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Finding Common Ground



Mary Anderson, president, I.E. Canada

The following article was written by Mary Anderson, president, I.E. Canada.

Earlier in September, I participated in interesting meetings in Ottawa and Washington, which reinforced in my mind the powerful impact of U.S. domestic politics on the Canada-U.S. trade relationship.

I was struck by the pre-electoral frenzy in Washington and the extensive media coverage of the impending mid-term elections in November. Washington insiders anticipate a shift in power in the U.S. House of Representatives with the addition of 15 Democrats. According to pundits in the capital city, the election will see Democrats assume control of the House of Representatives by a narrow margin, which will likely squeeze the Republican margin of control in the Senate.

As Canada and the United States have such different systems of government, the importance of shifts in power in Congress is often not fully appreciated in Canada. Nonetheless, if Democrats gain any measure of control in Congress, suggested Gordon Giffin, a former United States ambassador to Canada, the passage of future trade agreements will be stymied, protectionist tendencies will grow and meaningful modifications to Sarbanes-Oxley will be deferred. The challenge for Canadians in Washington, mused Mr. Giffin, is

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CACN News

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

Doug Geralde, chair of the Canadian Anti-Counterfeiting Network, and Brian Isaac, chair of the Legislation and Lobbying Commit-

tee, represented CACN at the Security and Prosperity Partnership (SPP) meeting in Washington, DC on September 14, 2006. The meeting was well attended by industry and government from all three NAFTA countries, and generated a useful and

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Annual Conference



Alain Jolicoeur, president, Canada Border Services Agency

Attend our annual conference on October 25 and you will hear first-hand from the president of the Canada Border Services Agency (CBSA) about the priorities and the future direction of the agency. It's not often that members of Canada's international trade community have the chance to learn of CBSA's goals and plans directly from the head of the agency.

Mr. Jolicoeur will also be available for a question-and-answer session following his presentation.

For conference details, please visit our Web site at:
www.iecanada.com/events.html.

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Member Profile



EnCana has been a member of I.E.Canada since April 1, 2003 and is a contributing partner to the protection of Canadian society and the facilitation of legitimate trade through the Partners in Protection (PIP) program.

EnCana is one of North America's leading natural gas producers, is among the largest holders of gas and oil resource lands onshore North America and is a technical and cost leader in the in-situ recovery of oilsands bitumen. EnCana delivers predictable, reliable, profitable growth from its portfolio of long-life resource plays situated in Canada and the United States. Contained in unconventional reservoirs, resource plays are large contiguous accumulations of hydrocarbons, located in thick or areally extensive deposits, that typically have lower geological and commercial development risk, lower average decline rates and very long producing lives compared to conventional plays. The application of technology to unlock the huge resource potential of these plays typically results in continuous increases in production and reserves and decreases in costs over multiple decades of resource play life. EnCana common shares trade on the Toronto and New York stock exchanges under the symbol ECA. EnCana has a staff of approximately 6,500 people.

The Benefits of Membership

"I.E.Canada provides us with up-to-date information via *I.E.Today*, their daily e-mail," says Nicole Stewart, customs specialist, EnCana.

"The association helps us to keep current on international trade issues and the ever-changing rules and regulations in today's fast-paced trade environment. The information we receive allows us to react proactively to those changes that may affect the way we do business. I.E.Canada membership provides us with the ability to advance our knowledge," adds Nicole.

Nicole also cites the opportunities to network with industry colleagues as another valuable membership benefit.

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that "Americans are benignly ignorant of Canada and Canadians are malevolently knowledgeable about the United States."

Indeed, Canadians and Americans see things through different lenses. From the Canadian perspective, everything is magnified and of enormous importance, but from the American point of view the image is distant and less defined.

With almost \$2 billion in goods traded daily between Canada and the United States; more than 500,000 border crossings each day; and a truck crossing the border every two minutes, you might expect that our commercial relationship would be problem-free.

However, being in Washington on the anniversary of September 11 gave me a real sense of the very different perspectives in both countries. According to one leading U.S. observer of the Canada-U.S. relationship, Canadians responded in the immediate aftermath of 9/11 with great humanity and compassion. In the months that followed, however, Canada began to return to a state of normal while normal was forever re-defined in the United States. In fact, it is very evident in Washington that the country

is at war (a war that began five years ago).

To achieve continental harmony, such differences in perspective need to be reconciled. Nonetheless, many in Washington have recently noted the distinct difference in the Canada-U.S. relationship based on the "tone at the top." President Bush and Prime Minister Harper have a number of shared interests, which many believe will benefit the trade relationship between the two countries in the long run.

