

# tradeweek

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## I.E.Canada Looks Back on 2006



A Train in Motion

2006. We are grateful for members' input and support, which has enabled us to achieve the successes outlined in this article.

### Representing I.E.Canada on Government Advisory Boards

As president of I.E.Canada, Mary Anderson represents the association on a number of government advisory boards and committees. These include the Canada Border Services Advisory Committee (CBSAC), which was created in 2005 to provide independent advice to the president of the CBSA on the major trends and developments that may affect the management of Canada's border, as well as the priorities, business and operations of the agency. The CBSAC is chaired by CBSA president, Alain Jolicoeur.

Mary is also a member of the Ministerial Strategic Advisory Group, which provides International Trade Minister David Emerson with input on a broad range of trade-related is-

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I.E.Canada had a busy year supporting members in the context of the trade and security agenda. We have had excellent engagement with Canada Border Services Agency (CBSA) and Foreign Affairs and International Trade Canada in

## Happy Holidays!



At 3:00 p.m. on Friday, December 22, 2006, I.E.Canada will close for the holidays. The association office will re-open for normal business hours on Tuesday, January 2, 2007. The next *Tradeweek* issue will be sent out on January 15, 2007.

Our best wishes for a happy, healthy and safe holiday season!

## Our 2006 Events

*Fée Kiessling, vice-president of conferences and programs at I.E.Canada, wrote the following article.*

It has been a great year for I.E.Canada's conferences. We held thirty one-full-day conferences and seminars across Canada in 2006.

### Food Forum

In 2006, I.E.Canada held its first food forum entitled, "Will You Be Ready to Comply?" Over 140 I.E.Canada members, government officials and representatives from the food industry gathered in Toronto on February 27, 2006. The event featured presentations from senior government officials who provided participants with an advance look at Canada's regulatory initiatives and inspection and compliance priorities for 2006-07. Participants said that the program provided practical information about how the policies and programs that affect their day-to-day business may be implemented. This event will now be held on an annual basis.

### Customs, Duty and International Trade Course

This three-day course was offered for the first time in western Canada; the event was held in Calgary from September 25-27. Delegates came

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insights

## Welcome New Members!

The following companies and individuals joined I.E.Canada in November 2006 to enjoy the benefits of membership. We welcome our new members!

**Abdelouahab Azzouzi**  
Student  
Stittsville, Ontario

**Cabela's**  
Ken "Ernie" Ewing  
Import Logistics Manager  
Sidney, Nebraska

**Corporate Efficiency Consulting Inc.** (CEC Inc.)  
Martha Kirby  
Vice President  
Burlington, Ontario

**Hellmann Worldwide Logistics Inc.**  
David Robinson  
Branch Manager  
Mississauga, Ontario

**OnSpex**  
Eli Szamosi  
Manager, New Business Development  
Toronto, Ontario

**VerdeSense Inc.**  
Mario Gerbasi  
General Manager  
Laval, Quebec

**Williams & Partners Chartered Accountants LLP**  
Enzo Morini  
Partner  
Markham, Ontario

**Wolverine World Wide Inc.**  
Fofi Dermatis  
Director of Finance  
Montreal, Quebec

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### 2006, cont'd from pg. 1

sues, such as Canada's global commerce strategy; Canada's trade infrastructure; and Canada's priorities in the context of emerging markets. Mary was also invited by the De-

partment of Foreign Affairs and International Trade (DFAIT) to serve on the Market Access Advisory Group (MAAG). The members of MAAG represent the private sector and provide (DFAIT) with advice and opinions on matters relating to non-agricultural market access issues for both goods and services. In addition to the opportunity to influence Canada's agenda for negotiating international trade pacts with other countries, I.E.Canada can benefit from first-hand information about market access issues.

Mary is an observer on DFAIT's SME Advisory Board. The advisory board is comprised of owners and representatives of small and medium-sized businesses from across Canada. The advisory board focusses on those issues faced by Canadian SMEs that DFAIT can help to resolve. Indeed, international trade has become a complicated affair for SMEs; they need more information about the import process and a deeper understanding of regulatory requirements and issues surrounding the movement of goods across international borders. As I.E.Canada is well versed in the problems faced by SMEs, the association can offer solid support and leadership in this advisory role.

