

Trade Compliance Verifications – January 2021

The CBSA manages trade compliance with the Tariff Classification, Valuation, and Origin programs using the following two post-release verification processes:

1. Random verifications
2. Verification priorities

Random verifications

Random verifications are designed to measure compliance rates and revenue loss and the results may be used for many purposes, including:

- risk assessment
- revenue assessment
- promoting voluntary compliance

Verification priorities

Targeted verification priorities are determined through a risk-based, evergreen process, meaning that new targets are added throughout the year. Verification priorities may also be carried over from previous years. The current verification priorities are:

Tariff Classification:

Spent Fowl (Round 2)

- The risk identified is that imported goods could be incorrectly classified as spent fowl within Headings 02.07, 16.01 and 16.02, instead of being properly classified under tariff items subject to tariff rate quotas (TRQs) within the same chapters, and potentially be subject to very high duty rates
- This verification priority was released in July 2017 and is now complete

Results of first round of verifications for spent fowl

Targeted companies (Round 1)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
68	68	30	44%	\$5,920,743	\$172,636,995	\$127,650	\$178,685,388

- A second round of verifications was released in May 2020. Results are not yet available.
- The results of the first round show that most of the goods that were found to be misclassified in the first round were properly re-classified as broiler chicken under Chapter 2 of the *Customs Tariff*

LED Lamps

- The risk identified is that imported goods could be incorrectly classified as light-emitting diode (LED) lamps under Heading 85.39, instead of being properly classified under Heading 94.05, and be subject to a duty rate of 7%
- This verification priority was released in May 2020. Results are not yet available.

Furniture for Non-Domestic Purposes (Round 3)

- Headings 94.01 (Seats) and 94.03 (Other furniture and parts thereof) classify furniture for domestic purposes or other furniture for non-domestic purposes. The risk identified is that goods may be misclassified as furniture for non-domestic purposes, which is duty-free, instead of furniture for domestic purposes, which attracts a duty rate up to 9.5%.
- This verification priority was released in January 2013 and is now complete

Results of first round of verifications for furniture for non-domestic purposes

Targeted companies (Round 1)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
25	25	15	60%	\$337,663	\$594,090	\$1,050	\$932,803

- A second round of verifications was released in February 2017 and a third round in March 2019. The results to date are included in the following table.

Results of second and third round of verifications for furniture for non-domestic purposes

Targeted companies (Rounds 2-3)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
109	38	33	87%	\$178,081	\$1,453,190	\$70,300	\$1,701,571

- The results of the first 3 rounds show that most of the goods that were found to be misclassified were properly re-classified as furniture for domestic purposes

Batteries (Round 4)

- The risk identified is that batteries may be misclassified under duty-free tariff items within Heading 85.06, whereas they should be properly classified under other tariff items within the same heading, and be subject to a duty rate of 7%
- This verification priority was released in November 2013 and is now complete
- A second round of verifications was released in August 2016 and is also complete
- A third round of verifications was released in June 2018 and is also complete

Results of first, second and third round of verifications for batteries

Targeted companies (Rounds 1-2-3)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
36	36	35	97%	\$56,000	\$222,908	\$66,550	\$345,458

- A fourth round of verifications was released in May 2020. Results are not yet available.
- The results of the first 3 rounds show that most of the goods that were found to be misclassified were properly re-classified under tariff item 8506.10.90 of the *Customs Tariff*

Footwear (\$30 or more per pair) (Round 4)

- The risk identified is that footwear subject to a duty rate of 18% could be misclassified under other related tariff items, such as women’s footwear valued at \$30 or more per pair, which attracts a duty rate of 11%
- This verification priority was released in March 2014 and is now complete
- A second round of verifications was released in May 2016 and is also complete
- A third round of verifications was released in July 2017 and is also complete

Results of first, second and third round of verifications for footwear (\$30 or more per pair)

Targeted companies (Rounds 1-2-3)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
175	175	134	77%	\$420,239	\$2,266,039	\$148,450	\$2,834,728

- A fourth round of verifications was released in May 2019. Results are not yet available.
- The results of the first 3 rounds show that the goods that were found to be misclassified were properly re-classified under various tariff items of Heading 64.03 of the *Customs Tariff*

