

# Q & A on Industry Canada's Importation Monitoring Initiative

**Q: What is Industry Canada's importation monitoring initiative?**

A: This is an initiative by Industry Canada to monitor the importation of telecommunications and radiocommunication equipment by collecting information on shipments being imported with the cooperation of Revenue Canada - Customs.

**Q: Why is Industry Canada implementing this initiative?**

A: Canada has signed or endorsed Mutual Recognition Agreements (MRAs) with many countries such as the European Community and the economies of the Asia-Pacific Economic Cooperation. When the second phase of these MRAs comes into effect in May 2000, Canada will allow Conformity Assessment Bodies (CABs) in other nations to certify equipment in compliance with Canadian telecommunications and radio regulatory requirements. Industry Canada is implementing this initiative to verify that equipment which is imported into Canada is properly certified under the terms of the Telecommunications and Radiocommunication Acts.

This is an important element for the conduct of appropriate market surveillance. Non-compliance of equipment may result in health and safety problems. These problems are also augmented by the fact that consumers could be lured by inexpensive but non-certified products.

**Q: What types of equipment will be subject to this new initiative?**

A: The products which are covered by our importation monitoring initiative include those which can be connected to the telephone network (such as telephones, modems, etc.) and radio transmitters. Certain low powered devices (Category II radio devices) which do not require certification are not covered by Industry Canada's importation monitoring initiative. However, any equipment that does not require certification by itself but that includes a product meeting the conditions above will be monitored.

To help identify the products that are covered by Industry Canada's importation monitoring initiative, we have established a list of products based on Revenue Canada - Customs' system of Harmonized System Codes (HS Codes). A searchable database of the applicable HS codes identified for the Industry Canada's importation monitoring initiative is now available on the Telecommunications and Radiocommunication Equipment page on the Strategis web site (see below).

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**Q: What are the Harmonized System Codes?**

A: The Harmonized System Codes (HS Codes) are a set of product description codes used by Revenue Canada - Customs to categorize products being imported for tariff and regulatory purposes. Canada uses a ten-digit HS-Code, the first six digits of which are internationally standardized. The last four digits are specific to Canada. The HS Codes will be used to identify which products are subject to Industry Canada's importation monitoring initiative when using an EDI option.

**Q: What requirements are imposed on regulated products?**

A: Radiocommunication and telecommunications regulated products subject to the importation monitoring initiative must be tested and certified for compliance with Canadian requirements before going to the Canadian market. As per the Telecommunications and Radiocommunication Acts, no person shall distribute, lease, offer for sale, sell or import any apparatus for which a technical acceptance certificate is required under the Act, otherwise than in accordance with such a certificate. When importing these regulated products, information will have to be provided to Revenue Canada - Customs. It is the responsibility of the importer to ensure that these requirements are met.

**Q: What information is to be provided to Revenue Canada - Customs?**

A: When importing equipment of the types identified in the established HS Codes list, the following information will be requested as part of the Customs release documents (e.g., the customs or commercial invoice, bill of sale, price list, or electronic submission through the Accelerated Commercial Release Operation Support System (ACROSS)). This information is in addition to the information normally provided to Revenue Canada - Customs:

- The name and address of the person importing the apparatus
- The product model, if any
- The model number of the apparatus
- The purpose for which the equipment is being imported, if the equipment is regulated by Industry Canada. It must be for one of these four purposes:
  - Sale or lease in Canada without modification
  - Export from Canada
  - Modification
  - Testing of compliance with Canadian regulations
- The certification number that forms part of the marking affixed to the apparatus, if being imported for sale or lease in Canada, if applicable
- The brand name of the apparatus, if any

For EDI, an import reason of "Not Regulated" applies when a product being imported falls into one of the HS categories identified by Industry Canada but

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doesn't contain a telecommunications or radiocommunication device (for example, a computer which doesn't contain a modem).

The following table shows which data should be provided depending on the reason for importation:

Import Reason	Brand Name	Product Model	Model No.	Certification No.
Sale or lease	O	O	Yes	Yes
Export	O	O	Yes	N/A
Modification	O	O	Yes	N/A
Testing	O	O	Yes	N/A
Not Regulated	O	O	Yes	N/A

O = Optional since this element may be part of the model number or may not exist (this information should be provided if existent)

N/A = Not applicable

**Q: Why provide additional information?**

A: Based on the additional information provided, Industry Canada will be in a position to confirm compliance to the Canadian regulatory requirements or take appropriate actions to obtain that confirmation. The provision of this information to Revenue Canada - Customs will allow the importers to bring regulated products into Canada. This approach, referred to as the passive mode by Revenue Canada - Customs, will permit entry into the country with minimum intervention by Industry Canada. The intent is not to negatively impact entry into Canada by imposing inspections at the border or other intrusive verification of the products imported.

**Q: When will a product's HS Code have to be provided?**

A: The importer will only have to provide Revenue Canada - Customs with the HS code of the product being imported when using electronic submission through systems such as the Accelerated Commercial Release Operation Support System (ACROSS). When submitting release information using electronic data interchange, HS Codes are the only means available to allow the systematic identification of the type of product being imported. For release based on the paper process, the HS code is not required.