The implementation of the Western Hemisphere Travel Initiative (WHTI) is on the minds of many observers of the U.S.-Canada relationship. Although those involved in commercial processes seem to be less focused on the issue, the 55 northern border caucus members of the U.S. Senate and Congress have taken this as a priority; their goal is to delay implementation of the WHTI until the right resources are in place.

Those cross-border agencies in charge of the border appear to have interests in common. Alain Jolicoeur, president of the Canada Border Services Agency (CBSA), and Deborah Spero, deputy commissioner of U.S. Customs and Border Protection (CBP), met in June 2006 to further define priorities. President Jolicoeur and Deputy Commissioner Spero spoke of similar priorities for the Canada-U.S. relationship at the respective meetings I attended in Ottawa and Washington. They both noted that CBP and CBSA confer daily and that the two organizations have a strong relationship.

In their presentations, both officials made reference to the layered defense concept, which is based on three components:

- Advance Information: Ms. Spero noted that prior to 9/11 there was an attempt to reduce the number of

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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.

Port of Halifax Targets India Trade

At the recent annual Halifax Port Days event, the major focus was the Nova Scotia port's potential for increasing maritime trade with Asia and India. A record 700-plus delegates were on hand to, among other things, hear the keynote speech of one of North America's leading transportation figures: E. Hunter Harrison, president and CEO of Canadian National Railway.

In his remarks, Mr. Harrison indicated that strong growth in Asian trade for the Port of Halifax will likely require the establishment soon of a container transload facility. "We will probably end up putting in a stuffing facility here where we can bring in merchandise and transfer it into containers for export out of Halifax."

Although Harrison noted that Halifax was "clearly our gateway to Europe," he also stressed that "Halifax will play a larger role in our drive in the future to capture more

business between Asia and North America, predominantly as a result of congestion in the west coast ports of the United States. Who would have thought of that just a few years ago?"

Last year, with the arrival of several new customers using the Suez route, Halifax posted a new record for container cargo of 550,404 TEUs. Expanding trade with the Far East accounted for 23 per cent of the total.

The Montreal-based transcontinental railway is a key partner, with New Jersey-based Maher Terminals, in the construction of a 500,000 TEU box terminal slated to be completed at Prince Rupert, in northern British Columbia, next fall.

In this connection, Mr. Harrison commented: "There is so much trade that is going to be coming from Asia from all the forecasts, I think there is plenty for Prince Rupert and plenty for the Port of Halifax to grow with."

During trade missions to Asia and India, the Port of Halifax has been touting unused box capacity of about 50 per cent as a competitive advantage for carriers and shippers seeking efficient, seamless transportation of goods into such strategic markets as the U.S. Midwest and Central Canada.

This message was reiterated by Karen Oldfield, president and CEO of the Halifax Port Authority, during her State of the Port Address which dwelt at length on trade opportunities with India.

"Ports on the west coast of India and Halifax," Oldfield noted, "are quite literally bookends to the Suez Canal. In fact, Mumbai is 2000 nautical miles closer to Halifax than it is to the Port of Vancouver. I believe Halifax is to India what Vancouver was to China maybe 10 or 12 years

ago. If I could sum up India in one word, that word would be - opportunity. A first step in converting opportunity into results is to find a good partner. And we did just that."

The Halifax Port Authority, in effect, has signed an agreement with Jeena & Company of Mumbai, one of India's oldest and largest logistics enterprises. "What they will do," Oldfield said, "is sell the Port of Halifax, market awareness, make connections with factories, shipping lines, importers and exporters - all to bring awareness regarding the Port of Halifax and using Halifax as an option to ship Indian-manufactured goods to North American markets."

Bilateral trade, meanwhile, between Canada and India has expanded from \$1.8 billion in 2001 to \$2.8 billion in 2005, with Canadian imports largely exceeding Canadian exports. This is a good base to build upon. But there are definite challenges, notably on the awareness front. As noted Homi Katgara of Jeena & Company, Halifax is not a widely known quantity in India.

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I.E.Canada's Trade Show

You won't want to miss our annual conference trade show, which takes place October 23 and 24, 2006. Our trade show is a key part of our plan to kick-off the celebrations of our diamond anniversary year at our 75th annual conference.

Sign up for a booth and showcase your products or services at our trade show.

A limited number of trade show booths are available. For details on booths, please contact Margaret Yipchuck at: myipchuck@iecanada.com or (416) 595-5333 ext. 30.

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cargo data elements, but now the reverse is the new normal. Mr. Jolicoeur emphasized that advance information pushes the decision point away from the border.

- **Targeting and Risk Analysis:** Ms. Spero stated that prior to 9/11, the focus was on contraband and counterfeit, but post 9/11, more sophisticated software is employed to target terrorism. Mr. Jolicoeur discussed the need for algorithms and risk scoring to identify those people and cargo that need to be detained.