Articles of Apparel and Clothing Accessories (Round 3)

- The risk identified is that goods could be incorrectly classified within Heading 39.26, which attracts lower duty rates, instead of being properly classified under tariff item 6210.40.90 (other men's or boys' garments) or 6210.50.90 (other women's or girls' garments), which are subject to the significantly higher duty rate of 18%
- The issue is that clothing containing a layer of plastic, combined with textile fabric that is not considered as reinforcement to the plastic, should not be classified under Chapter 39
- This verification priority was released in December 2014 and is now complete
- A second round of verifications was released in May 2016 and is also complete

Results of first and second round of verifications for articles of apparel and clothing accessories

Targeted companies (Rounds 1-2)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
185	185	136	74%	\$1,133,688	\$2,696,878	\$54,050	\$3,884,616

- A third round of verifications was released in October 2017 and the results to date are included in the following table

Results of third round of verifications for articles of apparel and clothing accessories

Targeted companies (Round 3)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
20	18	14	78%	\$67,086	\$38,598	\$4,650	\$110,334

- The results of the first 3 rounds show that most of the goods that were found to be misclassified were properly re-classified under various tariff items within Chapters 42, 61, 62 and 65 of the *Customs Tariff*

Parts of Lamps (Round 4)

- The risk identified is that imported goods could be incorrectly classified as parts of lamps, within Heading 94.05, instead of being properly classified elsewhere within the same Heading, or under other chapters, and potentially be subject to various duty rates
- This verification priority was released in September 2015 and is now complete
- A second round of verifications was released in February 2017 and is also complete

Results of first and second round of verifications for parts of lamps

Targeted companies (Rounds 1-2)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
141	141	106	75%	\$329,491	\$1,629,198	\$61,600	\$2,020,325

- A third round of verifications was released in December 2018. The results to date are included in the following table.

Results of third round of verifications for parts of lamps

Targeted companies (Round 3)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
66	50	30	60%	\$89,369	\$318,938	\$52,000	\$460,307

- A fourth round of verifications was released in May 2020. Results are not yet available.
- The results of the first 3 rounds show that most of the goods that were found to be misclassified were properly re-classified within Heading 94.05 or under Chapters 73, 76, 84 and 85 of the *Customs Tariff*

Pasta (Round 3)

- The risk identified is that pasta could be incorrectly classified within Heading 19.02, which is subject to various duty rates, instead of being properly classified elsewhere within the same Heading, and potentially be subject to higher duty rates
- This verification priority was released in November 2015 and is now complete
- A second round of verifications was released in April 2017 and is also complete

Results of first and second round of verifications for pasta

Targeted Companies (Rounds 1-2)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
136	136	96	71%	\$149,530	\$1,226,372	\$117,475	\$1,493,377

- A third round of verifications was released in October 2019. Results are not yet available.
- The results of the first 2 rounds show that most of the goods that were found to be misclassified were properly re-classified elsewhere within Heading 19.02 of the *Customs Tariff*

Cell Phone Cases (Round 2)

- The risk identified is that cell phone cases could be incorrectly classified under various tariff items within Headings 39.26, 42.02 and 85.17, whereas the goods could potentially be properly classified under tariff item 4202.32.90 (articles of a kind normally carried in the pocket or in the handbag; with outer surface of sheeting of plastics or of textile materials; other), and be subject to a duty rate of 8%
- This verification priority was released in January 2016 and is now complete

Results of first round of verifications for cell phone cases

Targeted companies (Round 1)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
23	23	23	100%	\$38,939	\$1,821,478	\$41,250	\$1,902,047

- A second round of verifications was released in June 2018 and the results to date are included in the following table

Results of second round of verifications for cell phone cases

Targeted companies (Round 2)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
16	15	12	80%	\$66,705	\$1,008,151	\$5,000	\$1,079,856

- The results of the first 2 round show that most of the goods that were found to be misclassified were properly re-classified under tariff item 4202.32.90 of the *Customs Tariff*

Pickled Vegetables (Round 4)

