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BCCC Update



A Train Makes its Way to the Border

The following article was written by Carol Osmond, senior policy advisor, I.E. Canada.

The Border Commercial Consultative Committee (BCCC) met in Toronto on May 30-31, 2007. Following are highlights from the meeting.

Nexus Air Expansion

After a successful pilot at the Vancouver International Airport, expansion of Nexus Air to seven additional airports across Canada is proceeding ahead of schedule. Nexus Air enrollment centres and automated kiosks are now available at Terminal 1 at Toronto's Pearson International Airport and at Trudeau International Airport in Montreal. Nexus Air will be available in Ottawa soon, and is scheduled for summer 2007 in Calgary, Edmonton, Winnipeg and Halifax. In terms of next steps, Canada Border Services Agency (CBSA) will be working on online registration and harmonization of the NEXUS and FAST programs. NEXUS is designed to expedite the border clearance process for low-risk, pre-approved travellers into Canada and the United States. Information on the NEXUS program is available on the CBSA website at www.cbsa-asfc.gc.ca/travel/nexus/menu-e.html.

ACI/eManifest Update

Kin Choi, director general, major project design and development, re-

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Join Us at Our 76th Annual Conference

Our 76th annual conference, trade show and reception will take place October 22-24, 2007 at the Doubletree International Plaza Hotel Toronto Airport at 655 Dixon Road.

We are in the process of developing the agenda for the conference.

Please watch for further updates in *I.E. Today*, *Tradeweek* and on our website. We welcome input from

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Next Week's Gala



James H. Miller, executive vice-president, Honda Canada Inc.

I.E. Canada will celebrate its 75th anniversary at a gala event on Thursday June 21, 2007. The black tie affair will be an excellent opportunity for leaders in international trade to network and hear from companies that have embraced corporate social responsibility (CSR) as part of their culture.

"Greening Your Business - The New Competitive Advantage" is the theme for the event. The gala will be held at the historic Liberty Grand at Exhibition Place in Toronto.

With growing concerns over global warming and its effect on the planet and its people, consumers have become more selective about the products and services they buy and the cars they drive. Voters

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I.E.Canada Lauds Report on Counterfeit Goods



From left to right: Supt. Ken Hansen, director, federal enforcement branch, RCMP, and Doug Geralde, director, corporate audits and investigations, Canadian Standards Association, and chair, Canadian Anti-Counterfeiting Network, at CACN's official launch on May 3, 2006

The following article was written by Carol Osmond, senior policy advisor, I.E.Canada.

As a founding member of the Canadian Anti-Counterfeiting Network (CACN), I.E.Canada welcomed the report tabled in the House of Commons on June 4, 2007 calling for aggressive measures to combat the alarming increase in counterfeiting and piracy in Canada. The report, prepared by the Standing Committee on Public Safety and National Security following several days of hearings, recognizes that counterfeiting is a major threat not only to Canada's economic well-being, but also to the health and safety of Canadians.

"It is estimated that 80 per cent of the counterfeit goods in the Canadian market are imported," says Mary Anderson, president of I.E.Canada and a member of the Steering Committee of CACN. "Counterfeiting is of serious concern to our members who face unfair competition from the deluge of

counterfeit imports entering the country. Counterfeit goods are produced without regard to quality or the standards intended to protect consumer health and safety."

Included in the report's recommendations are measures to improve border controls so that border officers have the authority to seize and destroy counterfeit goods. "Given that the vast majority of counterfeit products are imported, effective border enforcement measures for intellectual property rights are a critical element in any strategy to address counterfeiting," says Carol Osmond, vice chair of CACN and senior policy advisor to I.E.Canada. "While border measures would have to be implemented in a way that would not impede the flow of legitimate goods, we would welcome a more active role for the Canada Border Services Agency in combating counterfeiting, similar to the role played by customs services in most developed and many developing countries around the world."

