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I.E.Canada President Visits Asia



Opening Ceremony for the World SME Expo in Hong Kong

Mary Anderson, president of I.E. Canada, wrote the following article about her trip to Hong Kong and China from November 23 to December 3, 2006.

China may be front page news, but nothing reinforces the need to include China within a corporate global commerce strategy more than an actual visit to the country.

As one of a few select guests invited annually by the government of Hong Kong to visit the region, I had the chance to strengthen my knowledge of China through first-hand

meetings with politicians, senior government officials and prominent business figures. The visit also enhanced my understanding of Hong Kong's role as a gateway to China. I also learned how the preservation of the British system of law and the related focus on business ethics foster a favourable environment for business in Hong Kong.

My trip coincided with a number of events in Hong Kong: the Hong Kong Forum, the World SME Expo, and the board of governors' annual luncheon held by the Canadian Chamber of Commerce in Hong Kong.

The final days of my visit were spent in southwestern China in the city of Chengdu, the capital of Sichuan province. I attended a number of meetings and receptions hosted by the governments of Chengdu and Sichuan. Chengdu, which boasts more than 2,500 years of recorded history, is situated on one of the major tributaries of the Yangtze River. The city's original irrigation system

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Textiles and Apparel Committee to Meet

At the Textiles and Apparel Committee (TAC) meeting on February 9, 2007, Raymond Thibeault and Mark Grant of the origin and valuation audit unit, trade programs directorate, admissibility branch, Canada Border Services Agency, will deliver a presentation

on issues surrounding the administration of the market access initiative for the Least Developed Countries. "TAC members all see a great value in having a presentation focused on Least Developed Country (LDC) audits," says Mary Anderson,

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Smart Borders

On January 12, Stockwell Day, minister of public safety, announced an investment of \$431.6 million over five years to reinforce smart, secure borders. The funding will allow three key initiatives under the Security and Prosperity Partnership of North America (SPP) — eManifest, Business Resumption and Partners in Protection — to move forward. Mary Anderson, president of I.E. Canada, was invited to provide remarks following Minister Day's announcement.

The \$396 million investment for eManifest will provide the Canada Border Services Agency (CBSA) with electronic data that allows for 100 per cent automated risk assessment before shipments reach the border. Highway and rail carriers will be required to submit electronically and pre-arrival all cargo, crew and conveyance information.

An investment of \$24 million will allow the CBSA to further harmonize and strengthen its business resumption planning with the United States so that trade keeps moving across the border in the event of an emergency. The CBSA will continue to work with its partners to conduct exercises and develop protocols to ensure it has an appropriate coordinated response that would minimize the impact on business in the event

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insights

Welcome New Members!

The following companies and individuals joined I.E.Canada in December 2006. We welcome our new members!

Lucent Technologies

Janet Surette
Manager, Contract Administration
& Compliance
Markham, Ontario

Mark V. Healy Sales & Distribution Inc.

Mark V. Healy
President
Mississauga, Ontario

Mark's Work Wearhouse Ltd.

Jason Fischer
International Trade Specialist
Calgary, Alberta

Turf Care Products Canada Ltd.

Michael Casey
Customs Compliance
Newmarket, Ontario

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still exists!

Hong Kong: the Gateway to Asia

Following its return to China in 1997, Hong Kong was granted Special Administrative Region (SAR) status, which allows it to retain a "one country, two systems" policy. Under this arrangement, Hong Kong is allowed to have an open political and economic system and relative autonomy in most affairs.

With a population of 6,898,686 in 2005 and a territory that occupies just 1042 square kilometres, it's not surprising that Hong Kong depends on trade for its economic survival.

In June 2003, Hong Kong signed a Closer Economic Partnership Arrangement (CEPA) with mainland China. Under CEPA, Hong Kong's products can be imported tariff-free into the mainland if they meet China's rules of origin requirements. CEPA also ushered in the lib-

eralization of 18 service sectors in mainland China to the benefit of Hong Kong's service sectors. In fact, the service sectors were liberalized well ahead of schedule and China's WTO accession requirements were exceeded.

