

tradeweek

Your Resource for Global Trade | July 15, 2006 | Vol. 117, No. 13

The WCO Diagnostic Framework



Carol Osmond, senior policy advisor,
I.E.Canada

Carol Osmond, I.E.Canada's senior policy advisor, wrote the following article.

Carol Osmond, I.E.Canada's senior policy advisor, recently participated in an intensive five-day workshop on the Customs Capacity Building Diagnostic Framework developed by the World Customs Organization (WCO). The workshop, held in Brussels, Belgium at WCO headquarters from June 12 to 16, 2006, had 19 participants from both the private and public sectors.

Customs administrations from a number of countries were represented including China, India, the Netherlands, Italy and the United States, as well as Eurocustoms.

The WCO Diagnostic Framework is a comprehensive guide designed to assist in the assessment of the capacity building needs of customs administrations in developing countries. The notion of creating such a tool arose in early 2002 after the WCO had concluded an examination of why capacity building activities in WCO member countries so often fail to deliver sustainable results. It was discovered that while a multitude of diagnostics had been undertaken using a wide variety of models, these assessments were often completed without looking at Customs in a comprehensive manner and by persons who did not necessarily have a strong Customs background.¹ It became apparent that a standardized diagnostic tool was needed to meet the growing demands for capacity building from WCO members.

Diagnostic, cont'd on pg. 4

Our Cross-Canada Seminar Series

Canadian importers and exporters know they need to stay on top of changes in government procedures and requirements at the border to ensure the speedy arrival of their goods.

gave members the chance to learn about impending changes that will affect the movement of their goods before they are implemented.

The seminars were held in Halifax, Windsor, Kitchener, Markham,

Our cross-Canada seminar series

Seminars, cont'd on pg. 3

BCCC Update

Since the Border Commercial Consultative Committee (BCCC) met in early May 2006 in Ottawa, two of the BCCC subcommittees have held meetings in Toronto, the AMPS Subcommittee and the Contingency Planning Subcommittee.

AMPS Subcommittee

The AMPS Subcommittee met on June 20, 2006. Shane Brown attended on behalf of I.E.Canada. At the meeting the Canada Border Services Agency (CBSA) tabled for discussion a draft AMPS Logic Flow Chart, which it proposes to use to review existing contraventions and to apply when creating new ones in order to significantly reduce the number of penalties and to set penalties consistently based on the perceived risk level and the desired degree of deterrence.

Other issues discussed during the meeting included the following:

Absolute versus Strict Liability versus Intent: It is CBSA's position that all AMPS contraventions are absolute liability offences (i.e. no requirement for intent or negligence), a position with which I.E.Canada does not agree. CBSA noted that legal counsel appointed to advise CBSA with respect to the AMPS review will also address this issue.

BCCC Update, cont'd on pg. 2

Welcome New Members!	2
West Coast Ports Merger Bound?	3
Member Profile	5
Bank of Montreal	6

insiti

Welcome New Members!

The following companies joined I.E.Canada between May 31 and June 30, 2006. We are very pleased to welcome our new members!

Adel Group

Carlos Lopez
Director
Richmond Hill, Ontario

Apple Berry Farm Market

Kyla Pierik
Owner
Bridgewater, Nova Scotia

Boom International Marketplace Inc.

Jason Eadie
President
London, Ontario

Buckley Search Inc.

Kevin Buckley
President
Mississauga, Ontario

CIBC Global Banking and Trade Solutions

Mauro Spagnolo
Vice President and Head, Trade Finance
Toronto, Ontario

Centennial College School of Business

Liz Gosse Davidson
Instructor
Scarborough, Ontario

Daemar Inc.

Karen Unsworth
Financial Manager
Oakville, Ontario

Formica Canada

Benoit Leclerc
Customs Compliance
St. Jean, Quebec

Gates-Windsor, Div. of Gates Canada Inc.

Karen Petahtegoose
Customs Specialist / Accounts Payable
Windsor, Ontario

Kent Homes Ltd.

Jason Simms
Sales Manager
Boutouche, New Brunswick

Lanxess Inc.

David Hillier
International Trade Specialist
Sarnia, Ontario

Nokia Products Limited

Tracey Francey
FSP Controller
Ajax, Ontario

P.F. Collins Customs Broker

Kendra Roherty
Import Specialist
Halifax, Nova Scotia

Smucker Foods of Canada Co.

