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I.E.Canada on Trade Policy

On May 1, 2007, Mary Anderson, president, I.E.Canada, appeared before the House of Commons standing committee on international trade. Following is an excerpt from her opening remarks.

The prosperity of Canadians and our ability to maintain and create jobs depends on our ability to trade and in particular our ability to trade with the United States. Whether we like it or not, the U.S. will set the terms for access to its market. Today access to the U.S. market increasingly means satisfying U.S. concerns about security. Through mechanisms such as the Security and Prosperity Partnership of North America (SPP), the Canadian government has a means of influencing the measures adopted by the United States to ensure that the interests of Canadians and Canadian business are taken into consideration.

However, it is not just about maintaining access to the United States market. As pointed out in the remarks by the representative of the Canadian Chamber before this com-

mittee last week, Canadians and Americans not only trade with one another, they also manufacture together. Since NAFTA came into effect 13 years ago, large sectors of our economies have become highly integrated and our industries have become truly North American: 34 per cent of bilateral shipments of goods is comprised of intra-company trade, and over 70 per cent is comprised of intra-industry trade. To compete against emerging economic titans such as China and India, Canada, the United States and Mexico have no choice but to work together.

It is appropriate that this committee take an interest in the SPP. We urge you to support the work that is being conducted by the governments of the NAFTA countries under the SPP and in particular initiatives that will facilitate the movement of low risk goods and people across our shared border with the United States.

Full text of Mary's remarks is available at: www.iecanada.com/industry_news/2007/07_05_15_remarks_itc_may07.pdf.

2007 International Trade Day

The Canadian Chamber of Commerce's International Trade Day will take place on June 7, 2007, in Gatineau. The event brings together policy professionals from the business community and senior government officials to discuss cur-

rent issues and priorities in international trade and economic policy.

For details, please visit our website at: http://www.iecanada.com/events/07_06_07_international_tradeday.pdf.

Going Green



Judith E. McKay, chief administrative officer and general counsel, DuPont Canada

Please join us on June 21, 2007, for I.E.Canada's annual general meeting and 75th anniversary celebration, which will take place at the historic Liberty Grand, Exhibition Place, 25 British Columbia Road, Toronto. I.E.Canada members are encouraged to attend the annual general meeting and the evening function, which will include a networking reception, dinner, presentations and post-dinner social near the water at the Liberty Grand.

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Building a Secure and Competitive North America



David Stewart-Patterson, executive vice-president, Canadian Council of Chief Executives

The following is an excerpt from an address by David Stewart-Patterson, executive vice-president, Canadian Council of Chief Executives, at I.E.Canada's Emerging Issues in Customs Conference on April 23, 2007. It summarizes the section on border facilitation in the report by the North American Competitiveness Council (NACC) that was presented to the Security and Prosperity Partnership ministers in Ottawa on February 23, 2007.

Border Facilitation Priorities

Because production patterns within North America have become so closely integrated, any tightening of the borders adds to costs and undermines the cost advantages created by NAFTA. Goods brought into North America from overseas face customs inspection only once; goods produced within North America often must cross borders many times as value is added to raw materials that eventually become finished goods.

Every measure that adds to the cost or time taken to cross borders within North America is in effect a tax on our own enterprises that benefits their offshore competitors.

To the greatest extent possible, governments therefore must ensure that decisions about security and those involving economic policy are mutually reinforcing rather than conflicting. The section on border crossing facilitation makes recommendations in four areas:

- Emergency management and post-incident resumption of commerce;
- Expansion and improvement of border infrastructure;
- The movement of goods; and
- The movement of people.

With respect to emergency management, the most urgent need is to speed up the development of national critical infrastructure protection strategies and then to enhance preparedness through simulations and other exercises.

One of the most critical steps is to establish legal and regulatory protection for companies that share information about their vulnerabilities with governments. Without such protection, companies could be vulnerable to lawsuits from customers as well as leakage of confidential commercially sensitive information via access to information laws.