In 2005, Hong Kong imports totaled US \$291.6 billion and exports were valued at US \$286.3 billion, with mainland China accounting for almost half of Hong Kong's trade. In just a few short years, Hong Kong has transformed its economy from a manufacturing to a service economy.

The Port of Hong Kong plays a critical role in global commerce. The port funnels 70 per cent of Chinese goods to the rest of the world. Winky So, the port's principal assistant secretary for economic development and labour, provided our group with an excellent overview of how the major port functions. The Economic Development and Labour Bureau creates maritime policy and coordinates the port's long-term development planning. The public and private bodies responsible for port operations and planning work closely together. Strong cooperation between the privately owned port facilities, the Hong Kong Marine Department and the Economic Development and Labour Bureau has resulted in a highly efficient and effective port, which bolsters Hong Kong's role as a gateway. The private sector is afforded a great deal of input into the port's activities.

I found my visit to the container port and my site tour of Asia Container Terminals Ltd. and Kerry Logistics to be very valuable. Given the challenge of accommodating growing container volumes despite limited space, Kerry Logistics has "gone vertical," just like Hong Kong, which is known as the "vertical city." Kerry Logistics' trucks travel a three kilometre run to the top of the company's warehouse space. Asia

Container Terminals Ltd. also shares docking space with adjacent terminals to keep pace with growing trade volumes.

Rule of Law

The Basic Law safeguards the way of life for Hong Kong's residents and provides the legal framework in which Hong Kong operates. Stephen Wong, deputy solicitor general of Hong Kong's department of justice, underlined the importance of support from Hong Kong's trade partners in the territory's ongoing development of its policy framework.

Education has changed the population's attitude towards corruption. Hong Kong's citizens are more aware of the importance of corporate governance, transparency, accountability and responsibility as a result of the wider availability of information and stricter enforcement activities. Professional ethics have a stronger presence not only in Hong Kong, but in mainland China. Julie MU Free-man, assistant director of community relations with the Independent Commission Against Corruption, gave our group an overview of the commission's role, its history, successes and plans for the future. I learned a lot about the public education process and money laundering issues.

Intellectual property protection is front and centre in Hong Kong. The territory's user-friendly registration process for intellectual property is available on-line. Intellectual property protection is supported by a strong public education process. The importance the government of Hong Kong places on the protection of intellectual property rights points to the presence of the rule of law in the territory.

I.E.Canada supports the activities of the Canadian Anti-Counterfeiting Network, which works to ensure

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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.

Key Port Projects to Watch in 2007

For Canadian shippers of container cargo, important undertakings involving ports on the east and west coasts will merit close watching in the New Year.

Without question, the biggest development to follow will be how quickly a West Coast super-port project will move towards reality. It would merge Canada's biggest Pacific gateway, Vancouver, with two other ports in British Columbia's Lower Mainland. It would fall under the umbrella of a proposed Vancouver Fraser Port Authority.

The boards of directors of the ports of Vancouver, Fraser River and North Fraser recently ratified a consultant report recommending the establishment of a single large entity that would compete more effectively against U.S. rivals amidst surging trade between Asia and North America.

Such an ambitious project – encouraged by the federal and provincial

governments - could take place by the end of 2007, if no bureaucratic hurdles cause delays to the amalgamation process already started.

In this connection, one should factor in the possibility of a federal election being called as the minority Conservative government elected last winter could face defeat by the combined opposition forces in parliament – although a spring election seems all but ruled out and a fall vote is no sure thing either in light of the current mood of the Canadian electorate.

What, nevertheless, appears to guarantee the emergence of a super-port is the fact that there is virtually unanimous support among the Tories and the Liberals.

The so-called Asia Pacific Gateway and Corridor Initiative seeks to boost Canada's share of West Coast container traffic from the current 9 per cent to 14 per cent by 2020. Together, the ports concerned represent over 130 million tonnes of cargo and account for more than half of the total containerized cargo passing through Canadian ports.

Another port to watch on the West Coast is Prince Rupert in northern British Columbia. There, a big container terminal, with initial capacity of 500,000 TEUs, is under construction and due to go on stream next fall. As this column was being written, however, no Far East carrier had yet committed to launching a trans-Pacific service to Prince Rupert. So such news is obviously anxiously awaited at the port.

