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Canada's State of Trade



A Train Travels Along Tracks

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This summer, International Trade Minister David Emerson presented the *Annual Report on Canada's State of Trade for 2006*. The document provides an overview of developments in the global economy that have influenced Canada's economic performance over the past year, and offers a snapshot of Canadian trade and in-

vestment flows by sector and by region.

Statistically, the *State of Trade* shows that 2005 was an impressive year for Canada's international commerce. Driven by high commodity prices and Canada's access to the American market, the Canadian economy demonstrated resilience in the face of global challenges. Canada exported a record-breaking \$516 billion in goods and services — a 5.2 per cent increase from 2004 — and foreign direct investment in Canada grew by more than nine per cent.

"But we cannot afford to be complacent. Our economy is being challenged on a number of fronts," says Minister Emerson. "As markets continue to globalize, all sectors — primary, manufacturing and services — are certain to face increasing pressure from new and traditional economies alike," he adds.

Minister Emerson points out that Canada remains under-represented in

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I.E.Canada's 75th Annual Conference

Please mark your calendars for I.E.Canada's 75th annual conference, which will be held from October 23 to 25, 2006.

This special conference, which will mark the beginning of the association's diamond anniversary

year, will take place at the Doubletree International Plaza Hotel Toronto Airport, 655 Dixon Road, Toronto. Sponsorship information is available on our Web site (www.iecanada.com).

We hope to see you in October!

Upcoming Events

Meeting with CBSA Regarding ACI/E-manifest

Members of the Customs and Legislation Committee Executive and the ACI Subcommittee will participate in a meeting with Canada Border Services Agency (CBSA) officials on August 4, 2006 in Mississauga. The purpose of the meeting is to learn from CBSA officials the status of implementation of ACI/E-manifest, CBSA's proposed deployment strategy, and its proposals for consulting with the trade community, as well as to provide feedback. The meeting is being held jointly with the Canadian Manufacturers and Exporters. Details of the meeting will be provided in the next issue of *Tradeweek*.

CACN Meeting with International Trade Canada

Members of the Canadian Anti-Counterfeiting Network, including I.E.Canada, will meet with senior officials from International Trade Canada (ITCan) on August 11, 2006 in Toronto. ITCan recently conducted a survey on the enforcement of intellectual property rights abroad. Numerous companies who responded to the survey raised concerns about counterfeit and pirated products from China. The purpose of the meeting is for companies to share their experience and insights into the situation in China and make

Events, cont'd on pg. 5

Member Profile

JPMorganChase

JPMorgan Chase Vastera joined I.E.Canada in April of 2001.

In 2005, JPMorgan Chase acquired global trade management leader and partner of two years Vastera, a leading provider of global trade management solutions. JPMorgan Chase combined Vastera with the Global Trade Services and Logistics businesses of JPMorgan Chase's Treasury Service's unit. This combination effectively raised the bar for supply chain integration by tying together financial and physical supply chain activity.

Now known as JPMorgan Chase Vastera, the company provides importers and exporters with a "one-stop shop" that addresses the increasing challenges and risks associated with moving goods across international borders. Such risks include:

- cash flow issues due to weakness in the supply chain
- delayed shipments due to incomplete export/import documentation
- fines or loss of trade privileges due to lack of compliance with trade regulations

JPMorgan Chase Vastera offers end-to-end risk management and operational solutions that can drive cost savings, increase efficiency and provide best-in-class compliance support across physical and financial supply chains. Its solutions include:

Managed Services

JPMorgan Chase Vastera's global trade outsourced solution helps clients reduce their global trade operating costs and realize benefits such as enhanced regulatory compliance, increased speed in their global supply chain and improved supplier sources. Offerings include import and export compliance management; international product man-

agement; duty management; broker management; and Restricted Party Screening and Resolution Services. JPMorgan Chase Vastera provides clients instant access to global trade experts with in-depth country-specific knowledge, new levels of control over global trade operational costs, and documented procedures that help customers better manage risk in an increasingly regulated environment. JPMorgan Chase Vastera helps its ten largest Managed Services clients avoid \$2 billion in duties annually.