The goal of better planning, of course, is to ensure that as and when incidents happen that lead to border closures, cross-border commerce is able to resume as quickly and smoothly as possible. And to this end, it is essential that participants in low-risk programs such as C-TPAT, FAST and NEXUS actually get priority treatment under all security conditions.

Moving to border infrastructure, you are all aware of the costs created by congestion at major crossings even in the absence of security alerts. Governments at all levels are actively engaged in projects to expand border infrastructure, but

these often involve multiple levels of government and that has persistently slowed progress.

The NACC identified three priorities in this area. The first is to get land preclearance pilot projects underway without further delay. We all know that the best way to cut down congestion at the border is to move the customs processes away from the border crossings themselves. This is an idea that has been on the books since the original Smart Border accord, but one issue or another has persistently blocked progress. The other two infrastructure recommendations focused on particular geographic issues. On the Canada-U.S. border, the priority is to accelerate construction of new border crossing capacity in the Detroit-Windsor area. On the Mexican side, the priority is to get major Mexican ports included within the U.S. Megaports Initiative.

The report then makes a full dozen recommendations for improving the movement of goods into and within North America. Four of these are considered short term:

- First, governments need to improve the benefits that flow from voluntary participation in security programs.
- Second, keep the NAFTA process moving in terms of continuing progress to reduce the burden of the rules of origin requirements.
- Third, simplify the NAFTA certification process and requirements.
- Finally, don't let border facilitation shift gears from forward into reverse. Here, the NACC takes aim specifically at the new Animal and Plant Health Inspection Service rule introduced last year, one that imposes a new level of inspection

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 Quebec's Gateway Vocation

Despite a small local market of half a million people, Quebec ranks among the top six ports of Canada. The secret of its success: it has carved out a niche as the strategically-located deepwater gateway on the St. Lawrence River to the Great Lakes for bulk transshipments. Its market penetration has some surprising features for shippers, as underlined during a recent visit.

Over the past 15 years, nearly \$200 million has been invested by the Quebec Port Authority (QPA) and terminal operators in infrastructure, handling equipment and warehousing facilities. This has helped to drive growth. Nevertheless, further investments are regarded as essential to meet future demand.

In 2006, the Port of Quebec handled 23.5 million tonnes of cargo, versus 22.9 million tonnes in 2005. Dry bulk (including grain) rose 19 per cent to 9.6 million tonnes, while liquid bulk fell by 6 per cent to 13.8

million tonnes.

Ross Gaudreault, president and CEO of the QPA, sees cargo throughput in 2007 breaking another record in 2007 – reaching possibly 26 million tonnes.

Much of the 2006 growth can be attributed to the brisk activity at St. Lawrence Stevedoring, the biggest terminal operator on the St. Lawrence for the storage and handling of a wide range of dry bulk products, and at IMTT-Québec, the largest liquid bulk terminal in Canada.

Denis Dupuis, president of St. Lawrence Stevedoring, reports that “our facilities have truly reached an international level, able to handle up to 100,000 tonnes of cargo a day, with Cape-size bulkers calling regularly.”

From 6 million tonnes in 2006, Dupuis sees the terminal handling 7 million tonnes in 2007. “Ninety seven per cent of the tonnage is transit cargo from ocean vessels to Great Lakes ships.” The latter then proceed to Canadian and U.S. Great Lakes ports.

The main commodities that transit through the terminal are alumina, zinc, copper, nickel concentrates, iron ore, scrap metal, raw sugar, coal products and salt. “Not many terminals in North America can handle such a variety of commodities,” Dupuis pointed out.

With another major expansion virtually complete at IMTT-Québec, Marc Dulude, executive vice-president and chief operating officer of Canada's largest liquid bulk terminal, predicts a bright future in core markets throughout eastern North America.