"Government action in this area is long overdue in Canada and we hope that the federal government will move quickly to implement the committee's recommendations," adds Ms. Anderson.

In related news, the Ontario government announced on June 12, 2007 that it is creating a Special Advisory Group on Sources of Organized Crime Profits. The advisory group will bring together Crown prosecutors, police, retailers and other experts for advice on how to better coordinate investigations and prosecutions of identity theft, counterfeiting and other crimes. Graham Henderson, president of the Canadian Recording Industry Association and a member of the CACN Steering Committee, will represent CACN on the advisory group.

The full text of the Public Safety

Committee's report is available at http://iecanada.com/mis/07_06_13_counterfeit_goods_in_canada.pdf

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ported on the status of eManifest. The Steering Committee for the External Stakeholder Partnership Network (eSPN), which Mr. Choi chairs, held its first in person meeting on May 24, 2007 and will meet again in August. It is anticipated that a plenary session of the eSPN will be held in the fall at which time working groups will be formed. In the meantime, CBSA is working on a number of "readiness pieces," including an in transit pilot with the United States. Mr. Choi also announced that CBSA intends to extend the AMPS grace period for ACI Air. Participants were disappointed to learn that Mr. Choi will be leaving his position on June 15 to assume a more senior position at Health Canada.

Core Services Review

Mike Jordan, director general, border and compliance programs directorate, provided an overview of the Core Services Review and the external stakeholder consultations. Not surprisingly external stakeholders are opposed to broad based user fees and generally view border services as a public good benefiting all Canadians that should be publicly funded. CBSA is currently developing policy options for defining publicly-funded versus privately-funded services with an initial focus on the air mode and will present a report to Cabinet later this summer. Depending on Cabinet's direction, CBSA will proceed with a review of the other modes. For more information on the Core Services Review, please refer to the article in the April 30 issue of *Tradeweek*.

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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.

Seaway Undergoing Difficult Season

Following its best performance since 1998 in 2006, there was cautious optimism that the St. Lawrence Seaway was heading for another good year in 2007. But the numbers for the first few months of the current season are running well below expectations. The marine industry on the waterway, thus, is hoping the latter part of the year will bring more positive news.

The Welland Canal established a record for the earliest opening date on March 20, with the Montreal-Lake Ontario section following suit on March 21. The few extra days gained, however, were not rewarded with cargo business generated, with total traffic to the end of May falling to 9.2 million tonnes from the year-earlier 11.8 million tonnes.

A slow start had been anticipated, due mainly to lower steel imports from Europe and weak demand especially in the U.S. auto and housing

industries. Canada's auto sector around Windsor is also undergoing major changes.

The latest figures, indeed, show the U.S. economy stagnating at a 0.6 per cent annualized growth rate in first quarter 2007 versus 3.7 per cent annualized in Canada. Important to remember is the fact that more than half of Seaway traffic flows to U.S. ports on the Great Lakes.

While in the period to end May, iron ore nearly matched last year's volume and grain declined about 20 per cent, the big plunge was in steel – which totaled 518,000 tonnes versus the year-earlier 1.4 million tonnes.

When the new season was launched, Paul Pathy, vice-president and general manager of Federal Marine Terminals, part of Fednav Ltd., largest ocean-going user of the Seaway, had suggested that 2007 may not shape up quite as strong as 2006. "Steel looks slow coming in as producers (in the Great Lakes) are working down inventories from last year and prices in European mills remain high. But we see signs of life around mid-year."

It remains to be seen whether such a prediction may turn out to be on the mark, as Seaway officials re-assess what the coming months might bring to reverse the present trend. Traditionally, the summer months coincide with a sharp decrease in inland shipping activity prior to a heavy period in the fall until the final stretch in late December.

Richard Corfe, president and CEO of the St. Lawrence Seaway Management Corporation, initially expressed the hope that Seaway would show moderate growth in 2007. But even matching the 2006 volume of 47.2 million tonnes (a 9 per cent increase over 2005) now appears excluded.