Trade Management Consulting

JPMorgan Chase Vastera provides complete trade program assessment, design, implementation and counseling. Available for both strategic and tactical engagements, JPMorgan Chase Vastera's trade management consultants provide businesses with a greater understanding of the opportunities and risks associated with running international operations. The team assesses a company's trade operations, identifies areas for improvement, recommends solutions, and assists in significantly reducing risk and improving business performance. Offerings include trade compliance consulting in the areas of export and import compliance; and global supply chain management consulting under the categories of distribution and fulfillment analysis, working capital optimization, and strategic sourcing analysis.

Technology

JPMorgan Chase Vastera's TradeSphere™ is a suite of technology products for managing the entire global trade process — from order to fulfillment — across the broadest geographic scope. TradeSphere streamlines and automates the information exchanges associated with the cross-border movement of goods. Its components facilitate specific global trade functions, strategically manage the

information required to trade globally, and enhance the efficient exchange of information and goods among extended members of a client's global trade network. Functional components of TradeSphere include automated shipment documentation, export and import compliance, and restricted party screening.

Why did JPMorgan Chase acquire Vastera?

JPMorgan Chase wanted to extend its traditional offerings and became the first bank to integrate global supply chain solutions that link finance with trade management. Payables, receivables and logistics integration is offered by no other bank. As JPMorgan Chase investigated growth strategies for its Treasury Services division, it looked for a partner that would complement its current capabilities and bring greater depth in the trade arena.

Vastera already had mastered core capabilities that were important to the bank, including managing information, transaction processing, and providing great insight into the risk associated with international trade. What differentiated Vastera from its competition was its veteran team of industry and government trade experts; its unique three-pronged approach to delivering solutions to clients via either consulting services, technology, or managed services; its strong in-country presence, with trade experts located in 15 of the world's top trading countries; and its impressive blue chip client list.

Industry Recognition:

- #1 Global Trade Management supplier in North America — ARC Advisory Group, 2006
- Market Leader among Global Trade Management vendors — AMR Research, 2005
- The largest international trade logistics vendor — Aberdeen Group, 2005

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.

Red Flag Over U.S. Security Proposals

In response to new security legislation under consideration in Congress, a number of prominent Canadian railway, port and industry association leaders, including Mary Anderson of I.E.Canada, recently urged counterparts in the United States to ensure that the measures adopted do not adversely affect cross-border trade.

"Legislative proposals in the United States could undermine the close cooperation between our two governments to the detriment of business interests on both sides of the border," warns a joint letter sent to such industry bodies as the National Association of Manufacturers, the U.S. Chamber of Commerce, the American Association of Importers and Exporters, the World Shipping Council, the Association of American Railroads and the Canadian-American Business Council.

Co-signing the open letter, in addition to Mary Anderson, were Perrin Beatty (Canadian Manufacturers and Exporters), Nancy Hughes Anthony (Cana-

dian Chamber of Commerce), Mark Nantais (Canadian Vehicle Manufacturers Association), David Bradley (Canadian Trucking Alliance), Raymond Johnston (Chamber of Maritime Commerce), E. Hunter Harrison (CN), Fred Green (Canadian Pacific Railway) and Capt. Gordon Houston (Vancouver Port Authority).

The signatories in particular single out contemplated maritime security measures as an area of concern. Without saying so specifically, the underlying issue could be the creation of non-tariff barriers that would hamper the free flow of containers destined for the United States via the ports of Vancouver, Montreal and Halifax.

The letter recalls that after more than 11 years since the signing of the North American Free Trade Agreement (NAFTA), large sectors of the two economies are highly integrated, with industries becoming truly North American. "In fact, 34 per cent of our bilateral shipment of goods is comprised of intra-company trade and over 70 per cent is comprised of intra-industry trade."

"What is most troubling," the letter states, "is that these bills fail to recognize the important work undertaken by our two governments since 9/11 and the collaboration with the private sector on border and cargo security. That bilateral collaboration is critical given the economic stakes at risk and the challenge to ensure that critical infrastructure in both countries will be able to meet the travel volume and cargo delivery demands of the future."

