

Global Affairs Canada

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> Notice to Exporters - Vehicles for Export to the European Union and its Member States

Notice to Exporters

Vehicles for Export to the European Union and its Member States (Item 5210 on Canada's *Export Control List*)

Serial No. 211

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This Notice is provided pursuant to the authority of the *Export and Import Permits Act* (EIPA) and its corresponding regulations. This Notice will remain in effect until further notice.

In Brief:

Under the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union (EU) and its Member States, the EU agreed to establish a 100,000 unit origin quota for exports of vehicles from Canada. The origin quota year extends from January 1 to December 31, inclusive.

For 2017 only, the origin quota year extends from June 15, 2017 to December 31, 2017 inclusive, and the access level is 54,795 units.

Exports of vehicles that are eligible under the CETA origin quota are subject to export controls under the EIPA. Accordingly, an export permit is required for shipments of vehicles from Canada to the EU in order to obtain the preferential tariff treatment under the origin quota.

This Notice to Exporters sets out the policies and practices pertaining to the administration of Canadian exports under the CETA origin quota for vehicles, including the allocation and return policies. This Notice also explains how to apply for export permits.

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1.0 Purpose

1.1 The purpose of this Notice is to:

- Set out the Minister's policies and practices regarding the administration of the CETA export origin quota for vehicles;
- Invite applications for an allocation under the export origin quota for vehicles; and
- Explain how to apply for export permits for shipments of vehicles destined for the EU under the CETA origin quota for vehicles.

2.0 Definitions

2.1 "Eligible applicant" means an establishment in Canada that manufactures light passenger vehicles of the type eligible to benefit from the CETA origin quota for vehicles.

3.0 General Information

3.1.1 Under CETA origin quotas, certain products that do not satisfy the product-specific rules of origin under [Annex 5: Product-Specific Rules of Origin](#) may qualify as originating under the alternative product-specific rules of origin as specified in [Annex 5-A: Origin quotas and alternatives to the product-specific rules of origin in annex 5 \(Annex 5-A\)](#).

3.1.2 The origin quotas specify the quantity of a product(s) that can qualify as originating for the purposes of the origin quota and receive preferential CETA tariff treatment. In order to receive this treatment the product must meet the product description and undergo sufficient production to satisfy the applicable product-specific rule of origin associated with that origin quota.

3.1.3 Weekly utilization rates for exports that require export permits for origin quota-eligible shipments are available online. The EU also publishes quota utilization rates on its [EUROPA](#) website.

3.2 Access Level

3.2.1 The annual origin quota for vehicles is 100,000 units.

3.2.2 Exceptionally, for 2017, the origin quota access level for the period of June 15 to December 31, 2017 is 54,795 units.

3.3 Origin Quota Period

3.3.1 The origin quota year extends from January 1 to December 31, inclusive.

3.3.2 Exceptionally, for 2017, the origin quota year will extend from June 15, 2017 to December 31, 2017, inclusive.

4.0 Products Covered

4.1.1 This Notice pertains to Table D.1 of [Annex 5-A](#) which sets out the provisions applicable to certain vehicles of subheading 8703.21 through 8703.90.

4.2 A detailed list of the origin quota products that are subject to export controls under the EIPA may be found in the [Handbook of Export and Import Commodity Codes](#).

5.0 Allocation Policy

5.1 The origin quota for vehicles is divided into two pools:

Pool 1 –50 percent is allocated on an equal-share basis to interested eligible applicants; and

Pool 2 –50 percent is available for allocation to eligible applicants with an EU-market export program. Applications for an allocation under this Pool must be supported by a three-year forecast of quota needs endorsed by a senior company official, such as the CEO. Eligible applicants under Pool 2 will normally receive the amount of quota necessary to accommodate their export programs. If requests under Pool 2 exceed 50,000 units, allocations will be issued in proportion to eligible applicants' requests. Applications for unallocated quota in Pool 2 may be submitted at any time.

5.2 An allocation holder under Pool 2 may apply for additional quantities under Pool 2 if it can demonstrate that it has exhausted, or is near to exhausting, its total initial allocation under both Pool 1 and Pool 2.

5.3 Applicants may apply for allocations under both Pool 1 and Pool 2, in which case their total allocation will not exceed the quantity indicated in their three-year export forecasts.

5.4 Active vehicles exporters under Pool 2 are required to submit export reports as set out in section 8.1 below.

5.5 Allocations will be valid for the period extending from June 15, 2017 to December 31, 2020 and will identify the quantity of quota available to the applicant for each origin quota year (i.e. from January 1 to December 31 of each year).