Negede Gessese
Customs Compliance
Markham, Ontario

Sobeys National Merchandising Group

Mauricio Bobadilla
Manager of Regulatory Affairs
Mississauga, Ontario

The TDL Group Corp. (Tim Hortons)

John McQuarrie
Director, Tax
Oakville, Ontario

VMAC Vehicle Mounted Air Compressors

Patricia Giannasi
Traffic Supervisor
Nanaimo, British Columbia

Wrigley Canada Inc.

Mary McIntosh
Senior Business Analyst
Toronto, Ontario

(on the offender and competitors), first versus habitual offence, and intentional nature of the offence.

Penalties for ACI Marine and Air:

No AMPS penalties will be imposed until June 26, 2007.

Filing of Supplementary Information under ACI by Freight Forwarders:

CBSA recently advised that it will not accept supplementary information under ACI from freight forwarders. This position has been taken on the basis of a legal opinion received by CBSA that freight forwarders have no legal obligation to provide such information. CBSA is currently working with industry on this issue.

Penalty Reduction Agreements:

While it was noted that there is a draft policy with respect to Penalty Reduction Agreements, it is considered to be incomplete. A key issue relates to what should be considered compliance-related expenditure and whether it should encompass more than simply hardware and software. CBSA will report back on this issue at the next meeting.

The issues of volumetrics and "whichever is greater" will be discussed at the next AMPS Subcommittee meeting to be held in September 2006.

Contingency Planning Subcommittee

The BCCC Contingency Planning Subcommittee met on June 21, 2006. Jaime Seidner represented I.E.Canada at the meeting, which was attended by other associations as well as CBSA officials. The purpose of the meeting was to review the draft border contingency protocol that has been developed by CBSA and U.S. Customs and Border Protection as provided for in the Security and Prosperity Partnership of North America (SPP). The existing protocol is high level and CBSA is in

BCCC Update, cont'd from pg. 1

Risk Assessment: There was some discussion of the factors to be considered in assessing risk when setting penalty amounts, including health and safety, government revenue, statistics, economic impact

BCCC Update, cont'd on pg. 5

Shipping and Trade Horizons



Leo Ryan

Shipping and Trade Horizons, a Tradeweek column, is produced by Leo Ryan. The column addresses Canadian industry issues and trade developments of interest to our members.

West Coast Ports Merger Bound?

Ever since David Emerson was given the key portfolio of international trade and the Pacific Gateway by the Conservative government earlier this year, the pot has been stirring in a significant way among Canada's West Coast ports facing stiff challenges from U.S. competitors. Now Lawrence Cannon, the federal minister of transport, infrastructure and communities, is running with the ball.

For several years, some maritime industry representatives have been suggesting that the best competitive option could involve the creation of a super-port by bringing several ports in British Columbia under the same umbrella.

At the invitation of Cannon, British Columbia's three largest ports confirmed on July 7 that they have agreed to begin discussions to explore the feasibility of creating a single, integrated entity. The boards

of directors of the ports concerned had just met with the minister. A brief press release did not specify a target date for the conclusion of talks but simply stated that, "more information will be offered as discussions evolve."

Such a Pacific Gateway, uniting Vancouver, Canada's biggest port, with two other Lower Mainland ports at Fraser River and North Fraser, would clearly seek to compete more effectively with U.S. rivals on the West Coast of North America as maritime trade with Asia continues to surge.

This would be a somewhat narrower, but still highly substantial, version of the proposal aired last summer by Norman Stark, president and CEO of TSI Terminal Systems, which operates two container terminals at the Port of Vancouver. An overhaul of Canada's transportation system, he said, should include merging Vancouver, Fraser River, North Fraser, Steveston and the District of Squamish into one huge port.

All told, the three ports represent 131.5m tonnes of cargo, or about 45 per cent of the overall throughput of the member ports of the Association of Canadian Port Authorities (ACPA). The ports of Vancouver and Fraser River alone account for 2 million TEUs, or over half of Canada's total containerized cargo.

Industry observers consider that the catalyst for the initiative may have been the departure last winter of CP Ships from Fraser Surrey Docks at Fraser River Port following the carrier's acquisition by Hapag-Lloyd. The latter has transferred CP Ships box cargo to Vancouver terminals.

This resulted in Fraser Surrey Docks losing up to 70 per cent of its business – an especially hard blow in the wake of the completion of a \$190 million expansion. And while

Fraser Surrey Docks has laid off one third of its workforce, the Port of Vancouver is stretched to the limit to cope with a 20 per cent increase in box traffic.