The letter, dated June 14, goes on to point out that the first federal budget of the Conservative government reflects the twin goals of facilitating trade and enhancing security. New funding for border and cargo security is accompanied by US\$1.5 billion allocated to a Highways and Border Infrastructure Fund.

Under the Smart Border Action Plan, Canada and the United States have pledged to work together on the management of the border. And in an effort to harmonize commercial processes, Canada's Border Services Agency joined with U.S. Customs and Border Protection (CBP) in the Container Security Initiative to identify and scuttle terrorism threats before they reach North American shores.

Through the JTI program, the letter notes that U.S. inspectors work side by side with Canadians at the ports of Montreal, Halifax and Vancouver. Canadian inspectors are similarly stationed at Newark and Seattle. "At each of these sites, our officials screen inbound container cargo destined to either the United States or Canada and target all high-risk cargo comparable to the targeting and screening" undertaken at American ports.

Containers arriving at the above-mentioned ports that are destined for the United States all fall under another layer of cargo security – namely, intermodal rail traffic is subject to a CBP requirement that cargo manifest information be submitted electronically two hours prior to train arrival at the border.

Finally, Canada is also deploying radiation detection technology to further screen containers at its seaports as well as ports of entry along the land border.

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key Asian and European markets, and Canada is also falling behind in negotiating free trade agreements with its trade partners.

"And the best time to tackle these challenges is now, while the economy remains strong," he adds.

The report is available online at: www.international.gc.ca/eet/trade/state-of-trade-en.asp.

The U.S. Commercial Service Canada for Canadians

Stephanie Linton, commercial specialist, U.S. Commercial Service, U.S. Embassy, wrote the following article:

The food is appetizing, the bar is shimmering and all of our promotional materials are laid out strategically on tables at the entrance. I'm a little annoyed that the sushi chef is running late, but I can't blame him – it's raining hard, and I'm sure that traffic has come to a standstill. I wouldn't be surprised if the guests were an hour late as well.

Looking at the setup from the back of the auditorium at the U.S. Embassy, however, I can tell it will be a good night.

To my surprise, the first guest arrives, half an hour early no less. He is a larger fellow who carries himself in a jovial manner. I greet him and introduce myself, "Stephanie Linton, U.S. Commercial Service."

USCS Canada is responsible for promoting and facilitating trade between the United States and Canada. Our clients are small to medium-sized enterprises that are new-to-export and need assistance entering the Canadian market. We maintain a trade leads database, which is an active program for Canadian companies that identifies an immediate need for U.S. sources of goods and/or services. A typical candidate for the trade leads program is a Canadian firm that wants to expand their business and needs additional sources of goods and services to meet the expanding need from their clients.

For example, a Canadian distributor of fiber optic cable finds itself in need of additional supplies. It has targeted the United States as the most likely and reliable source, and so the company contacts the U.S. Commercial Service in Canada to see if we can help. Through various methods—including publishing in

newsletters; posting on the Department of Commerce Trade Leads database; and emailing U.S. companies in the industry—the U.S. Commercial Service locates and contacts appropriate partners for U.S. and Canadian businesses.

I learn that the jovial fellow mentioned earlier is named Chris, and he works for a freight-forwarding company. "Do you have a lot of American clients?" I ask him. The short answer was no. "You may want to look into the Bronze package of the Business Service Provider program," I start to tell him. "It's one of the services we offer to Canadians, and it gives you an opportunity to advertise to a targeted group of U.S. businesses through our website."

The BSP is a tool for Canadian service providers to advertise their services to U.S. businesses that need help exporting to Canada. For an annual fee, Canadian service providers are able to place their logo and company description on our BSP directory. Depending on the level of service, the company's logo can be up-front and center with the Commercial Service's on our website homepage, or their logo can be on one of the inner pages frequented by U.S. businesses. Whether they choose the Gold, Silver or Bronze package, Canadian companies will benefit from the U.S. Commercial Service referring all of our U.S. clients to the BSP directory first. Likewise, U.S. companies have the benefit of dealing with industry experts, when addressing their exporting needs.

While our primary emphasis is on the promotion of exports of goods and services from the United States to Canada, we offer a number of services for Canadian importers as well. The International Buyer Program, for example, is a service of the USCS that promotes U.S. trade shows to potential international partners.