### Border Commercial Consultative Committee (BCCC)

I.E.Canada continues to be an active participant on the Border Commercial Consultative Committee (BCCC), established by the CBSA to consult with the trade community, as well as its various subcommittees, including the Contingency Planning, AMPS, OGD and EDI subcommittees.

### Contingency Planning

As one of the action items under the Security and Prosperity Partnership of North America (SPP), CBSA has worked on a bi-national business resumption protocol with U.S. Customs and Border Protection (CBP) in the event of an unexpected disaster

or increased alert levels at the border. The objective is to ensure that in the event of an emergency, the flow of trade remains as unhindered and practicable as possible while maintaining the integrity of the border.

Formal consultations with the private sector through the Contingency Planning Subcommittee began in April 2006, with a view to completing the protocol by December 2006. I.E.Canada's representative on the subcommittee participated in a tabletop exercise in July, which was intended to further the development of the bi-national business resumption protocol. Representatives of the public and private sectors from both Canada and the United States participated in the exercise. Going forward the subcommittee will work on the development of a government/trade communication plan, with another tabletop exercise to test the plan anticipated for spring 2007.

The association is also working on its own communication plan to communicate with members in the event of an emergency situation at the border.

### AMPS Subcommittee

The AMPS Subcommittee was established as a means for CBSA to consult with the private sector on a comprehensive review of the Administrative Monetary Penalty System (AMPS). The CBSA aims to significantly reduce the number of penalties and to set penalties consistently based on the perceived risk level and the desired degree of deterrence.

As an active member of the subcommittee, I.E.Canada has raised issues such as the absolute liability nature of AMPS penalties, appeal procedures, the lack of clarity in backgrounders, what constitutes "reason to believe," and how inno-

## 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.*

### Strong Year for Seaway

As another commercial navigation season is winding down on the St. Lawrence Seaway before the traditional winter closing at the end of December, the news is good for Canada's domestic bulk shipping fleet and ocean-going users of the waterway.

Indeed, a major rebound in import steel and a brisk growth in grain shipments contributed significantly to the best year on the Seaway since 1998, with total traffic likely exceeding 48 million tonnes, according to preliminary estimates, following 2005's small decline at 43.3 million tonnes.

While this remains well below historical highs, it nevertheless amounts to about a 10 per cent improvement over 2005.

It also heralds a possible shift in momentum amidst signs that new cargoes are being attracted into the underutilized system from shippers

looking more closely at the Seaway as an alternative to congested coastal ports and roads to serve markets in North America's industrial heartland.

Wayne Smith, vice-president of marketing and vessel traffic for Seaway Marine Transport, noted that, "the consolidation in the U.S. steel industry has led to a more disciplined market. Generally speaking, we have had a very busy year, with our self-unloader and bulker fleets fully utilized."

Turning to individual commodities, Smith said there was healthy demand in construction materials, salt and coal (for Ontario Hydro) as well as "strong volumes of grain for the domestic fleet from the Canadian Wheat Board."

An unexpected highlight in 2006 singled out by Mr. Smith and other industry executives: a bumper wheat crop from southern Ontario, which was shipped from such ports as Goderich, Sarnia and Hamilton.

In addition, Great Lakes carriers appreciated the early opening and late closing, which allowed many to schedule extra trips.

"The longer Seaway season has certainly helped to spark a good year for us," said Tom Brodeur, vice-president of marketing and customer service for Canada Steamship Lines.

Looking at various trends, Brodeur indicated that iron ore activity was very strong until October. "Afterwards, some customers were taking advantage of a soft market to reduce inventories."

As part of its ongoing Hwy H2O campaign, the St. Lawrence Seaway Management Corporation (SLSMC) has created an incentive toll program that brought in about half a million tonnes of new cargo in

2006.

Statistics to the end of October showed Seaway combined traffic at 37.4 million tonnes, versus the year-earlier 33.7 million tonnes. Vessel transits stood at 3,663 compared with 3,477.