When the port authorities were established under the 1999 Canada Marine Act, the new legislation determined that they should operate as distinct, self-financing corporate entities that could naturally compete for market share. Some amendments may be required to this legislation to empower Canadian ports to formally merge or cooperate more fully.

Over the past few years, Capt. Gordon Houston, president and CEO of the Vancouver Port Authority, has spoken out on a number of occasions in favour of an alliance among B.C. ports to elaborate a coordinated, long-term approach. "In many cases," he noted, "we are competing with one another, rather than working together to strategically develop and market our ports to maximize the share of North American trade that flows through B.C."

Well, the Conservative government has now challenged the stakeholders to see how far they are prepared to go. It's an affair worth watching closely by Canadian importers and exporters.

Leo.Ryan@bellnet.ca

Seminars, cont'd from pg. 1

Vancouver, Winnipeg and Calgary.

Eric Couture of U.S. Customs and Border Protection (CBP) and Stephane Lupien of EDC talked about "life in the FAST lane and how to get there." In each city, Eric and Stephane updated delegates on changes to the Customs-Trade Partnership Against Terrorism (C-TPAT) program and ACE. Delegates

Seminars, cont'd on pg. 4

Diagnostic, cont'd from pg. 1

In June 2002 the WCO Council (made up of the directors general of customs from all WCO member countries) endorsed the need to develop a comprehensive capacity building strategy, including such a diagnostic tool. The Customs Capacity Building Strategy was adopted by the Council at its June 2003 session. It recognizes that capacity building "is a broad and comprehensive process involving all aspects of Customs administration and cannot be tackled successfully on a narrow technical assistance or single-issue basis," which was so often the case in the past. It stresses the importance of accurately diagnosing capacity building needs and tailoring initiatives to the cultural, political and economic circumstances of individual customs administrations. The strategy also emphasizes the importance of individual member countries taking ownership of their own development through high-level political commitment and the active participation of the local customs administration.

The WCO, either through the Secretariat or its members (including Canada), is currently involved in conducting 95 diagnostic missions in member countries throughout the world under what has been dubbed the Columbus Programme. The Columbus Programme was launched by the WCO to support the implementation of the Framework of Standards to Secure and Facilitate Global Trade (SAFE) by providing diagnostic and developmental assistance to developing countries who have signed on to SAFE. Recognizing that the WCO Secretariat does not have sufficient staff and the downsizing that has occurred in customs administrations around the world, the WCO welcomes the participation of the private sector in carrying out these diagnostic missions. Once the diagnostic missions are completed by the end of this year, the WCO will have a compre-

hensive overview of the capacity building needs of customs administrations in developing countries throughout the world.

The workshop, which was led by two officials from the WCO's Capacity Building Directorate, involved a series of presentations, group discussions, case studies based on actual diagnostic missions, and role playing exercises. It examined both the philosophy and content of the Diagnostic Framework, as well as the WCO Integrity Development Guide.

The Diagnostic Framework consists of seven chapters covering each of what are considered to be the essential components of sustainable capacity building:

- Strategic Management (strategic planning, organizational and institutional framework, etc.)
- Resources (human, financial and physical)
- Legal Framework (legislation, customs control and compliance, etc.)
- Customs Systems and Procedures (classification, clearance, enforcement, valuation, rules of origin, security and facilitation of the international trade supply chain, revenue collection, etc.)
- Information and Communication Technology (applications for Customs, infrastructure, planning and management, etc.)
- External Cooperation and Partnerships (business partnerships, communication and international cooperation)
- Good Governance (relationships with the private sector, transparency, regulatory framework, code of conduct, etc.)

In addition to being an assessment tool, the Diagnostic Framework includes guidelines on how to design, implement and monitor capacity building projects.

The philosophy underlying the Di-

agnostic Framework is that to ensure capacity building is sustainable in the longer term, it must be tackled on a comprehensive basis, and once capacity building needs have been identified, member countries must take the lead in developing and managing their own strategic plans to address those needs.

Carol has a keen interest in customs reform in developing countries, especially Latin America. A lawyer specializing in customs and international trade, she spent 4 ½ years working with an international law firm in Mexico, and more recently has travelled extensively throughout Latin America examining implementation of trade facilitation measures by local customs administrations. She took the workshop in anticipation of participating in a legal and customs reform project in Central America later this year.