Each year the U.S. Department of

Commerce selects 28 leading U.S. trade shows to promote worldwide through our global network of embassies, consulates, and commercial centers. As part of a delegation, Canadian companies benefit from the expertise of a USCS Commercial Specialist. Canadian companies find that their time at the trade show is used more productively by receiving consultations, matchmaking services, and in some cases, complimentary registration to the exhibition floor, as well as seminars.

For companies wanting a more personalized experience when sourcing U.S. goods and services, the Commercial Service offers Gold Key USA. A program designed to help Canadian companies make the most of their U.S. business trips. With Gold Key USA, the Commercial Service will arrange appointments with U.S. producers and providers of products sought for purchase by Canadian companies.

When companies make their way down to the United States, our trade specialist in the local market will provide them with a market briefing of their industry in the local market, promotional literature from qualified, pre-screened U.S. businesses, and up to six appointments with those companies.

Also, included is everything needed to conduct business: office space; use of fax, and telephone for domestic calls; internet; and, if requested, Commercial Service staff will accompany the business to their appointments.

Chris is intrigued. I hand him a brochure for the BSP program with one of my cards and I tell him to call me when he's ready to advertise to American business people.

The sushi chef finally arrives to serve a delectable selection of California rolls, clam nigiri, and tuna maki. I continue to greet guests as they ar-

Member Profile



Mountain Equipment Co-op (MEC) has been a member of I.E.Canada since July 1997.

Founded in Vancouver, B.C. in 1971, MEC supports people in achieving the benefits of “self-propelled wilderness-oriented recreation.” The socially and environmentally responsible retail co-operative does only limited advertising and donates a significant portion of its total sales to environmental conservation and outdoor recreation projects. Everyone who shops at MEC must own a \$5, lifetime share in the collectively owned co-operative. Among other benefits, membership in MEC entitles members to vote in the annual board of directors election.

MEC is Canada’s largest retail co-operative by membership, with over 2.4 million members in 197 countries. It is also Canada’s largest supplier of quality outdoor clothing and equipment, with a dominant selection in the product categories of climbing, packs, sleeping bags, cycling, and camping accessories. MEC-brand products represent roughly 50 per cent of MEC sales, which are complemented by other leading outdoor brands. Designed in-house, MEC gear has a reputation for functionality, durability and excellent value.

MEC members can shop at any of eleven retail stores across Canada, by mail order from their seasonal and specialty catalogues, or on-line at mec.ca. The retail co-operative also has a corporate and group sales program.

MEC’s stores—in Vancouver, Calgary, Toronto, Ottawa, Edmonton, Halifax, Winnipeg, Montreal, Quebec City, North Vancouver and Victoria—are known for their ‘green building’ features and performance. Some stores feature recycled timber, natural lighting and energy-efficient heating, cooling and ventilation systems. The green roof above the Toronto store was first on a retail building in Canada, while the Ottawa, Montreal and Winnipeg stores meet or exceed Natural Resources Canada’s C2000 energy efficiency standards. Some stores include climbing walls and full product demonstrations.

MEC’s head office is in Vancouver.

Benefits of Membership

“One of the benefits of membership in I.E.Canada is the opportunity to network with members and share information about international trade and corporate strategies for customs compliance,” says Mike Au, who manages supply chain services at MEC. Mike’s responsibilities at MEC include inbound logistics, customs security, vendor trade policy and compliance, and social and environmental responsibility in transportation.

The sharing of knowledge amongst the membership can help us all to improve the movement of goods from foreign vendors to end users, he adds.

Mike cites other benefits, such as *I.E.Today* and *Tradeweek*, which help him to keep up-to-date on emerging trade issues and changes in customs regulations. Knowledge of the latest changes in trade policy and regulations are important to ensure supply chain efficiency.

MEC would like to see I.E.Canada address the following issues in the future:

- Customs compliance and partner-

ships with foreign vendors

- Other WCO accredited supply chain security programs of foreign nations other than C-TPAT.

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.