On the East Coast, things are humming along nicely at the Port of Montreal, which set both container and total cargo records in 2006 and has plenty of cash and land reserves for expanding beyond present capacity when the need arises. But the relatively tranquil scenario could change suddenly if reports of ex-

ploratory discussions involving Transport Canada on the possible expropriation of waterfront lands in Old Montreal for a major city road infrastructure project lead to actual execution.

The deepwater Port of Halifax last year had its share of good news and disappointments. Both container terminals have now completed deepening work to handle the bigger ships. But carrier restructuring resulted in a drop in traffic at the Cerescorp facility, and this was just partly offset by gains at the Halterm terminal through the arrival of new customers. Overall volume, thus, did not in 2006 match the 2005 throughput of 550,400 TEUs.

On the plus side, two super post-Panamax cranes are scheduled to be delivered at Cerescorp this coming summer. And still in the context of attracting more Atlantic trade and business via the Suez Canal, the Halifax Port Authority has beefed up capital spending for infrastructure improvements this year. The \$24 million allocated is more than double the annual average for the port.

Leo.Ryan@bellnet.ca

TAC Meeting, cont'd from pg. 1

president of I.E.Canada.

If you would like to join us for the next TAC meeting, please contact Margaret Yipchuck at: (416) 595-5333 ext. 30 or myipchuck@iecanada.com.

Upcoming I.E.Canada Events

Don't miss our Western Canada Conference, which takes place February 26 and 27, 2007 in Calgary.

For details, please visit our Web site (www.iecanada.com) and look under "upcoming events."

Mary's Trip, cont'd from pg. 2

that intellectual property rights are protected and respected. I.E.Canada will continue discussions on issues surrounding the protection of intellectual property rights with Stephen Selby, director, intellectual property department, government of the Hong Kong Special Administrative Region (HKSAR).

The Connections in Hong Kong

The 250,000 Canadian passport holders in Hong Kong provide an excellent foundation for shared understanding and the development of China trade strategies by Canadian corporations. Linkages between Canada and Hong Kong were cemented in virtually every meeting our group took part in while in Hong Kong. Government officials and business people in Hong Kong spoke warmly of their business trips to Canada or of their visits with relatives in Canada.

I am surprised that Canadians aren't making the most of the support offered by the Hong Kong government and by business people in Hong Kong who are fond of Canada. Indeed, the government of Hong Kong has knowledgeable staff and a number of free services for Canadian companies looking to strengthen trade ties with China.

While in Hong Kong, I had the opportunity to meet with representatives of Canadian companies. One company has established an agency that supports Canada's Do-It-Yourself (DIY) market in sourcing suppliers in China. Another Canadian company is tapping into the Hong Kong Science and Technology Park to further the firm's information technology research. The park focuses on information technology, telecommunications, electronics, precision engineering, biotechnology and industrial designs.

Activities in Hong Kong

Hong Kong hosts a number of events that Canadian business

people should consider attending if they wish to build new trade connections with China. Hong Kong is the venue for trade shows that attract thousands of international visitors who want to grow their business with Asia. While in Hong Kong, I participated in many of these events.

7th Annual Hong Kong Forum

As a member of the Federation of Hong Kong Business Associations, I.E.Canada had the opportunity to take part in the Annual Hong Kong Forum, which took place November 28-29, 2006. The federation is a network of 31 associations in 23 countries. Its membership includes over 10,000 individual overseas traders, buyers and professionals. The federation is supported by the Hong Kong Trade Development Council. Each year, members meet in Hong Kong to network with executives from other countries and to gather valuable market intelligence about China. At this year's forum, Canadians constituted the largest group amongst the international visitors.

It was a pleasure to be on hand to congratulate the newly elected international chairman of the federation – Barry MacDonald of Vancouver, B.C.

World SME Expo

The World SME Expo took place from November 29 to December 1, 2006. The concurrent seminars held in conjunction with the trade show offered an excellent opportunity for small- and medium-sized businesses to network and learn. International experts shared their insights into best practices for doing business with China; trade practices in Hong Kong and China; and successful brand building.