- The risk identified is that dill pickles or baby dill pickles may be misclassified within Heading 20.01
- Misclassification results in an avoidance of the 8% duty payable for subheading 2001.10, which would be the appropriate classification for pickles
- This verification priority was released in June 2012 and is now complete
- A second round of verifications was released in August 2013 and a third one in January 2017, and they are also complete

Results of first, second and third round of verifications for pickled vegetables

Targeted companies (Rounds 1-2-3)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
58	58	35	60%	\$113,975	\$412,668	\$21,150	\$547,793

- A fourth round of verifications was released in December 2017 and the results to date are included in the following table

Results of fourth round of verifications for pickled vegetables

Targeted companies (Round 4)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
93	92	56	61%	\$104,449	\$515,870	\$74,800	\$695,119

- The results of the first 4 rounds show that most of the goods that were found to be misclassified were properly re-classified under tariff items 2001.10.00 (cucumbers and gherkins) and 2005.99.90 (other vegetables) of the *Customs Tariff*

Gloves (Round 2)

- The risk identified is that imported goods could be incorrectly classified as gloves within Headings 39.26 and 42.03, instead of being properly classified within Chapter 61 or 62, and potentially be subject to higher duty rates up to 18%
- This verification priority was released in July 2017 and the results to date are included in the following table

Results of first round of verifications for gloves

Targeted companies (Round 1)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
37	35	26	74%	\$197,985	\$1,833,488	\$38,800	\$2,070,273

- A second round of verifications was released in October 2019. Results are not yet available.
- The results of the first round show that the goods that were found to be misclassified were properly re-classified under Chapters 39, 40, 42, 62 and 65 of the *Customs Tariff*

Safety Headgear (Round 4)

- The risk identified is that safety headgear could be incorrectly classified under duty-free tariff items, whereas the goods could potentially be properly classified as other safety headgear under tariff item 6506.10.90, which attracts a duty rate of 8.5%
- This verification priority was released in December 2011 and is now complete
- A second round of verifications was released in May 2013 and a third round in July 2017, and they are also complete

Results of first, second and third round of verifications for safety headgear

Targeted companies (Rounds 1-2-3)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
53	53	42	79%	\$247,862	\$682,424	\$104,000	\$1,034,336

- A fourth round of verifications was released in March 2019 and the results to date are included in the following table

Results of fourth round of verifications for safety headgear

Targeted companies (Round 4)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
6	5	4	80%	\$85,935	\$115,355	\$27,250	\$228,540

- The results of the first 4 rounds show that the vast majority of the goods that were found to be misclassified were properly re-classified under tariff item 6506.10.90 of the *Customs Tariff*

Bags (Round 2)

- The risk identified is that imported goods could be incorrectly classified as bags within Heading 42.02, instead of being properly classified elsewhere within the same heading, and potentially be subject to duty rates up to 11%
- This verification priority was released in October 2017 and is now complete

Results of first round of verifications for bags

Targeted companies (Round 1)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
20	20	16	80%	\$93,370	\$1,333,062	\$4,050	\$1,430,482

- A second round of verifications was released in July 2019 and the results to date are included in the following table

Results of second round of verifications for bags

Targeted companies (Round 2)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
42	11	5	45%	\$7,191	\$140,402	\$2,000	\$149,593

- The results of the first 2 rounds show that most of the goods that were found to be misclassified were properly re-classified elsewhere within Heading 42.02 of the *Customs Tariff*

Import Permit Numbers (Round 2)

- The risk identified is that imported goods could be classified under “within access commitment” tariff items within various chapters, such as Chapter 2 (meat of bovine animals and poultry) and Chapter 4 (dairy products), without the required import permit number on the declaration
- Those chapters include goods that are subject to tariff rate quotas (TRQs) under Canada’s supply management system
- TRQ goods imported without the required import permit number are properly classified under “over access commitment” tariff items and are subject to very high duty rates
- This verification priority was released in October 2017 and is now complete

Results of first round of verifications for import permit numbers

Targeted companies (Round 1)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
174	174	60	34%	\$631,843	\$4,103	\$56,050	\$691,996

- A second round of verifications was released in May 2019 and the results to date are included in the following table

Results of second round of verifications for import permit numbers

Targeted companies (Round 2)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
224	207	138	67%	\$2,074,105	\$280,819	\$670,850	\$3,025,774