Data Mining and Global Trade



Matt Gersper, president, Global Data Mining, LLC

Data Mining Helps Financial Executives Measure Opportunity in Global Trade

The following article was written by Matt Gersper, president, Global Data Mining, LLC.

Two summers ago, Global Data Mining hosted a series of focus groups designed to gain insight into the measurements and metrics desired by trade professionals and corporate executives concerning their global supply chains. Continued collaboration has resulted in more than sixty-five "best-practice" global trade reports providing the most comprehensive view of a global supply chain that exists in the market today. Eleven financial opportunity reports focus specifically on identifying and measuring financial opportunities in the global supply chain.

How large is the opportunity for you? There are millions of dollars in working capital languishing in your international supply chain. So says industry analyst Beth Enslow of the Aberdeen Group in her *CFO's Agenda for Global Trade Benchmark*

Data Mining, cont'd on pg. 4

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want their governments to put pressure on companies to introduce programs and policies to ensure steps are taken to improve current environmental conditions.

The following people will deliver presentations at the event:

- Judith E. McKay, chief administrative officer and general counsel, DuPont Canada
- Frances Edmonds, director, environmental programs, Hewlett Packard Ltd.
- James H. Miller, executive vice-president, Honda Canada Inc.

The following organizations are sponsoring the event:

- Export Development Canada (dinner sponsor)
- HSBC Bank (welcome reception)
- Blake, Cassels & Graydon LLP (program guide)
- Canadian Society of Customs Brokers (post-dinner social)
- Honda Canada (Honda Civic Hybrid and Honda Fit vehicle ride and drive)

Ride and Drive

As a well recognized leader in producing environmentally friendly automobiles that provide consumers with the best balance of green, safe and fun vehicles, Honda Canada Inc. proudly sponsors the vehicle "ride and drive" from 4:30 - 7:00 p.m. at the Liberty Grand.

This event will showcase the power of Honda's available advanced technology cars, including the Honda Civic Hybrid and the Honda Fit. As Canada's most affordable hybrid, the Civic Hybrid pairs a super-efficient 1.3-litre gasoline engine with a lightweight, high-output electric motor offering a 2007 Energuide award winning fuel consumption rating. The completely new Honda Fit is the perfect integration of sporty fun, safety and fuel efficiency. The Fit provides high efficient

operation at low speeds and extended performance at high engine speeds, benefiting fuel efficiency, power and low emissions. The Honda Fit is also a 2007 Energuide award winner for fuel efficiency.

Tickets and Tables

The event is open to the public. Tickets are available for \$150 per person: the price includes the reception, three-course dinner, business presentations, ride and drive, post-dinner social, dancing, parking and the GST. Corporate tables of eight can be purchased for the low price of \$1200.

For more information and on-line registration, please visit www.iecanada.com/sponsorgala/sponsorgala.html or call Fée Kiessling at (416) 595-5333 ext. 29.

Data Mining, cont'd from pg. 3

Report. The report boldly states, "A \$1 billion company can free \$10 million to \$40 million in cash by better controlling its basic global trade processes."

Data mining is helping financial executives gain a comprehensive overview of their global trade operations to make decisions, develop strategy, and assign specific projects.

Leading executives are using data mining to identify significant financial and operational opportunities that exist as a result of inefficiencies in supply chain processes. Financial opportunity reports are helping financial executives effectively manage the proliferation of free trade agreements, improve sourcing options, and implement new supply chain finance programs for international suppliers.

Beth Enslow and I recently conducted an extensive data mining project for a global trade industry organization. The project included five Fortune 500 companies and identified more than \$500 million in potential savings in

total. Here are just a few examples:

- One analysis measures how much a company has saved implementing trade agreements and other special programs... the five companies combined had saved \$100,341,767.
- Another identifies and quantifies inconsistent application of trade agreements and other special programs on import entries from the same manufacturer and the same product group... the five companies combined had \$17,111,817 in potential savings.
- A third review identifies and quantifies potential sourcing opportunities of high volume products being sourced by some suppliers without the benefit of trade agreements while other sources within the same company are benefiting from trade agreements and other special programs... the five companies combined had \$150,558,912 in potential savings.