The increased throughput has been across-the-board. Canadian and U.S. grain totaled 8.9 million tonnes compared with 7.1 million tonnes in the 2005 period to end October. Iron ore was up slightly at 9 million tonnes, as was coal at 3.07 million tonnes.

Other bulk was also higher, at 12.5 million tonnes, and general cargo (chiefly steel) amounted to 3.8 million tonnes as against 2.4 million tonnes.

"Trade patterns are strong for bulk commodities and general cargo," commented Richard Corfe, the SLSDC president and CEO, at the opening of the new season on March 23 at the St. Lambert Lock on the Montreal/Lake Ontario Section. Further inland, the Welland Canal had its earliest opening in history on March 21, thanks to an exceptionally mild winter.

On that occasion, Corfe predicted that total volume for the 2006 season would advance by about 4 per cent - which turned out to be a too-conservative estimate. So, a welcome bonus for Seaway officials.

**Leo.Ryan@bellnet.ca**

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from across Canada to take part in the sessions. The three-day course also drew a number of delegates from the United States as well as a special delegate from Paris, France!

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cent mistakes and clerical errors are addressed.

CBSA will issue recommendations for modifying the AMPS regime by the end of March 2007.

### OGD Subcommittee

In its submissions to government, I.E.Canada has repeatedly emphasized the need for OGD requirements to be addressed in the context of both the Advance Commercial Information (ACI) initiative and the Customs Self Assessment (CSA) program. As a member of the OGD Subcommittee, I.E.Canada is actively participating in consultations with respect to the proposed OGD Single Window intended to automate compliance with OGD requirements, an initiative the association strongly supports.

### EDI Subcommittee

CBSA is proposing to move towards mandatory EDI as a precursor to implementation of ACI/e-Manifest in the highway mode. A subcommittee of the BCCC, in which I.E.Canada has been actively involved, has been engaged in identifying the obstacles to achieving 100 per cent electronic transmission and proposing steps that need to be taken to reach that goal.

### I.E.Canada Committee Highlights

#### Customs and Legislation Committee

Implementation of ACI/e-Manifest is a key priority for the C & L Committee, and the association has advocated for implementation of ACI in numerous submissions to government. Following a meeting with senior CBSA officials in August, members of the C & L Committee worked together with members of Canadian Manufacturers and Exporters on a draft end state for ACI in the highway mode. The document was presented to CBSA for comment and shared with other stakeholders to solicit feedback.

I.E.Canada will actively participate in the eManifest Stakeholder Partnership Network that will be launched by CBSA in January 2007 to consult with the trade community on the development and deployment of e-Manifest.

### Security Committee

I.E.Canada's Security Committee was actively involved early in the year in CBSA's consultations on proposed changes to the Partners in Protection (PIP) program. These changes are intended to make PIP compatible with the Customs-Trade Partnership Against Terrorism (CTPAT) program in the United States and the WCO Framework of Standards. The enforcement branch of CBSA has completed a program evaluation of PIP and revised proposals for upgrading the PIP program are anticipated to be published soon for a further round of consultations with the trade community.

### Supply Chain Committee

The Supply Chain Committee held its inaugural meeting in August 2006. The committee, which serves as an advisory group to I.E.Canada, has three primary goals: to educate members with respect to supply chain issues involving all modes of transportation; to advocate on their behalf; and to align with other associations with common issues.

### The Processed Foods Committee

During 2006, this I.E.Canada committee has substantially influenced the development of the Canadian Food Inspection Agency's (CFIA) policies and regulations relating to two specific initiatives: the Organic Food Production and Labelling Regulations and the Good Importing Practices (GIP) for Foods.

In the case of the proposed organic foods regulations, a number of important revisions to the proposed regulation and policy were achieved. For example, importers

of prepackaged organic foods will not require certification, avoiding the costs associated with such a requirement. Importers of organic foods will also be able to use all of the marketing and promotional options, such as the Canadian Organic Logo, that are available to domestic producers. Finally, a transition period (likely two years) was included to help importers comply with the new regulations.