I.E.Canada had a booth at the World SME Expo and met with the many international visitors. Peter

MacDonald, who represented I.E.Canada's Vancouver Chapter, also participated in the activities; he was pleased with the business connections that Canadians were able to develop at the event.

2006 Board of Governors' Luncheon

British Columbia Premier Gordon Campbell delivered a speech entitled "Invest in British Columbia: Canada's Pacific Gateway" at the board of governors' luncheon, which was organized by the Canadian Chamber of Commerce in Hong Kong. The chamber represents 1150 members from every industry with business interests in Canada, Hong Kong and mainland China. The Canadian Chamber of Commerce in Hong Kong is the largest Canadian business association outside of Canada and one of the biggest and most influential business groups in the Asia-Pacific. As a head table guest, it was my honour to meet with the premier of British Columbia and to share and support his vision of Canada's Pacific gateway.

Support to Grow Your Business

You can grow your business in Hong Kong and China by taking advantage of the support offered in Canada.

Foreign Affairs and International Trade

The Web site of Canada's trade commissioner service is an excellent tool to identify trade commissioners who can help you in Canada and abroad. By visiting the Web site, you can access industry sector reports; economic profiles; and information on regulations, key trade events, hotels and providers of business services in your markets of interest. Expand your business abroad and register for your own virtual trade commissioner to access customized on-line resources. For details, please

Mary's Trip, cont'd from pg. 4



The Port of Hong Kong

visit: www.infoexport.gc.ca.

Hong Kong Economic and Trade Office

The Hong Kong Economic and Trade Office (HKETO) (Canada) is the official representative of the HKSAR government in Canada. Since its establishment in October 1991, the office has actively fostered closer economic and trade ties between Hong Kong and Canada. For details, please visit: www.hketo.ca or e-mail Bassanio So, the director of HKETO in Canada, at: bassanio_so@hketotoronto.gov.hk.

Hong Kong Trade Development Council

Hong Kong Trade Development Council (HKTDC) is the statutory organization responsible for promoting and developing HKSAR's external trade. HKTDC offers links for sourcing, exhibitions, market intelligence and industry reports. For details, please visit www.tdc.org.hk or contact Andrew Yui, director, Canada, HKTDC, at: andrewyui@tdc.org.hk.

The Hong Kong-Canada Business Association

The Hong Kong-Canada Business Association (HKCBA) is one of the largest bilateral trade associations in Canada. Indeed, the association boasts about 1,300 members in eight major cities in Canada. HKCBA has connections in 23 countries around the world. HKCBA members are owners or managers of small or medium-sized businesses trading with Hong Kong, China and South

East Asia. HKCBA also represents trade-related enterprises as well as lawyers, bankers and accountants who are involved in international trade. For details about HKCBA, please visit: www.hkcba.com.

Summary

I.E.Canada is proud to take a leadership role in fostering trade relationships. My trip to Hong Kong and China enhanced my understanding of the region and strengthened my knowledge of existing partnerships. The visit also gave our group the chance to celebrate successes and explore possibilities for new partnerships.

In developing a China strategy, Canadian businesses should not ignore the gateway that Hong Kong offers.

Smart Borders, cont'd from pg. 1

of an incident at the border.

Finally, border security will be further enhanced with an investment of \$11.6 million to strengthen the Partners in Protection (PIP) program. The PIP program will expand to maximize benefits for members and become harmonized with the Customs-Trade Partnership Against Terrorism (C-TPAT) program in the United States.

"How appropriate that Minister Day made his announcement at the busiest land border crossing between Canada and the United States," says Mary Anderson. "It is of great interest to I.E.Canada to learn that our government recognizes the critical importance to our economy of facilitating the movement of legitimate trade and that it is addressing the priority areas that have been identified by our members," she adds.