In total, with the data from our five participating companies we identified more than \$558 million in potential savings in specific areas such as trade agreement management, sourcing opportunities, foreign trade zone (FTZ) analysis, and supply chain finance strategies.

One trade professional reacted to his results by saying, "This is staggering information... it's been a struggle to get this kind of information to our executives."

Global trade remains one of the last frontiers where upgrading and optimizing business systems can create very significant financial and operational gains, giving corporations an additional strategy to create competitive advantage. Data mining is helping leading executives identify where to begin.

Matt Gersper can be reached at: (303) 670-2479 or by e-mail at: mattgersper@gdmllc.com.

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Licensing, Export and Accounting Policy Division

Joy Aldous is heading up a new licensing, export and accounting division within the admissibility branch. This division is responsible for brokers licensing and account security programs; entry, accounting and adjustment policy; the export program; and the special services program. The division will be conducting consultations with respect to payment, security and licensing issues – members of the Customs and Legislation Committee met with Ms. Aldous and her colleagues for a preliminary brainstorming session on June 4, 2007 – as well as with respect to the special services regulations.

Commercial Vision

CBSA is proposing to conduct consultations with key stakeholders regarding a new CBSA commercial vision for 2017, similar to the consultations that led to the Customs Action Plan, 2000-2004.

OGD Action Plan

The OGD Single Window project continues to move forward with ten government departments currently participating. CBSA has hired four consultants to work with the OGDs to conduct needs assessments and help them re-design their processes during the summer months. A Single Window Framework document will be issued in the near future for industry comment.

Contingency Planning

A draft CBP/CBSA Communication and Coordination Plan was finalized and tested during two tabletop exercises in Vancouver in April 2007 with participation from 102 government and industry representatives (including I.E.Canada). The final Business Resumption Protocols and Communication and Coordination Plan are to be disseminated in the regions by September 2007 to allow for local work related to communications and border access is-

such as traffic management. Private sector participants in the tabletop exercises commended CBSA for the great strides that have been made in developing a bilateral business resumption protocol, but suggested that further work needs to be done with respect to communications with the private sector and access to the border.

Mandatory Line Release at Ambassador Bridge

Mandatory line release was implemented at the Ambassador Bridge in Windsor on April 1, 2007 to address security concerns relating to trucks being referred to the off-site processing facility. (There are some exceptions, including shipments subject to OGD requirements.) CBSA reported that there has been a noticeable improvement in efficiency at PIL as many more trucks are arriving prepared for clearance, as well as a significant reduction in the number of failed PARS. Introduction of the new procedures is considered by CBSA to have been a resounding success, resulting in reduced congestion, improved security and better enforcement. Results and best practices will be shared with the admissibility branch in preparation for mandatory EDI requirements to be implemented across the country in October 2007. Further information with respect to mandatory EDI requirements may be found in Customs Notice CN07-008 available at www.cbsa.gc.ca/E/pub/cm/cn07-008/README.html.

Electronic Certificates of Origin

CBSA will publish a customs notice in early summer setting out its policy regarding electronic certificates of origin. CBSA proposes to accept electronically transmitted certificates that have been originally signed and scanned. It will also conduct a pilot project with participants in the Customs Self Assessment program with the goal of developing and accepting fully electronic certificates of origin for all importers

within a year.

AMPS Review

Draft recommendations for changes to the AMPS program were prepared in March 2007 and were shared within CBSA and with the BCCC AMPS Subcommittee, in which I.E.Canada participates. The recommendations address a number of issues, including significantly reducing the number of AMPS penalties, adopting a risk-based approach to contraventions and penalty amounts, streamlining the appeals process, legislative changes to allow third party penalties, and a volumetric fairness process. No date has been provided for release of the final report.

