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TARIFFS AND TRADE

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Committee on Government Procurement

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SUBMISSION FROM THE DELEGATION OF CANADA ON THE
MATTER OF A UNIFORM COUNTRY OF ORIGIN FOR
THE REPORTING OF STATISTICS

The following submission was tabled by the delegation of Canada at the Committee meeting of 16 March 1989.

Following discussions at its meeting of 7 October 1988 on the requirement under new sub-paragraphs (b) and (c) of Article VI:10 that statistics be reported according to the "country of origin of the product", the Committee agreed to a suggestion that Parties explain in writing their rules of origin used for (i) implementing obligations, and (ii) statistical reports. The Canadian delegation submits the following reply to this request.

The Department of Supply and Services (DSS) has made provision in Directive 3004, paragraph 56, of its Supply Policy Manual for determining the eligibility of goods for Code application based on rules of origin. The relevant paragraph is as follows:

"In order to determine whether a product imported from other signatory countries is subject to the application of the Code, Canada shall not apply rules of origin which differ from those used in the normal course of trade, at the time of importation, to imports of the same products from the same signatories. When the origin of a product is in question, directorates may request potentially successful foreign suppliers to provide DSS with a Certificate of Origin which they may obtain from the responsible department or agency of the signatory country. Upon request, Revenue Canada, Customs and Excise, will verify whether the certifying department or agency named is in fact authorized to make such certifications on behalf of its own government".

The provisions of Supply Policy Manual 3004, paragraph 56, formed the basis for Canada's reply to a 1984 Secretariat enquiry on the rules of origin applied by Parties for the purposes of government procurement.

With regard to the reporting of statistics, prior to January 1989, suppliers were required to report the origin of their goods on the basis of the Vendor Supply Point (VSP). The VSP was defined in the DSS Supply Policy Manual as:

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"the geographic location where the greatest economic impact will occur, i.e. the location at which the goods are manufactured, if not known, from which the goods are shipped by the vendor. In the case of services, where the services are mainly performed".

As of January 1989, the procurement officer must now report one country of origin for each GATT contract in addition to the Vendor Supply Point. The following excerpt from Section 25 of the DSS Supply Policy Manual Directive 3004 relating to the GATT Agreement on Government Procurement instructs that bid documentation must include a statement concerning country of origin:

"bid documentation provided to suppliers shall contain all the information necessary to permit them to submit responsive bids, including the following:

(i) a statement that the bid should identify the country of origin for each product".

The country of origin refers to the location where the product (or products) was mined, produced or manufactured. This definition applies to the gathering of information for statistical purposes. If there is more than one country of origin associated with a contract, the contracting officer determines which country accounts for the highest value.

Consider, for example, the case of a contract valued at Can\$430,000, involving three products manufactured in Country X and two products manufactured in Country Y.

Product A: Can\$ 40,000 country of origin is X
Product B: Can\$ 50,000 country of origin is X
Product C: Can\$140,000 country of origin is X

Country X total: Can\$230,000

Product D: Can\$175,000 country of origin is Y
Product E: Can\$ 25,000 country of origin is Y

Country Y total: Can\$200,000.

In this example, Country X would be reported as the country of origin.

The Canadian delegation hopes that this information will be useful to the Committee in advancing its discussions on the matter of a uniform country of origin for the reporting of statistics.