“Our business hit another record last year, increasing by 150,000 tonnes, or 12 per cent, to nearly 2.4

million tonnes,” Delude said. This compares with throughput a decade ago of barely 150,000 tonnes.

Thanks to investments this year in four new reservoirs at a cost of \$12 million, with construction slated for completion in June, storage capacity at IMTT-Québec is being increased by 22 per cent to 1.5 million barrels.

Delude is proud of the fact that IMTT-Québec is a leading supplier of jet fuel to Toronto's Pearson International Airport. The fuel is transported by rail or, during the Seaway season, by vessel to Hamilton then forwarded by truck.

Meanwhile, Gaudreault, the port's dynamic chief executive, has much on his plate before he retires, with preparations underway for Quebec City's 400th Anniversary in 2008 and for the 150th anniversary of the creation of the original Quebec Harbour Commission in 1858.

Border Lookout for Melamine

Border Lookout for Melamine in Imported Food Ingredients

The following article was written by Keith Mussar, chair, I.E. Canada's Processed Foods Committee.

Canadian Food Inspection Agency (CFIA) has initiated a border lookout for melamine in food ingredients imported from China.

Under the lookout Canada Border Services Agency is advising CFIA of all shipments of protein commodities [see list below] arriving from China that are destined for use in either human food or animal feed. Shipments are placed on hold but released for transit to the destination. CFIA inspectors sample the shipment at destination according to established protocols; samples are tested for melamine along with

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and a new set of fees, even on cross-border movements that have very little risk of containing plant pests or animal diseases.

Recommendations over the medium to longer term include:

- Elimination of duplicate screening,
- Conversion from paper to electronic processing,
- Coordinated regulatory requirements,
- Higher thresholds for low-value courier shipments,
- A comprehensive North American customs clearance system,
- A common system for transmitting import and export information,
- Research into "smart box" or "smart seal" technology, and
- Simplified customs processes.

The final topic addressed under the border-crossing section addresses the movement of people. Here, the immediate concern is the implications of the Western Hemisphere Travel Initiative, which already is causing huge lineups at Canadian passport offices just because of its air travel requirement and which has the potential to cause chaos by 2009 when passports will be required for land crossings.

The NACC report urges governments to take the time necessary to develop an effective, integrated and joint trusted traveler system. In the meantime, there is a need to expand NEXUS to cover major land crossings as well as airports and seaports and to recognize NEXUS and FAST cards as satisfying the WHTI requirements. Existing credential programs also should be integrated with the requirements of the US-VISIT program. And ultimately, the goal should be to develop a single interoperable credential that would be used for all programs that enable identified, low-risk people to cross the border with minimal or no interference.

Next Steps for the NACC

The NACC is now turning its attention to its next duty, the preparation of a report to Leaders at the next trilateral summit, scheduled for Ottawa in August. While this is likely to include a brief report card on progress toward its recommendations to ministers, the intent at this point is to produce a much shorter and more strategic document, one that will offer broader and longer term thoughts on the future of the SPP as a whole as well as on current and future priorities within the existing agenda. The intent at this point is to have a first draft done by the end of May, and to have a final document signed off by the end of June.

That makes now a good time for you to be thinking about what else you would like to see private sector leaders raise with governments through the NACC process.

The NACC report is available at: www.icecanada.com/mis/07_05_15_nacc_report.pdf. If you have any comments or suggestions, please send them to Carol Osmond, I.E.Canada's senior policy advisor, at cosmond@icecanada.com.

Full text of David Stewart-Patterson's address at I.E.Canada's Emerging Issues in Customs Conference is available at: www.icecanada.com/industry_news/2007/07_05_11_remarks_dsp.pdf.

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a number of other chemicals routinely surveyed for by CFIA. Typically test results are available within 5-7 days following sampling.

Products testing positive for melamine remain on hold and could be required to be re-exported, destroyed or released for use depending on the outcome of a health risk assessment.