5.6 Global Affairs Canada will review the allocation policy in the 2020 calendar year.

6.0 How to Apply for an Allocation

6.1 Given that the CETA origin quota for vehicles will come into force on June 15, 2017, for the first allocation year, applicants who wish to apply for an allocation are invited to submit their completed application form (see [Appendix 1](#)) no later than June 12, 2017.

6.2 Once allocations have been issued, further applications may be submitted at any time for any available quota in Pool 2, as per section 5.1.

6.3 Applicants for an allocation are invited to send their applications (see [Appendix 1](#)) by E-MAIL to: Origin.Quotas@international.gc.ca. Applicants should be prepared to present the original version of their application upon Global Affairs Canada's request. Failure to do so may lead to the cancellation of any allocation issued pursuant to the application and/or the cancellation of associated permits.

6.4 Applications sent by MAIL or COURIER should be addressed to the vehicles origin quota manager at Global Affairs Canada. The name and mailing address of the quota manager can be obtained on the Global Affairs Canada website under [Contact Us](#).

6.5 Applications sent by facsimile will not be accepted.

6.6 All information provided by an applicant is subject to verification by officials of Global Affairs Canada. If the applicant fails to provide any information requested by Global Affairs Canada, the application may be considered incomplete and the applicant's request for an allocation may be denied.

6.7 The [Export Allocation Regulations](#) under the EIPA may be found online. These regulations outline the requirements for an allocation application and the considerations that the Minister will take into account when deciding whether to issue an export allocation.

7.0 Return and Re-Allocation Policies

7.1 Return Policy

7.1.1 Allocation holders may return any portion of their origin quota no later than September 30 in each origin quota year.

7.1.2 Returned quota will be made available to allocation holders in Pool 2 on a first-come, first-served basis for use within the origin quota year.

8.0 Reports

8.1 Active vehicle exporters under Pool 2 must submit, electronically, monthly export reports for all exports under the origin quota for vehicles (including a nil report if applicable) to Global Affairs Canada (Origin.Quotas@international.gc.ca) These reports are due by end of the first month of each new quarter, (e.g. on April 30th 2018, monthly reports are due for January, February, and March 2018). The submission date of the first monthly report for the 2017 origin quota year, along with a report template, will be communicated in the allocation letter to each applicant. Global Affairs Canada may at any time request supporting documentation for any reported shipment.

9.0 Export Permits

9.1 Types of Permits

9.1.1 A shipment-specific export permit is required for every shipment of vehicles covered by this Notice in order to receive preferential tariff treatment available through the origin quota.

9.1.2 Once the origin quota has been fully utilized, export permits will not be issued.

9.1.3 The *Export Permit Regulations (Non-strategic Products)* may be found online.

9.2 Accessing the CETA Origin Quota for Vehicles

9.2.1 As outlined in paragraph 3 of [Annex 5-A](#), the EU administers access to origin quotas on a first-come, first-served basis.

9.2.2 Pursuant to paragraph 5 of [Annex 5-A](#), Canada has notified the EU of Global Affairs Canada-issued export permit requirements for products exported under the applicable origin quota. Accordingly, under Paragraph 6 of [Annex 5-A](#), the EU shall only provide preferential tariff treatment based on the alternative rule of origin for the origin quotas to products accompanied by an export permit.

9.2.3 In accordance with the CETA Protocol on rules of origin and origin procedures, the exporter of the product is required to provide an origin declaration to the importer.

9.2.4 In order for the exporter to identify origin quota exports to the EU and to inform the importer of the application of Annex 5-A, the exporter is to include a reference to Annex 5-A on the commercial invoice or other commercial document, and provide the importer with a copy of the export permit. In accordance with paragraph 4 of [Annex 5-A](#), the Parties shall not count any products against the annual origin quota without such reference.

9.3 How to Apply for a Permit

9.3.1 Information about the permit application process, including information about fees, the monthly billing system, and information required from applicants, is available on the Global Affairs Canada website: [Applying for an Export Permit \(Non-strategic Products\)](#).

10.0 Contact us

10.1 Names and phone numbers for Trade Control Policy manager(s), permit officer(s), and the Export Import Control System Help Desk are available on the Global Affairs Canada website: [Contact Us](#).

10.2 For directory assistance, you may call 343-203-6820, or email: tic@international.gc.ca.

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