U.S. Service, cont'd from pg. 4

rive. The room fills up, and guests network over red wine and great food. I introduce myself, and the BSP program to more people, and despite the weather, the event was a success.

For more information about USCS Canada services for Canadian importers, visit our website: www.buyusa.gov/canada or call Commercial Specialist Stephanie Linton at (613) 688-5406.

Events, cont'd from pg. 1

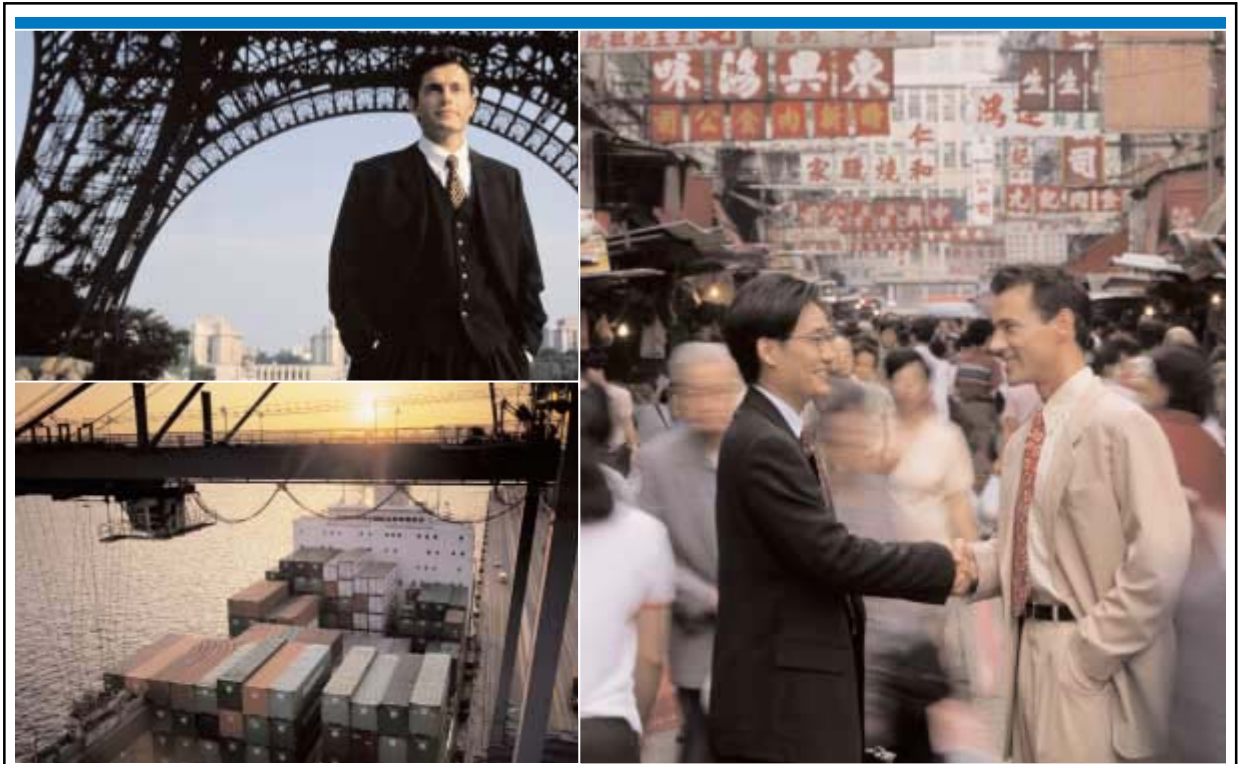
suggestions as to how the Canadian government can best promote an improvement in respect of enforcement against counterfeiters and pirates in China.

Mexico, What Comes Next?

John Price, president of InfoAmericas, the region’s leading business intelligence consultancy, will speak at a Canadian Council for the Americas (CCA) breakfast event on August 10, 2006.

John Price’s presentation promises to cut through the political buzz of the post-election dispute and clearly identify which portions of Mexico’s economy will be influenced by the next president. Delegates will leave the presentation with a clear picture of the opportunities and the risks in Mexico in the coming years and how they can position themselves to tackle the changes ahead.

For details, please call Alma Farias at (905) 827-5646.



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