I.E.Canada significantly influenced the 2006 revision of the GIP. This version introduces business risk assessment for the first time as a tool for CFIA to determine the likelihood that an imported food could result in a food borne illness event. As a result of the efforts of I.E.Canada the GIP reflects the following: (i) the GIP remains a best practices document to help importers avoid the risk of a food borne illness occurrence, rather than a regulation; (ii) it contains outcome based objectives that importers have flexibility in achieving through their choice of suitable practices; (iii) the GIP continues to focus on food safety, with references to government intervention and management of food quality having been removed; and (iv) the CFIA has committed to disclosure of the assessment and rating system for importers and a yearly review of the effectiveness of the GIP, the CFIA assessment process and industry conformance.

### Other Advocacy Initiatives

#### Pre-Budget Consultations

In April, I.E.Canada took part in the federal government's pre-budget consultations. In its submission to the Finance Minister, the association emphasized the importance of funding for CBSA programs; infrastructure, especially at border crossings and our principal maritime ports; and programs to support both exporters and importers.

## 2006, cont'd from pg. 4

The Conservative government's first budget introduced in May, 2006 included \$303 million over two years for initiatives under the Security and Prosperity Partnership (SPP). The majority of this funding will be used to finance priority initiatives that fall under the responsibility of the CBSA, including expanding ACI/eManifest to the highway and rail transportation modes, making PIP compatible with C-TPAT, and developing a business resumption protocol for the border with the United States. The budget also included \$5.5 billion over five years for infrastructure related projects, including for the new Highways and Border Infrastructure Fund and the Pacific Gateway Initiative.

### EDC's Pilot Loan Program

At I.E.Canada's Emerging Issues in Customs Conference in April, Export Development Canada (EDC) launched a pilot loan program to help SMEs participate in C-TPAT and gain greater access to the U.S. market, particularly as U.S. businesses place greater emphasis on supply chain security in choosing their suppliers. EDC's Security Compliance Loan is a direct, three-year, unsecured loan for 85 per cent of the costs identified in becoming C-TPAT compliant, up to \$150,000.

### APHIS Submission

In August 25, 2006, the U.S. Department of Agriculture's Animal and Plant Health Service (APHIS) published an interim in the *Federal Register* that would have resulted in all commercial conveyances, as well as air passengers, entering the United States from Canada being subject to agricultural inspection and user fees effective November 24, 2006.

I.E.Canada heard from many members who were concerned about the impact the APHIS interim rule would have on the border. After consulting with the Canadian Embassy in Washington and the U.S. Embassy in Ottawa, as well as other associations

in the U.S. and Canada, I.E.Canada made a submission to the U.S. Department of Agriculture opposing the interim rule. The strong opposition from stakeholders in both Canada and the United States has at least resulted in a delay in implementation of the rule until January 1, 2007 for air passengers, and March 1, 2007 for commercial conveyances. This delay will give stakeholders further opportunity to advocate with respect to this issue.

### Summary

Isabel Alexander, I.E.Canada's chair of the board of directors, is impressed by the attention paid by both federal and provincial governments, particularly during I.E.Canada's 75th annual conference, trade show and gala in October. Isabel points out that government has become critically aware of how important the trade community is in Canada. It is a recognized fact that we have to import to export; this represents a shift in thinking for Canada.

"Members working together over the past year have been heard on a range of issues and have offered practical, constructive input on a variety of government programs and policies that will shape future programs and regulations," says Mary. "People are taking advantage of their membership in I.E.Canada to bring issues to key decision makers," she adds.

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### Conferences, cont'd from pg. 3

#### 75th Annual Conference, Trade Show and Gala

Our 75th annual conference was a resounding success! Over 60 speakers and approximately 500 participants attended over the course of the three-day event. From the evaluation forms we received, 82 per cent rated the conference as excellent or above average and 93 per cent rated the speakers as excellent or above average. CBSA President

Alain Jolicoeur and International Trade Minister David Emerson both gave keynote addresses at the annual conference this year.

Thanks to the strong support of our sponsors, members and board directors who helped make our 75th annual conference such a success.