The next BCCC meeting will take place in October in Ottawa. Questions or comments regarding any of the matters referred to above may be addressed to Carol Osmond, senior policy advisor to I.E.Canada, at cosmond@iecanada.com.

Welcome New Members!

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

Bombardier Produits Récréatifs Inc.

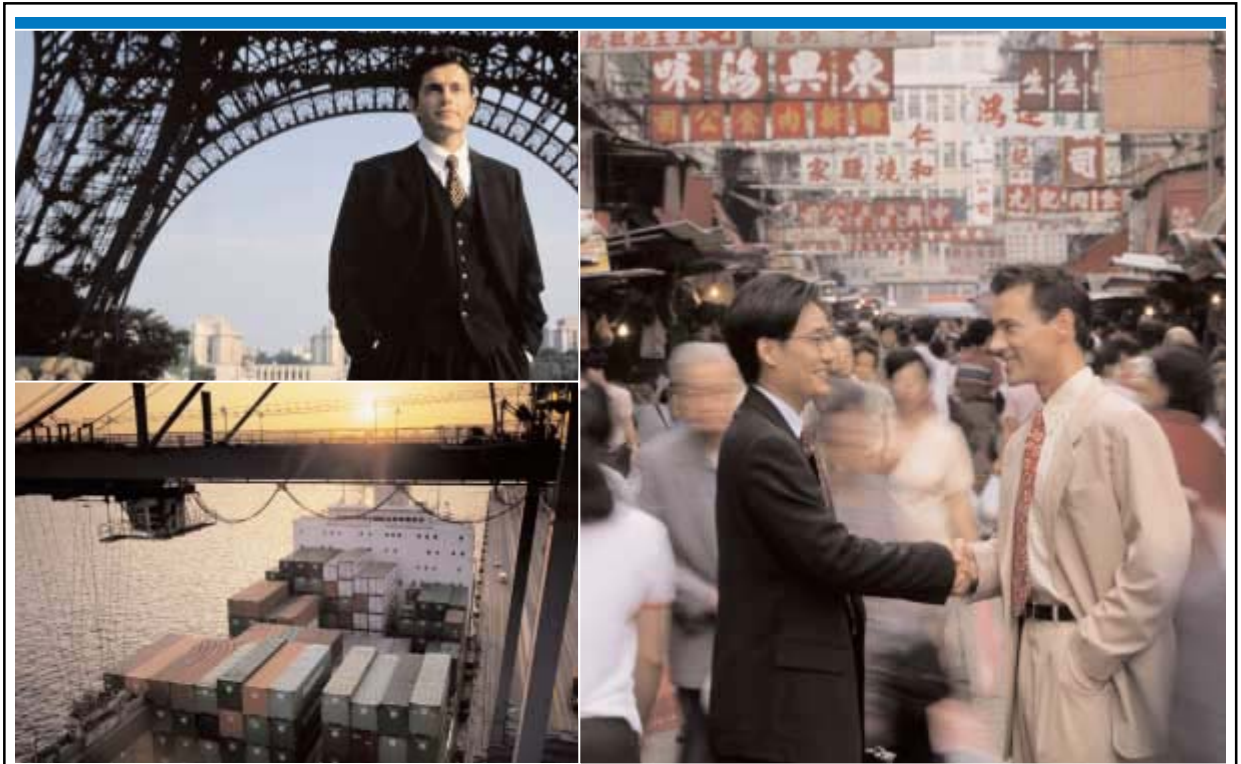
Pascal Gauthier
Directeur fiscalité & douanes
internationales
Valcourt, Quebec

Khattak International Inc.

Haider Khattak
President
Mississauga, Ontario

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members concerning topics, speakers and workshops. Please call Fée Kiessling, vice-president of conferences and programs, at 416-595-5333 ext. 29 to discuss your ideas.



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