



Do Currency Fluctuations Impact Importers?

By Cyndee Todgham Cherniak on August 25th, 2015

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The answer is “YES”, the current currency fluctuations in the Canadian dollar have an impact on importers. Generally speaking, many importers in Canada purchase goods from foreign sources in United States dollars (foreign vendors do not desire Canadian dollars). The current weakening of the Canadian dollar (on August 24, 2015, the Bank of Canada closing USD/CAD exchange rate was 1.3262) means that goods purchased in USD become more expensive when converted into Canadian dollars.

When importers complete the B3 “Canada Customs Form”, they must report the value for duty in Canadian dollars. This means that when the USD/CAD exchange rate reflects a weakening of the Canadian dollar, the value for duty increases. If the value for duty increases, the applicable duties payable (assuming the goods are not duty free) and goods and services tax payable increases. If the importer uses the incorrect exchange rate, the Canada Border Services Agency (CBSA) may issue a redetermination.

In addition, if the goods are subject to antidumping duties and the exporter has been given normal values, the change in the exchange rate can affect whether antidumping duties will be assessed. For example, if a person buys copper pipe fittings (subject to antidumping duties) from the United States for \$USD 1000 and paid \$CDN 1228 at the time the goods were ordered, antidumping duties may be assessed by the CBSA should the exchange rate change leading up to the delivery date (say August 24th, the value for duty would be \$1326.20). The antidumping duties would be charged on the difference $\$1326.20 - @\$1228.00 = \$98.20$.

In many cases, the normal values are calculated in a foreign currency (e.g., RMB for Chinese goods) and are converted into USD by the seller on a particular date. With the recent devaluation of the RMB and the weakening of the Canadian dollar, Canadian importers would have to take into account both currency exchange rates fluctuations when ensuring that the value for duty is above the normal value.

Tags: Canada Border Services Agency, CBSA, CDN, currency, exchange rate, export price, normal value, RMB, USD

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