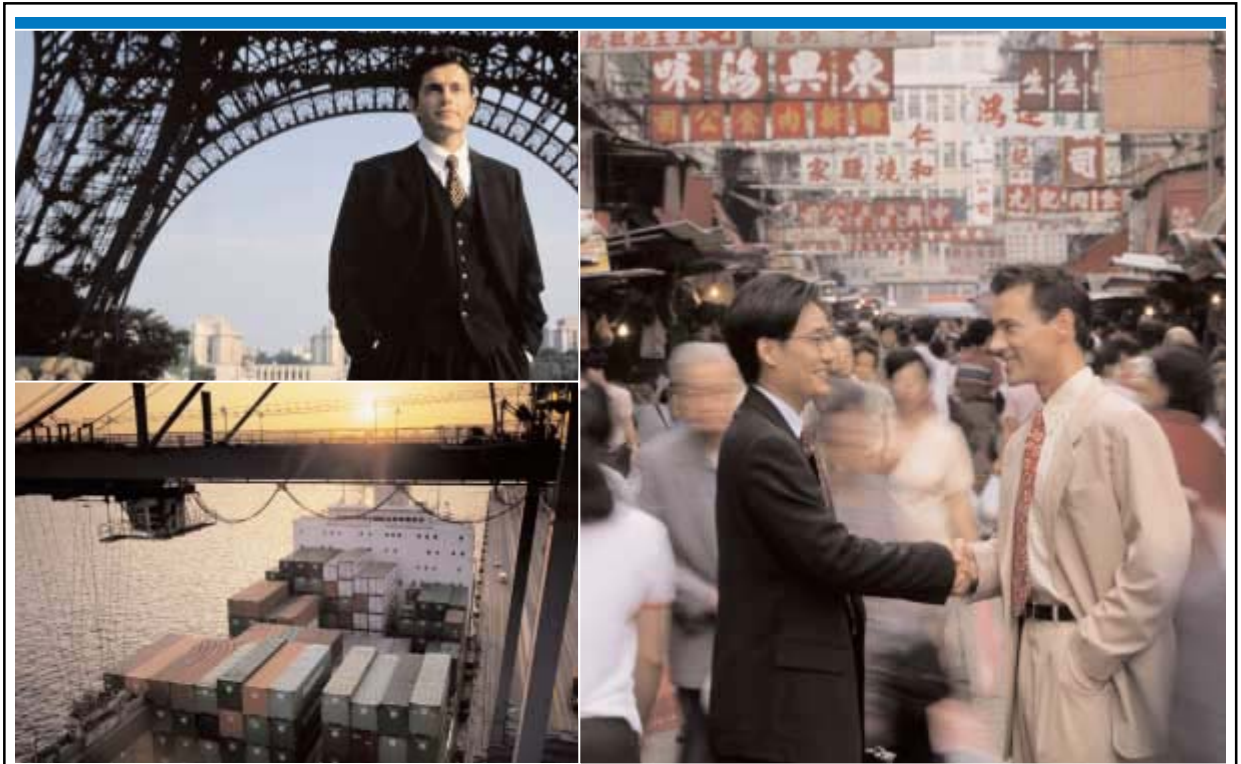
Customs processes and requirements and delays at the border directly impact our members' bottom lines, and delays at the border -

whether actual or potential - as well as the potential for a border shutdown affect Canada's ability to attract investment.

Customs services around the world are becoming increasingly automated as they attempt to balance the challenges associated with heightened security concerns with the imperative of facilitating ever expanding volumes of trade. Given that Canada is one of the largest trading nations in the world, this challenge of balancing security and trade facilitation is particularly acute. With international trade being so important to our economy, Canada needs to be at the forefront in the use of innovative technology in customs. That is why in our view it is so important to implement innovative and technologically advanced tools, such as eManifest, so that customs officers can focus on high or unknown risk shipments and facilitate the movement of low risk shipments.

Clearly addressing the United States' heightened concerns over security and the threat of global terrorism is essential to our economic and diplomatic relations with that country. Our members live with this new business reality every day. For this reason, I.E.Canada members also support compatibility between the PIP program and the C-TPAT program. We are also concerned that a bi-national business resumption protocol be developed and put in place as quickly as possible to address an emergency situation or serious disruption at the border, whether due to a terrorist threat or other cause.

As an association we strongly support the work of CBSA and look forward to working closely with the agency and our other partners in the trade community to ensure that the initiatives announced on January 12, 2007 are successful in facilitating cross border trade.



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turn risks into timely rewards.

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