411 8259 0506	86 411 8259 0706	http://www.mrspedag.com
China	Fuzhou	M+R Forwarding (China) Ltd. - Fuzhou	(contact M+R Xiamen)	C/o Young-Carrier International Freight Agency Co., Ltd.Rm 0709-0711, 7/F World Wide Plaza 158 Wusi Road Fuzhou 350003	management.xmn@cn.mrspedag.com	011 86 592 5600650 (5 lines)	011 86 592 5600670	http://www.mrspedag.com
China	Guangzhou	M+R Forwarding (China) Ltd. - Guangzhou Branch	Block D, 20Fl., Gaosheng Building,No.109 Tiyu Road,West,Guangzhou,P.R.China	510620	sea.export.can@cn.mrspedag.com	86-20- 38785447,38785 993	86-20- 38785584	http://www.mrspedag.com
China	Hangzhou	M+R Forwarding (China) Ltd. - Hangzhou	(Contact M+R Ningbo) Unit 02-10, 21st fl	New Hua Lian Square No.55 Dong Du Road Ningbo, PRC	management.nbo@cn.mrspedag.com	86 574 2767 3999	86 574 8709 3651/ 2106	http://www.mrspedag.com
China	Harbin	M+R Forwarding (China) Ltd. - Harbin	(contact M+R Beijing) Harbin HuaHang international forwarding CO.,LTD.	Room 328,NO.117 Taishan ST,Nangang Dist,Harbin China.	management.bjs@cn.mrspedag.com	86 10 8460 4600	86 10 8460 5996	http://www.mrspedag.com
China	Kuming	M+R Forwarding (China) Ltd. - Kuming	(Contact M+R Guangzhou) Block D, 20Fl., Gaosheng Building,No.109 Tiyu Road,West,Guangzhou,P.R.China	510620	management.can@cn.mrspedag.com	86-20- 38785447,38785 993	86-20- 38785584	http://www.mrspedag.com
China	Lianyungang	M+R Forwarding (China) Ltd. - Lianyungang	(contact M+R Shanghai) 11th fl, Centro Bldg No 568 Heng Feng Rd	200070 Shanghai P.R China	management.sha@cn.mrspedag.com	011 86 21 61431000 (general)	011 86 21 516 867786/611537 20	http://www.mrspedag.com

Country	City	Name	Address	Postal_Code	Email	Phone	Fax	Webpage
China	Nanjing	M+R Forwarding (China) Ltd. - Nanjing	Unit 706, 7th Fl Sinotrans Jiangsu Mansion	129 Zhonghua Road Nanjing, Jiangsu, PRC 210001	management.nkg@cn.mrspedag.com	011-86 25 52377537(more below)	011-86 25 52377644	http://www.mrspedag.com
China	Nantong	M+R Forwarding (China) Ltd. - Nantong	(Contact M+R Nanjing) 706 Sinotrans Jiangsu Mansion	120 Zhonghua Road Nanjing, Jiangsu, PRC	management.nkg@cn.mrspedag.com	011-86 25 52377537(more below)	011-86 25 52377644	http://www.mrspedag.com
China	Ningbo	M+R Forwarding (China) Ltd. - Ningbo	Unit 02-10, 21st fl	New Hua Lian Square No.55 Dong Du Road Ningbo, PRC	management.nbo@cn.mrspedag.com	86 574 2767 3999	86 574 8709 3651/ 2106	http://www.mrspedag.com
China	Qingdao	M+R Forwarding (China) Ltd. - Qingdao	Room #C, 28/f Qingdao International Finance Center, No. 59 HongKong Middle Road	266071 P.R.C.	management.qin@cn.mrspedag.com	011 86 532 8097 6023	011 86 532 8097 6033	http://www.mrspedag.com
China	Quanzhou	M+R Forwarding (China) Ltd. - Quanzhou	(contact M+R Xiamen) 9th Floor, 908 Hai Tian Logistics Center	No.1 Hai Tian Road Huli, Xiamen, Fujian, PRC 361006	management.xmn@cn.mrspedag.com	011 86 592 5600650 (5 lines)	011 86 592 5600670	http://www.mrspedag.com
China	Shanghai	M+R Forwarding (China) Ltd. - Shanghai	11th fl, Centro Bldg No. 568 Heng Feng Road	200070, PRC	sea.canada.sha@cn.mrspedag.com	86 21 6143 1000/61431032	86 21 86 21 6317 9612/61153720	http://www.mrspedag.com
China	Shenyang	M+R Forwarding (China) Ltd. - Shenyang	(Contact M+R Beijing) Room 1609, HOA Center, Building 9, No 6 Zuo Jia Zhuang, Middle Road	Chao Yang District, Beijing, 100028	management.bjs@cn.mrspedag.com	86 10 8460 4600	86 10 8460 5996	http://www.mrspedag.com
China	Shenzhen	M+R Forwarding (China) Ltd. - Shenzhen	Unit 1401-02 Shen-Hua, Commerical bldg	Nanhu Lu Shenzhen China	management.szx@cn.mrspedag.com	86-0755-32930100	86-0755-32930107/0109	http://www.mrspedag.com
China	Suzhou	M+R Forwarding (China) Ltd. - Suzhou	Room 403, Tianhe Business Commerical Building	118 Nan Yuan Road Suzhou, Jiangsu 215006	management.szv@cn.mrspedag.com	011 86 512 6866 8793	011 86 512 6866 8769	http://www.mrspedag.com
China	Tianjin (Xingang)	M+R Forwarding (China) Ltd. - Tianjin (Xingang)	Unit 2704, 27th Floor	35 Nanjing Road Tianjin 300200	management.tin@cn.mrspedag.com	86 22 2311 7766	86 22 2711 3788 (more below)	http://www.mrspedag.com
China	Wenzhou	M+R Forwarding (China) Ltd. - Wenzhou	(Contact M+R Ningbo) Unit 02-10, 21st fl	New Hua Lian Square No.55 Dong Du Road Ningbo, PRC	management.nbo@cn.mrspedag.com	86 574 2767 3999	86 574 8709 3651/ 2106	http://www.mrspedag.com
China	Wuhan	M+R Forwarding (China) Ltd. - Wuhan	(contact M+R Shanghai) 11th fl, Centro Bldg No 568 Heng Feng Rd	200070 Shanghai P.R China	management.sha@cn.mrspedag.com	011 86 21 61431000 (general)	011 86 21 516 867786/611537 20	http://www.mrspedag.com
China	Xiamen	M+R Forwarding (China) Ltd. - Xiamen	9th Floor, 908 Hai Tian Logistics Center	No.1 Hai Tian Road Hulin, Xiamen, Fujian, PRC 361006	management.xmn@cn.mrspedag.com	011 86 592 5600650 (5 lines)	011 86 592 5600670	http://www.mrspedag.com
China	Xian	M+R Forwarding (China) Ltd. - Xian	(Contact M+R Beijing) Room 1609, HOA Center, Building 9, No 6 Zuo Jia Zhuang, Middle Road	Chao Yang District, Beijing, 100028	management.bjs@cn.mrspedag.com	86 10 8460 4600	86 10 8460 5996	http://www.mrspedag.com

Appendix G: *Changelog*

Previous document version: October 2013

Changes:

- Distribution Centres & Appointment Scheduling Pg. 8
- OFG Supply Chain Contacts Pg. 9

End.