- The results of the first 2 rounds show that in most cases, the importers had incorrectly declared their import permit numbers, or they were not in possession of valid ones, in which case the goods were re-classified under an “over access commitment” tariff item of the *Customs Tariff*

Other Mountings and Fittings, Suitable for Furniture (Round 2)

- The risk identified is that imported goods could be incorrectly classified as mountings and fittings, suitable for furniture, within Heading 83.02, instead of being properly classified elsewhere within various chapters, and be subject to duty rates up to 6.5%
- This verification priority was released in June 2018 and the results to date are included in the following table

Results of first round of verifications for other mountings and fittings, suitable for furniture

Targeted companies (Round 1)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
16	13	13	100%	\$27,390	\$281,616	\$7,500	\$316,506

- A second round of verifications was released in February 2020. Results are not yet available.
- The results of the first round show that most of the goods that were found to be misclassified were properly re-classified elsewhere within Heading 83.02 of the *Customs Tariff*

Air Heaters and Hot Air Distributors (Round 2)

- The risk identified is that imported goods could be incorrectly classified as air heaters and hot air distributors within Heading 73.22, instead of being properly classified elsewhere within the same chapter, and be subject to duty rates up to 7.5%
- This verification priority was released in June 2018 and the results to date are included in the following table

Results of first round of verifications for air heaters and hot air distributors

Targeted companies (Round 1)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
18	14	13	93%	\$69,101	\$259,927	\$6,050	\$335,078

- A second round of verifications was released in July 2019. Results are not yet available.
- The results of the first round show that most of the goods that were found to be misclassified were properly re-classified within Heading 73.21 of the *Customs Tariff*

Flashlights and Miners' Safety Lamps (Round 2)

- The risk identified is that imported goods could be incorrectly classified as flashlights and miners' safety lamps within Heading 85.13, instead of being properly classified elsewhere within the same heading, and be subject to a duty rate of 7%
- This verification priority was released in June 2018 and the results to date are included in the following table

Results of first round of verifications for flashlights and miners' safety lamps

Targeted companies (Round 1)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
10	9	6	67%	\$47,572	\$596,847	\$50,150	\$694,569

- A second round of verifications was released in October 2019. Results are not yet available.
- The results of the first round show that most of the goods that were found to be misclassified were properly re-classified elsewhere within Heading 85.13 or within Heading 94.05 of the *Customs Tariff*

Stone Table and Counter Tops (Round 2)

- The risk identified is that stone table and counter tops could be incorrectly classified under tariff item 9403.90.00, which is duty-free, instead of being properly classified under various tariff items within Heading 68.02, which attract duty rates up to 6.5%
- This verification priority was released in March 2016 and is now complete

Results of first round of verifications for stone table and counter tops

Targeted companies (Round 1)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
13	13	13	100%	\$57,394	\$572,086	\$3,900	\$633,380

- A second round of verifications was released in October 2018 and the results to date are included in the following table

Results of second round of verifications for stone table and counter tops

Targeted companies (Round 2)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
8	4	2	50%	\$1,741	\$42,420	\$25,500	\$69,661

- The results of the first 2 rounds show that the goods that were found to be misclassified were properly re-classified under Heading 68.02 or elsewhere within Heading 94.03 of the *Customs Tariff*

Disposable and Protective Gloves (Round 4)

- The risk identified is that disposable and protective gloves, which are duty-free if the gloves qualify for specific end-uses, may be properly classified under tariff items 3926.20.91 or 4015.19.90, which attract a duty rate of 6.5% and 15.5% respectively
- This verification priority was released in October 2012 and is now complete
- A second round of verifications was released in July 2013 and a third one in January 2016, and they are also complete

Results of first, second and third round of verifications for disposable and protective gloves

Targeted companies (Rounds 1-2-3)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
52	52	47	90%	\$253,959	\$1,082,175	\$30,000	\$1,366,134

- A fourth round of verifications was released in October 2018 and the results to date are included in the following table

Results of fourth round of verifications for disposable and protective gloves

Targeted companies (Round 4)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
10	5	1	20%	\$0	\$0	\$500	\$500