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**Q: What will be done in the case of equipment being imported for the purposes of export to another country?**

A: The importation reason should indicate that such equipment is imported to be exported. In this case, the certification number will not be required. However the model number will be required to ensure adequate follow-up.

**Q: How will Low Value Shipments (LVSs) and postal shipments be dealt with?**

A: For LVSs and postal releases where the release process requires no information or minimal information at time of importation, sporadic and targeted inspections based on reports from Customs would be used to monitor compliance with Canadian certification requirements. The Industry Canada data elements would not have to be provided in these cases.

**Q: Will there be any information requirements that affect the importation of component parts?**

A: No, component parts are not subject to these requirements.

**Q: How do I know if the product that I am importing has been certified?**

A: All products which have been certified by Industry Canada for use in Canada are listed on either the Radio Equipment List or on the Terminal Equipment List depending on the type of equipment. These lists are available in the form of searchable databases on the Telecommunications and Radiocommunication Equipment pages on the Strategis web site (see below). The result of a search can also be downloaded in a tab delimited format for convenience. Note that if a product has been certified for use in another country, it doesn't mean that it is certified to Canadian requirements.

**Q: Are there any products which can be imported without Industry Canada Certification?**

A: In the special case of Citizen's Band (CB) Radios in the 27 MHz band, Industry Canada will accept authorization by the US Federal Communications Commission (FCC) to the US requirements as equivalent to certification by Industry Canada to the Canadian requirements. In this case, the FCC authorization number of the CB Radios should be provided to Revenue Canada - Customs in place of the normal Industry Canada certification / approval number. This is an exception and any other regulated products will require certification specifically to Canadian requirements.

**Q: What is the difference between certification and approval number?**

A: These two types of numbers are equivalent. Approval numbers are mostly used in radiocommunication as a short form for "type-approval number" which refers to the process leading to certification.

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**Q: What if the product to be imported has been certified to both telecommunications and radiocommunication requirements and has a certification number on the Terminal Equipment List (TEL) and an approval number on the Radio Equipment List (REL)?**

A: Only one of the two, either the certification number on the TEL or the approval number on the REL, has to be provided as the certification number to Revenue Canada - Customs.

**Q: How do I find the certification / approval number for the product that I am importing?**

A: Certification / approval numbers are identified on the Radio and Terminal Equipment Lists. These numbers should also appear on the certified equipment.

**Q: Why are computers and other types of equipment that do not require certification, included in the list of equipment being monitored?**

A: Industry Canada is only interested in these types of products because of the possibility that they may include integrated or pre-packaged products such as facsimile or data modems which are regulated as telecommunications or radiocommunication equipment.

- For integrated telecommunications apparatus such as a modem in a TV or laptop computer, certification occurs on the TV or laptop model as an integral unit. The terminal equipment database would then refer to the model number of the TV or laptop, for example, and this information is to be provided to Revenue Canada - Customs.
- For pre-packaged telecommunications apparatus such as a modem in a computer, certification of the modem is done separately and the terminal equipment database would refer to the model number of the modem itself, not the computer it is in.

If you are importing a product of one of these types which doesn't include any telecommunications or radiocommunication equipment that needs to be certified, you must still provide Customs with the model number of the product. The reason of importation in the EDI submission would refer to the product as "not regulated". On paper, the importer should include a note that the product does not contain regulated products covered by the importation monitoring initiative of Industry Canada, to assist the Customs officer.

**Q: Will Industry Canada be carrying out any post importation surveillance?**

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**A:** Yes, Industry Canada staff may contact importers after their products have entered Canada for confirmation or clarification of information. Inspections may be carried out as appropriate. Fines and other penalties may be used as part of the enforcement process to ensure compliance to the Canadian regulatory requirements.

**Q: When will these requirements come into effect?**

**A:** The requirement for the provision of this new information is planned to be made effective beginning May 1, 2000. The new information can currently be provided to Revenue Canada - Customs on a voluntary basis.

**Q: Were any other alternatives considered before moving ahead with the importation monitoring initiative?**

**A:** Yes,  
The status quo was considered. Industry Canada has an agreement with Revenue Canada - Customs that Customs officer could report suspicious shipments to Industry Canada regional offices. This option is not acceptable in light of the Mutual Recognition Agreements where increasingly complex and diverse equipment will be certified to Canadian requirements by foreign countries. It is not realistic to ask Revenue Canada - Customs to train their personnel to become familiar with Industry Canada requirements and perform verification on our behalf. This option would not provide the minimum information required to evaluate the potential risks to Canadians.

The other option which was considered is to be active at time of importation. This option would involve the intervention of Industry Canada before a Customs officer would release a shipment. This intervention would involve an authorization by Industry Canada and potentially inspections of the shipment. This alternative was considered to be labour intensive and would have introduced delays in the importation process.

The option that was chosen in a compromise of the two previous ones in that Industry Canada will be operating in a passive mode at time of importation providing that adequate information is collected by Revenue Canada - Customs. This information has to be collected as part of the importation process to allow proper and timely post importation and market surveillance actions to be taken as appropriate.

**Q: Where can I find more information?**

**A:** Industry Canada is creating a web site to provide information on our importation monitoring initiative. The address of the Telecommunications and Radiocommunication Equipment web site is

## **Q & A on Industry Canada's Importation Monitoring Initiative**

<http://strategis.ic.gc.ca/SSG/rz00010e.html>

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