The list of protein sources being held includes:

Wheat

Gluten
Protein concentrates

Rice

Gluten
Protein concentrates

Corn

Gluten
Protein concentrates
Corn by-products
[e.g. corn meal, not starch]

Soya

Protein concentrates
Protein isolates

Mung Bean

Protein
Protein hydrolyzates
Amino acids

Protein sources originating from other countries are not affected under the current lookout.

Further information on CFIA's initiatives regarding melamine can be found on the CFIA website under "What's New" at: www.inspection.gc.ca/english/toce.shtml.

Consumption of melamine does not pose a health risk to Canadian consumers. Melamine is not approved for use in Canada and is thus considered an adulterant under the Food and Drug Regulations.

Melamine is added to animal feed ingredients in China to increase the measurable protein content. Technical information on melamine can be found at: www.inchem.org/documents/sids/sids/108781.pdf.

Questions can be addressed by contacting Keith Mussar at: kmussar@icecanada.com or 905-542-2082. Keith is the chair of the Processed Foods Committee at I.E.Canada.

Notice of the Annual General Meeting of Members

Notice is hereby given that the annual general meeting of I.E.Canada members will be held on Thursday, June 21, 2007, in Toronto, at 5:30 p.m. Eastern Standard Time for the purpose of:

- (1) Receiving and approving the minutes of the annual general meeting of the association, held in Toronto on June 20, 2006;
- (2) Receiving the financial statements of the association for the year ending February 28, 2007, and the auditors' report therein;
- (3) Receiving the reports of the chairman and the corporate secretary;
- (4) Receiving the report of the nominating committee and electing directors;
- (5) Appointing auditors and fixing their remuneration;
- (6) Transacting such other business as may properly be brought before the meeting.

By Order of the Board

Members in good standing who are unable to attend the meeting and who wish to have another member in good standing represent them at the meeting, are requested to complete the form of proxy, which can be obtained from the association office.

Please note that a member in good standing is a member who has fully paid the annual dues on or before June 21, 2007, and that such a member who is unable to attend may only appoint as their proxy another member in good standing of the association, not just the representative of such member, on the proxy.

Nominations to the Board

In preparation for the June 21, 2007, annual general meeting of I.E.Canada, nominations are now being accepted to fill vacancies on the association's board of directors.

The association's board of directors has formed a nominating committee to seek nominations to fill vacancies on the board.

Nominations of individuals who have consented to be nominated for election as directors may be sent by any association member to the association office, to the attention of Ms. Carol Buckton, corporate secretary. Please send your e-mail to Margaret Yipchuck at: myipchuck@iecanada.com.

Welcome New Members!

The following organizations joined I.E.Canada in April 2007. We welcome our new members!

EMC Corporation of Canada

Lorena Zevallos
EMC Canada Import Specialist
Mississauga, Ontario

Globe Electric

Pierre Malette
Manager, Logistics
Pointe-Claire, Quebec

Thompson Hine LLP

Julia M. McCalmon
Partner/Chair of International Trade Group
Washington, DC
USA

Going Green, cont'd from pg. 1

This event will be bullfrogpowered with 100 per cent green electricity.*

"Greening your business - the new competitive advantage" will be the theme for the evening function. Learn from I.E.Canada members who have made corporate social responsibility part of their corporate culture. Find out what these companies are doing and why they are doing it. Discover why being a socially responsible corporation makes perfect business sense. Take away valuable tips on how your company may reap the benefits of going green. Judith E.

McKay, chief administrative officer and general counsel, DuPont Canada, will deliver one of the presentations at the evening function.

Corporate Packages and Tickets

Corporate tables of eight can be purchased for \$1200. Your company name and logo will be clearly visible at the table. The "Greening Your Business Package" is available for \$2500 to companies that wish to be recognized for their efforts as socially responsible corporations. As part of this package, your company name, logo and a 100-word description of your company's vision for CSR will be highlighted in both the program guide and on I.E.Canada's website for a six-month period. Individual tickets are available for \$150.