### HS Amendments 2007

As a result of a very tight deadline for importers to make changes to their HS codes, I.E.Canada decided to host a four-day seminar series on this very time-sensitive topic. We anticipated that 180 delegates would take part in this series, but the seminars drew 323 delegates, 180 per cent more than expected!

Mark the following dates in your calendar for 2007!

Please note that seminar series across Canada are planned in March, May and November of 2007 on noteworthy topics.

February 26-27, 2007  
Western Canada Conference,  
Calgary

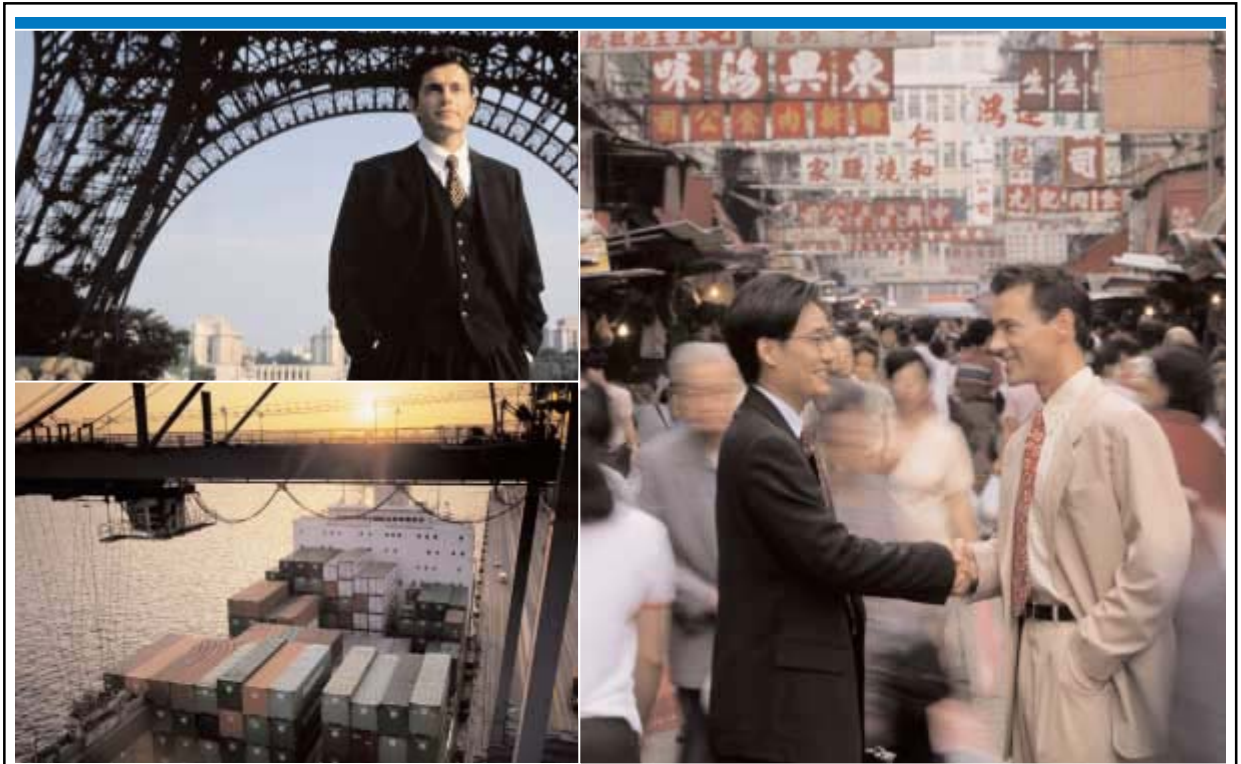
February 28, 2007  
Food Forum  
Toronto

April 23-25, 2007  
Emerging Issues in Customs Conference, Toronto

May 16-17, 2007  
Commodity Tax & Transfer Pricing,  
Toronto

June 2007  
AGM and 75th Anniversary Dinner & Dance, Liberty Grand, Exhibition Place, Toronto

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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](http://www.iecanada.com)

Editor: Melissa McCormack  
Assistant and Desktop Publisher: Chris Neilson

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