¹ Michael Danet, Secretary General, World Customs Organization, Foreword to the Customs Capacity Building Diagnostic Framework

Seminars, cont'd from pg. 3

learned about the new rules, how the rules will affect their business and what CBP requires from their company prior to arriving at the U.S. border.

Other topics included best practices in customs and trade planning, counterfeiting in Canada, contingency planning, nutritional labeling, Incoterms, minimizing duties and taxes, customs documentation "tips and traps," and HS classification.

"We value member feedback and the seminars in the various cities across Canada featured customized sessions based on requests from our members in those cities," says Mary Anderson, president, I.E.Canada.

Member Profile



Moore-McLean Corporate Insurance has been a member of I.E.Canada since April 1998.

Moore-McLean Corporate Insurance Ltd. was established in 1975 and founded by partners Fred McLean and George Moore. In 2001, Tracy McLean, Daryn McLean and Rick Messier transitioned the firm to the next generation of ownership.

Located in the heart of downtown Toronto's financial district, Moore-McLean has a national presence and offers specialized expertise in a variety of business classes. The firm provides commercial, personal, life and health insurance and financial services products to their customers globally.

Moore-McLean has 40 head office employees. Most of the staff are designated Chartered Insurance Professionals (CIPs) or Canadian Accredited Insurance Brokers (CAIBs).

"Our role is to understand your business and to respond quickly to your changing needs and business environment. We align ourselves with the best insurers worldwide. This enables us to provide you with advice on how to reduce your risk while offering you price options and alternatives that complement your business practices," says Tracy McLean, the owner and director of Moore-McLean.

Moore-McLean's mission is to achieve excellence in every aspect of their business and build a company that can be regarded as the best professional insurance broker.

The Benefits of Membership

"We see value in opportunities to in-

roduce and promote insurance products and financial services to Canada's trade community," says Tracy. She points out that the firm's products provide security and can help importers, exporters, custom brokers and freight forwarders to increase revenues through their business relationships in the global marketplace.

Association membership has helped Tracy to make members aware of the advantages of using insurance products to promote increased sales and good business practices. Risk management solutions - insurance, financial products and services - can help members to improve their competitive edge and differentiate themselves in the global market.

Aside from the opportunities to build business relationships with other association members, Tracy points to other valuable benefits, such as I.E.Canada's conferences and seminars, which help importers and exporters to stay current on the very latest changes in customs and trade policy.

I.E.Canada also provides association members with a voice on issues that affect the membership as a whole, says Tracy.

New importers and exporters will find value in the information and the support they receive through I.E.Canada, along with the chance to build new relationships, adds Tracy.

Moore-McLean would like I.E.Canada to address the following issues in the future:

- Invisible exposures, i.e. financial risks
- Loss prevention
- Claims management
- Best practices in risk reduction

The staff at Moore-McLean are available to facilitate queries at (416) 364-4000.

Member Profiles

We are happy to publish member profiles, or articles about our members and their services in *Tradeweek*.

Profiles in our newsletter give members the chance to promote their services and increase their visibility amongst association members.

If you would like a member profile about your company featured in *Tradeweek*, please contact Jane Carter at (416) 595-5333 ext. 36 or by e-mail at: jcarter@iecanada.com.

