



THE U.S.-CANADA NON-RESIDENT IMPORTER PROGRAM

By Lea Daeschel

Canada is the largest trading partner of the United States and represents one of the most receptive markets in the world for U.S. goods and services. In 2006 U.S. exports to Canada were valued at \$192 billion and two-way trade between the countries amounted to approximately \$509 billion. The North American Free Trade Agreement and geographic proximity give U.S. exporters an advantage in the Canadian market.¹ The Non-Resident Importer Program serves as a way to increase this competitive advantage.

One of the key ways to achieve market penetration for export sales to Canada is to make the transaction resemble as much as possible a Canadian domestic transaction for the Canadian customer. One of the best ways to achieve this is through the Non-Resident Importer Program (NRI) which allows the U.S. exporter to include all shipping, customs clearance fees, duties and taxes in the shipping and handling fees charged to the customer. This takes the burden of importing off the Canadian importer and allows the U.S. exporter to sell to Canada on a delivered-price basis rendering the ordering process more transparent and stable to the Canadian customer.

What is a Non-Resident Importer?

A Non-Resident Importer (NRI) is a U.S. company that does not have a physical presence in Canada but imports into Canada under their company name. The NRI essentially becomes both the exporter and the importer of record which and will include all fees in the delivered price of goods to the Canadian customer's door, including duties and taxes. Simplifying the import process of sales made to your Canadian customer can play a significant role in gaining access to the Canadian market.

BENEFITS OF BEING A NON-RESIDENT IMPORTER

Simplifies Pricing- you create price certainty for your Canadian customers by including in your selling price transportation costs, customs clearance fees and duties and taxes.

¹ "Doing Business in Canada: 2008 Country Commercial Guide for U.S. Companies." U.S. Commercial Service: Your Global Business Partner. 18 Mar. 2008. 4 June 2008 <www.buyusainfo.net/docs/x_9495205.pdf>.

Eases the Trade Process for your Customers- doing trade with a U.S. NRI means the Canadian customer does not need to be involved in the import process which makes doing business with participating U.S. companies as easy as purchasing products from a Canadian company.

Increases Your Competitive Advantage- the NRI establishes a level playing field with Canadian companies and gives you an advantage over U.S. competitors.

Creates a Price Advantage- by consolidating shipments your import broker can clear them in your name as one clearance creating significant savings for both you and your Canadian customer.

Improves Shipment Control- as the U.S. exporter and NRI you control the shipping process door-to-door. Customs delays are minimized with consistent clearance processing which improves the timely and consistent delivery of your product.

Maximizes Shipment Tracing- tracing your product is simplified and improved. You are able to track the movement of your shipment and will be automatically advised when the goods are customs cleared.

Expands Your Market Reach into Canada- through the improvements in customer service generated by the NRI program U.S. companies that participate are able to increase their market share in Canada and compete more effectively with Canadian companies and U.S. competitors

HOW TO BECOME A NON-RESIDENT IMPORTER

Any U.S. company that makes export sales to Canada can become a Non-Resident Importer. The program is best suited for U.S. companies selling direct to Canadian consumers, retailers and businesses.

Role of Customs Broker

A customs broker can provide you with step-by-step assistance in setting up your company as an NRI. This would include establishing yourself as an NRI, pricing and assisting you with regulatory compliance and how to manage import duties and taxes.

What is the Cost?

There is no specific charge for establishing a U.S. company as an NRI. Some customs brokers may charge a fee for assisting with set up but in general there is no cost.

Forms for Establishing a U.S. Company as an NRI:

The following are the forms a U.S. company would need to complete to set themselves up as an NRI. Your chosen customs broker will help you with this process.

Business Number:

The first step in establishing a U.S. company as an NRI is applying for a business number (BN) through the Canadian Border Services Agency (CBSA). The BN is a unique identification number required to import goods into Canada. The form is officially called an RC1-Request for a Business Number. Once this is completed with a copy of the company's Certificate of

Registration, a Business Number will be provided by the CBSA. In many cases a custom broker will assist the U.S. company in obtaining this number.

General Agency Agreement:

This agreement must be signed if a U.S. company uses a Canadian customs broker. It authorizes the customs broker to act on behalf of the Importer of Record (the NRI) and conveys the terms of the agreement. This form is required to be signed by an executive of the U.S. company applying to be an NRI. In the case of a partnership arrangement both parties must sign the agreement.

Maintainer of Record Form:

The Canadian Border Services Agency (CBSA) regulations require proper records be maintained in Canada for a period of six years following importation. These records include everything from the purchase order to final payment. Completion of the Maintainer of Record Form permits the NRI to maintain their own records in the United States at their facility upon agreement with the terms in the form to set up an account.

Customer Information Sheet/Credit Application:

This is a form that permits a customs broker to compile and document the necessary information to set up an accurate profile of the NRI in their database and establish the agreed upon credit arrangements.

HOW THE NRI PROGRAM ENHANCES EXPORT SUSTAINABILITY

Sustainable business seeks to address and incorporate the aspects of economic, social and environmental development into all facets of operation. This approach recognizes the competitive advantage of sustainable business and that improvements in social and environmental performance can also provide a company with cost savings and increased efficiencies. The following are ways the NRI program can contribute to sustainability in exporting:

Minimizes Transportation Routes- the NRI program is able to minimize transportation routes which serves to reduce greenhouse gas emissions, fine particulate matter and other pollutants that are generated by burning fuel.² This has the added effect of also increasing reliability and performance for U.S. NRI's, and overall improving their business in Canada.

Consolidates Shipments- the NRI program allows a U.S. exporter to consolidate shipments which serves to lower shipping costs and allow for fewer truck movements which results in lower emissions and fuel consumption. This also allows for less congestion on major freeways, a reduction in noise pollution and the frequency of accidents and an overall improvement in the quality of life for area residents.

Reduces the Use of Paper- consolidated shipping and customs clearance can reduce the amount of export paperwork required as well as packaging material which saves both money and the use of paper as well. Many customs brokers can also work with you to receive your customs

² Hecht, Joy. "The Environmental Effects of Freight." Organisation for Economic Cooperation and Development 1 (1997). 15 May 2008 <<http://users.rcn.com/jhecht2/pubs-and-papers/envtl-effects-of-freight.OECD.1997.pdf>>.

paperwork and issue your invoicing in an electronic format thereby reducing paper invoices and envelopes.

Empowers Your Sales Team- the NRI program opens the door to large retailers, small businesses and consumer direct sales. By providing your sales team the best possible access to international as well as domestic customers, you enable them to maximize domestic and international sales transactions. This generates employee satisfaction, higher morale, and better performance.

Ron Ubels of CDS Customs Services LTD is a customs broker based out of Vancouver, B.C. and is a business service provider the Portland, OR US. Export Assistance Center has worked with and recommends. He is the source of much of the information provided on this page. To learn more about the NRI program you can contact Ron directly:

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