- **Technology:** Large-scale x-ray and radiation detectors are in place. Ms. Spero noted that pre-9/11 the focus was on narcotics and post-9/11 the target is dirty bombs. Mr. Jolicoeur stated that the technology that underpins container security initiatives helps to push risk assessments offshore to the soil of over 40 countries. Both officials pointed to the comprehensive information sharing and reciprocity between Canada and the United States.

Mr. Jolicoeur outlined the following priorities for CBSA on September 6, 2006 in Ottawa:

1. Arming of 4400 CBSA officers during a phased in ten-year period.
2. Implementation of advance electronic cargo reporting (e-Manifest) at the land border over a three-year period.
3. Harmonization of PIP and C-TPAT.
4. Expansion of the Passenger Name Recognition (PNR) program to allow more effective gathering of advance traveler information, and of NEXUS Air from a pilot in Vancouver to broader deployment in other centres.
5. Development of bilateral business resumption planning protocols to ensure stability and predictability at the land border.

Ms. Spero outlined the following deliverables for CBP on September 11, 2006 in Washington:

1. Increase participation in and the alignment of PIP and C-TPAT.
2. Expansion of the Air Nexus program.
3. Implementation of e-Manifest for land.
4. Expansion of APR and PNR.
5. Development of business resumption protocols and procedures.

The two governments are committed to developing mirrored programs. On both sides of the Canada-U.S. border, the implementation of the Security and Prosperity Partnership (SPP) is a priority. Washington and Ottawa recognize the need to respect business boundaries and to reduce rather than raise business costs to ensure North America is globally competitive.

The working groups on the SPP will be reporting soon. It is clear that the 366 initiatives under the SPP need to be prioritized. For many in industry and government, the goal is to eliminate redundant processes and to make it less rather than more difficult to cross the border. Ensuring that shipments move more quickly across the border will be key to the competitiveness of North American industry.

Join us at our annual conference from October 23-25, 2006 and you will hear the very latest information about CBSA and CBP priorities and programs.

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productive discussion of possible initiatives to combat the sale of counterfeit and pirated products in North America. While the Canadian industry contingent was probably the smallest at the SPP meeting, it was very vocal, emphasizing the need for better tools for intellectual property enforcement in Canada. I.E. Canada serves as the secretariat for CACN. More information is available at www.cacn.ca.

Don't Be Waiting at the Border



A truck makes its way to the border

ACE is the new U.S. trade processing system that will replace the Automated Commercial System, the current import system used by CBP. Transition to ACE began in October 2003 with the launch of the ACE Secure Data Portal, a customized webpage that provides a single gateway to access CBP information via the Internet.

The ACE truck e-Manifest system will soon be mandatory for all carriers entering the U.S.A., requiring all partners in the supply chain—carriers, shippers, importers and customs brokers—to change the way that they do business. Canadian importers looking for insight into how e-Manifest/ACI implementation will affect their operations will be interested in hearing from the panel of experts at our annual conference on October 23, 2006 as they will:

- Provide an overview of the features of ACE
- Explain what is required under e-Manifest
- Address how technology can be

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This Land is Your Land: The 109th Congress & Canada



U.S. Congress, Washington

The United States remains the top manufacturing nation in the world and Canada's most important trading partner. But global terrorism has forever changed the way goods and people flow between our two countries. The U.S. Congress is considering a number of border security measures, including maritime security legislation, which will directly impact the cross-border movement of goods and people and threaten to undermine the close bilateral cooperation on border security initiatives to the detriment of business interests on both sides of the border. A panel of our American friends will discuss the legislative agenda of the United States 109th Congress and the implications for the Canadian trading community at our annual conference on October 23, 2006.

Birgit Matthiesen, commercial officer, economic and trade policy division, Canadian Embassy in Washington, will be the session moderator. The panelists will be Hall Northcott, president, American Association of Exporters and Importers; Jim Phillips, president and CEO, Can/Am Border Trade Alliance; and Scotty Greenwood, executive director, Canadian—American Business Council.

Committee Highlights

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

Customs & Legislation Committee

• Since meeting with senior officials from the Canada Border Services Agency at the end of August, members of the C & L Committee have been working together with members of Canadian Manufacturers and Exporters on a draft end state for Advance Commercial Information (ACI) in the highway mode, or e-Manifest. This document will be presented to CBSA for comment and shared with other stakeholders to solicit their feedback. A meeting with CBSA officials is anticipated for October. Members interested in influencing the future of ACI are encouraged to become involved in the ACI Subcommittee, chaired by Tracey Speares, who can be reached by e-mail at: Tracey_Speares@winners.ca.

Security Committee

• During a conference call on September 12, 2006, members of the Security Committee received a briefing from Stephen Conrad of Transport Canada on the future of air cargo security in Canada. Mr. Conrad will be speaking at the annual conference on October 24, 2006. The committee also agreed to form a working group to develop a communications plan for the association in the event of a border emergency/disruption.