- The results of the first 4 rounds show that the goods that were found to be misclassified were properly re-classified under tariff items 3926.20.91 and 4015.19.90, and under Headings 48.18, 62.10 and 63.07 of the *Customs Tariff*

Parts of Machines and Mechanical Appliances

- The risk identified is that imported goods could be incorrectly classified as parts of machines and mechanical appliances within Heading 84.79, instead of being properly classified elsewhere within various Chapters, such as 39 and 73, and be subject to duty rates up to 6.5%
- This verification priority was released in December 2018 and the results to date are included in the following table

Results of first round of verifications for parts of machines and mechanical appliances

Targeted companies (Round 1)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
15	10	8	80%	\$40,742	\$787	\$10,500	\$52,029

- The results of the first round show that most of the goods that were found to be misclassified were properly re-classified under Chapters 39, 73, 84, 85 and 90 of the *Customs Tariff*

Other Chemical Products

- The risk identified is that imported goods could be incorrectly classified as other chemical products within Heading 38.24, instead of being properly classified elsewhere within various Chapters, such as 15 and 38, and be subject to duty rates up to 11%
- This verification priority was released in December 2018 and the results to date are included in the following table

Results of first round of verifications for other chemical products

Targeted companies (Round 1)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
18	5	2	40%	\$0	\$6,095	\$1,000	\$7,095

- The results of the first round show that most of the goods that were found to be misclassified were properly re-classified elsewhere within Chapter 38 of the *Customs Tariff*

Valuation:

Apparel (Round 3)

- The risk identified is that, given the high rates of duty associated with the apparel industry (Chapters 61 and 62), importers of apparel may not be in compliance with the valuation provisions of the *Customs Act*. The duty rates vary from 10% to 18%.
- This verification priority was released in February 2012 and is now complete
- A second round of verifications was released in September 2015 and is also complete

Results of first and second round of verifications for apparel

Targeted companies (Rounds 1-2)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
143	143	86	60%	\$6,213,743	\$59,756,490	\$216,300	\$66,186,533

- A third round of verifications was released in April 2017 and the results to date are included in the following table

Results of third round of verifications for apparel

Targeted companies (Round 3)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
85	77	40	52%	\$1,321	\$17,892,322	\$97,900	\$17,991,543

- The results of the first 3 rounds show that many goods were found to be valued incorrectly (e.g., assists were not added to the price paid or payable)

Footwear (Round 2)

- Given the high rates of duty associated with footwear (Chapter 64), there is a risk that importers of footwear may not be in compliance with the valuation provisions of the *Customs Act*. The duty rates vary from 10% to 20%.
- This verification priority was released in February 2012 and is now complete

Results of first round of verifications for footwear

Targeted companies (Round 1)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
16	16	7	44%	\$380,334	\$2,351,737	\$1,950	\$2,734,021

- A second round of verifications was released in October 2018 and the results to date are included in the following table

Results of second round of verifications for footwear

Targeted companies (Round 2)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
63	33	16	48%	\$5,317	\$557,461	\$10,400	\$573,178

- The results of the first 2 rounds show that many goods were found to be valued incorrectly (e.g., freight charges and service fees were not added to the price paid or payable)

Origin:

Bedding and Drapery (Round 2)

- The risk identified is that manufacturers in the United States of America were using fabrics not produced in the North American Free Trade Agreement (NAFTA) territories as an input for bedding and drapery (under Headings 63.01, 63.02 and 63.03), but were declaring the goods as “Made in USA” in order to qualify for NAFTA
- This verification priority was released in February 2012, and is now complete

Results of first round of verifications for bedding and drapery

Targeted companies (Round 1)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
15	15	8	53%	\$57,385	\$558,930	\$525	\$616,840

- A second round of verifications was released in December 2017 and the results to date are included in the following table

Results of second round of verifications for bedding and drapery

Targeted companies (Round 2)	Cases closed	Cases in error	Percentage non-compliance	Detailed adjustment statement Issued (dollars)	Self-adjustments by importers (dollars)	Penalties (dollars)	Total (dollars)
22	20	8	40%	\$0	\$270,889	\$43,950	\$314,839

- The results of the first 2 rounds confirmed that some of the products that were verified did not qualify under NAFTA because of the inputs used in their production