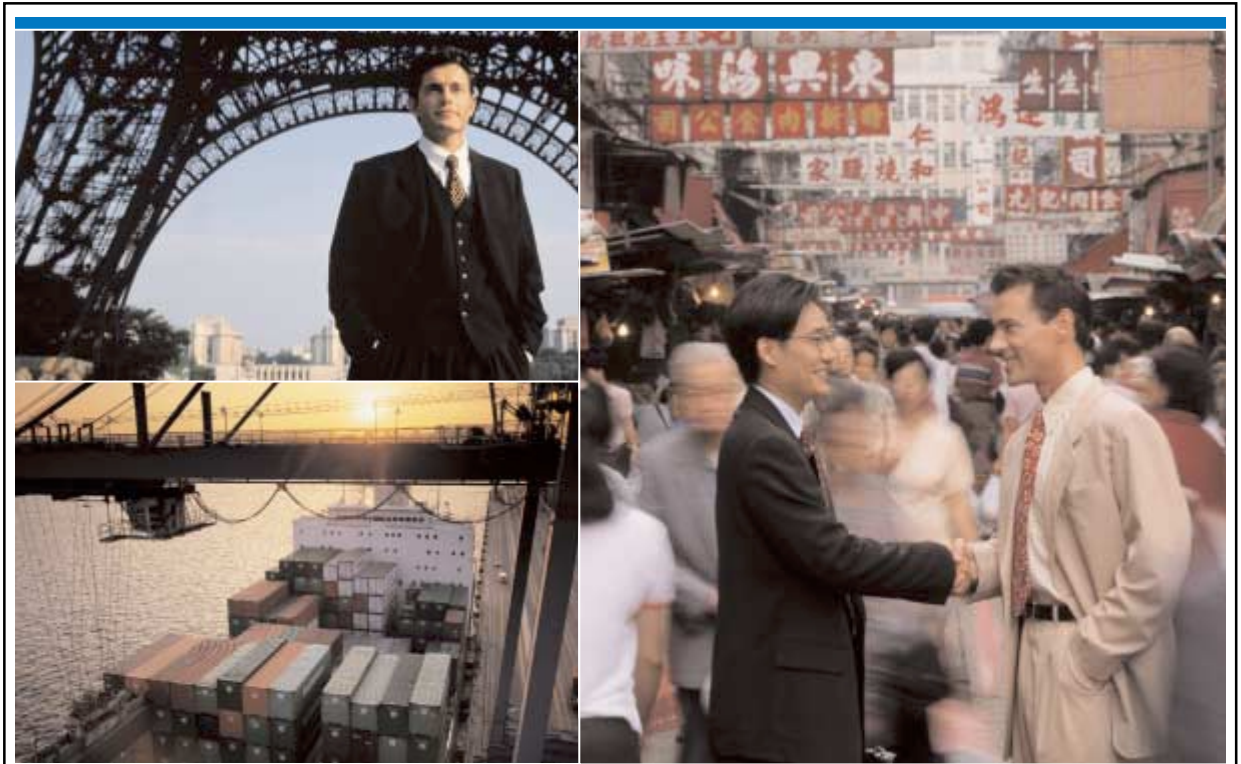
I.E.Canada is delighted to confirm that EDC will be the lead sponsor at the gala and will sponsor \$10,000.

Please visit www.iecanada.com/sponsorgala/sponsorgala.html for a registration form and a list of sponsorship packages.

If you have any questions, please call Fée Kiessling at 416-595-5333 ext. 29, or e-mail fkiessling@iecanada.com.

*This means that Bullfrog Power will inject carbon-free green power onto the Ontario grid to match the amount of electricity used by this event. All of the electricity injected on our behalf will be sourced exclusively from wind and low-impact water power producers who meet or exceed the federal government's EcoLogo(M) standard for renewable energy.

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