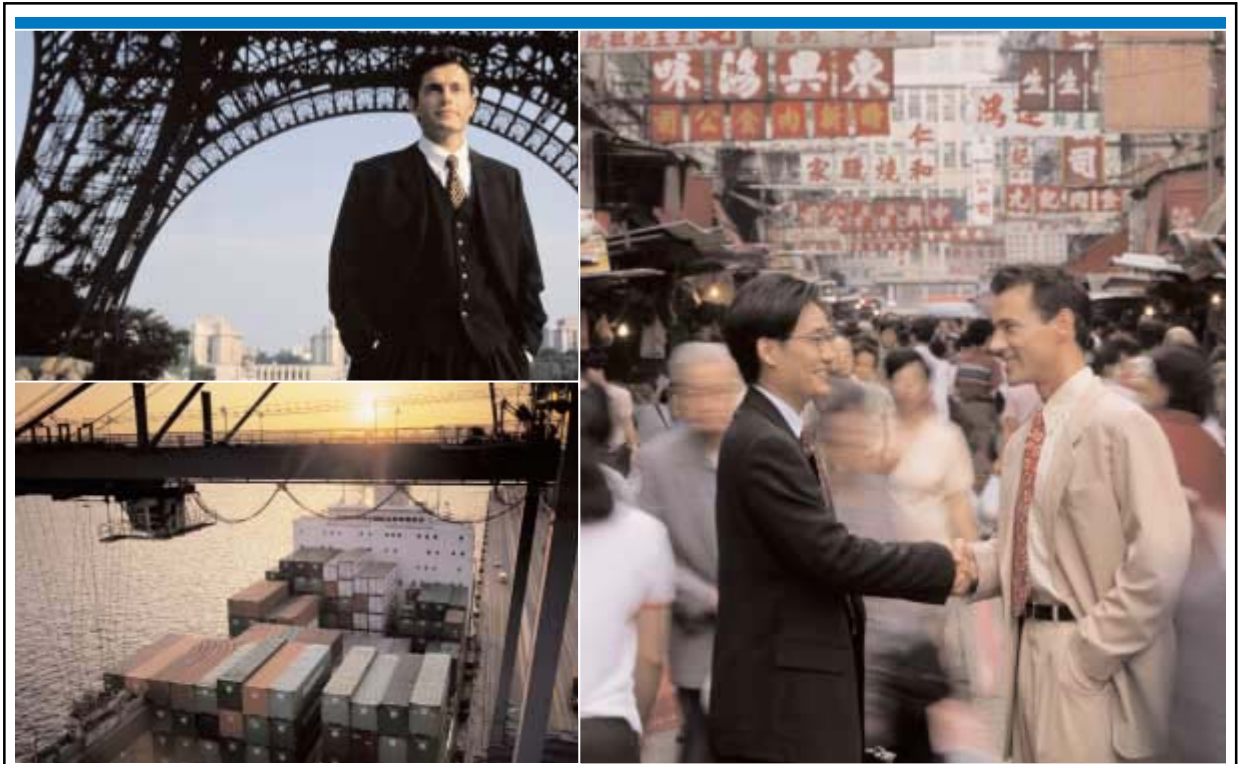
BCCC Update, cont'd from pg. 2

the process of developing a more detailed plan with both stakeholders and other government agencies. Planning sessions are currently underway, including a table-top exercise with both public and private sector participants (including a representative of I.E.Canada) scheduled for July 20, 2006. The objective is to ensure that in the event of a border emergency, the flow of trade remains as unhindered and practicable as possible while maintaining the integrity of the border.

A copy of a presentation to the Customs and Legislation Committee on June 20, 2006 by Stuart MacPherson, director, emergency preparedness and health and safety, CBSA, concerning border contingency planning is available at: www.iecanada.com/members_only/tradeweek/2006/border_contingency_protocols.ppt.

As soon as more details become available, members will be made aware.

This article was prepared by Carol Osmond, senior policy advisor, I.E.Canada, Shane Brown of Gottlieb & Pearson, and Jaime Seidner of Tradewin Canada.



Seizing the right global opportunity can help you
turn risks into timely rewards.

Are you trying to ensure proper credit and delivery in unfamiliar countries? Dealing with new foreign contacts? Managing risk in places where you are not known? We're your North American connection for trade finance worldwide. With our ongoing investment in technology and expertise, coupled with our commitment to superior quality and service, we're well-equipped to serve the needs of importers and exporters who do business in Asia, Latin America and Europe. If your business is on the fast track to growth, we can provide the support you need to take advantage of global opportunities. For more information, visit <http://corporate.bmo.com/tradefinance> or call your Relationship Manager.

A member of BMO Financial Group

© "BMO (M-bar roundel symbol)" and Tradevenue are registered trade-marks of Bank of Montreal, and "Nesbitt Burns" is a registered trade-mark of BMO Nesbitt Burns Corporation Limited, used under licence.™ "Innovative Thinking. Integrated Solutions." Is a trade-mark of BMO Nesbitt Burns Corporation Limited, used under licence. Member CIPF.

BMO  **Nesbitt Burns®**

Innovative Thinking. Integrated Solutions.™

Canadian Association of Importers and Exporters Inc.
Association canadienne des importateurs et exportateurs inc.

438 University Avenue, Suite 1618
Toronto, Ontario M5G 2K8
Telephone 416 595-5333
Fax 416 595-8226
www.iecanada.com

Editor: Melissa McCormack
Assistant and Desktop Publisher: Chris Neilson

Tradeweek is published twice each month for and on behalf of the Canadian Association of Importers and Exporters Inc. / Association canadienne des importateurs et exportateurs inc. It is circulated by first class mail to members only. Reproduction of any of the contents of *Tradeweek* is encouraged provided that appropriate source credit is given.