Supply Chain Subcommittee

• Members of the Supply Chain Committee held a conference call on September 14, 2006 to set priority areas for the committee as follows: contingency planning/business resumption; visibility in the supply chain; rising costs in the supply chain. A number of members also volunteered to participate in a study on import and export best practices being conducted by Wilfred Laurier University.

LLRICE601: Zero Tolerance

CFIA Reverses Position

Keith Mussar, chair of I.E.Canada's Processed Foods Committee, has provided the following information.

The Canadian Food Inspection Agency (CFIA) is now applying a zero tolerance to the level of LLRICE601 in shipments of long grain rice from the U.S.

All shipments of long grain rice testing positive for LLRICE601 will be required to be returned to the country of origin or destroyed.

This is a significant reversal from their previous position reported in the September 15, 2006, issue of *Tradeweek*. At the time, CFIA reported that no compliance action would be taken on imported shipments of rice with accompanying documentation supporting the absence of LLRICE601.

I.E.Canada will provide members with additional information as it becomes available from the CFIA.

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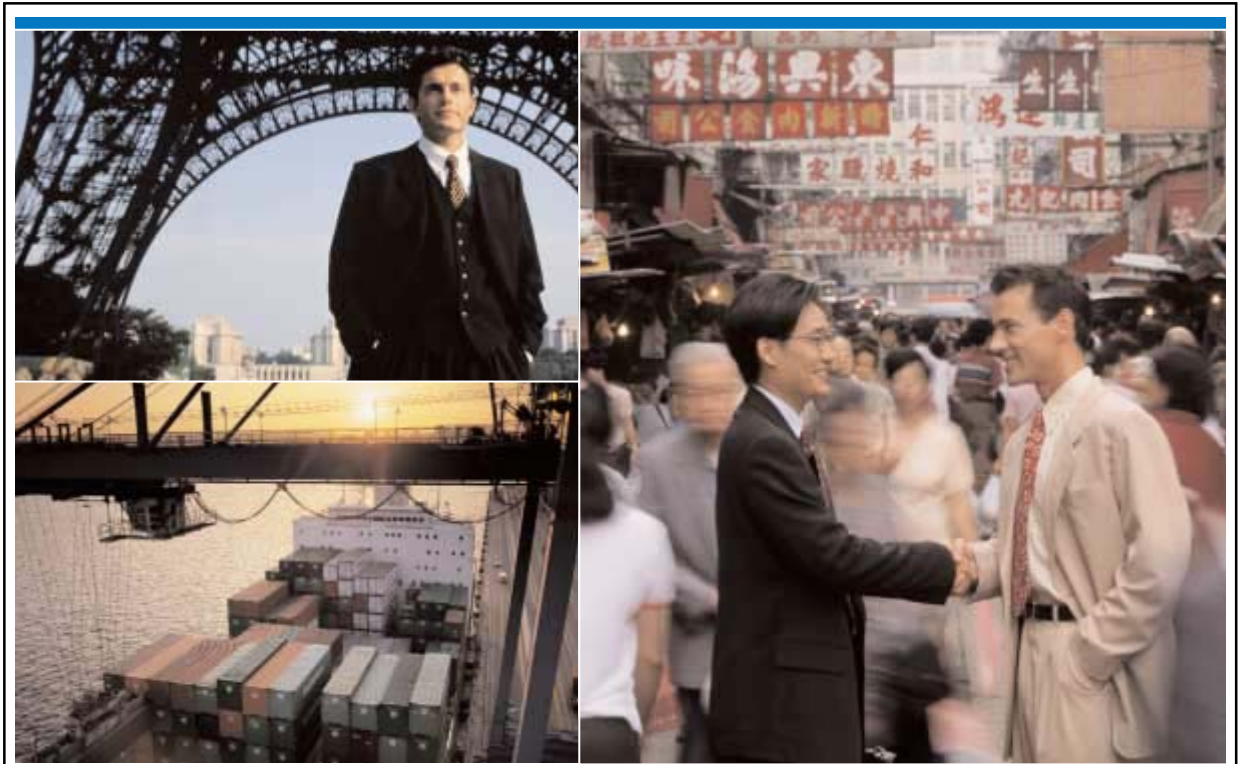
used to satisfy the new requirements

• Share what they are doing to prepare for the changes

Confirmed panelists for the session are: Gary Price, director, marketing, U.S. solutions, Livingston International Inc.; and Ron Lennox, vice-president, trade and security, Canadian Trucking Alliance.

For further information, please visit our Web site at: <http://www.iecanada.com/events.html>.

We look forward to seeing you at our annual conference, trade show and gala!



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