

# tradeweek

Your Resource for Global Trade | October 15, 2007 | Vol. 118, No. 19

## Mandatory EDI to be Phased-in



Mandatory EDI will be implemented October 15, 2007 using a phased approach

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

Today, October 15, 2007, is the implementation date for mandatory EDI (electronic data interchange) by the Canada Border Services Agency (CBSA). However, responding to concerns raised by members of I.E.Canada, the Canadian Society of Customs Brokers

and others, CBSA issued a customs notice on Friday, October 12, 2007 announcing that they will take a phased approach to mandatory EDI by giving clients a six-month transition period to fully implement their EDI capabilities.

Clients already capable of transmitting EDI are expected to do so. However, CBSA has signaled that it will

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### We're Moving!

I.E.Canada is relocating!

Our new address will be effective as of November 1, 2007, so please make note of this important date.

I.E.Canada's new office location:

I.E.Canada,  
Canadian Association of Importers  
and Exporters Inc.  
160 Eglinton Ave. E., Suite 300  
Toronto, Ontario  
M4P 3B5

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### I.E.Canada Welcomes Canadian Spice Association

Recently, the Canadian Spice Association (CSA) became affiliated with I.E.Canada, reflecting the mutual interests of the members of both associations. I.E.Canada welcomes the CSA into its network of affiliated associations and believes that the CSA will be a valuable partner in dealing with trade issues and concerns related to the food industry.

Founded in 1942 at the request of the Canadian government, the original group of 12 companies was made up of the principal brokers, importers and grinders in the Canadian spice industry at the time. The initial purpose of the Association was to ensure that fair and equitable allocations of the various spices were made during World War II, as it was extremely difficult to obtain supplies due to crop shortages and limited shipping facilities from foreign countries during wartime. Over time, the Association became a useful vehicle for exchanging information about common issues within the industry and government.

The mission of the Association is to advance the welfare of the spice trade and its commonly associated

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## Mandatory EDI, cont'd from pg. 1

work with industry to address any issues arising from the EDI requirement, most notably the handling of multi-line invoices.

According to CBSA officials, this means that even customs brokers and self-clearing importers that are currently EDI capable will be permitted to submit paper if they are experiencing particular challenges with EDI due, for example, to the time involved in capturing invoices that may have hundreds of lines. All paper entries will have to be accompanied by an exceptions lead sheet indicating why paper is being submitted. In this way, CBSA plans to monitor the problems that industry is experiencing with EDI and to work towards solutions.

The new lead sheet, which is available at <http://www.iecanada.com/leadsheet.pdf>, has a new line item for "multiple invoice lines" and requires brokers and importers to indicate the number of lines. CBSA is expected to set a threshold soon for the number of lines at which electronic transmission of the release transaction will become mandatory and will increase the threshold over the transition period. Customs Notice 07-029 is available at <http://www.cbsa-asfc.gc.ca/publications/cn-ad/cn07-029-eng.html>. Further developments and details of the phase-in requirements will be communicated by CBSA as they become available.

CBSA officially announced its intention to implement mandatory EDI with the issuance of Customs Notice 07-008 on March 23, 2007. Implementation of mandatory EDI is considered an interim step towards and necessary preparation for eventual implementation of Advance Commercial Information (ACI) eManifest. Under mandatory EDI, CBSA will no longer accept paper versions for either the release on minimum documentation (RMD) or the Pre-arrival Review System



Carol Osmond, I.E.Canada's senior policy advisor.

(PARS) service options. There are, however, some exceptions, including situations where the goods are subject to the requirements of another government department or agency that has no EDI link with CBSA and where the invoice for the release transaction contains more than 999 invoice lines, which CBSA's release system, ACROSS, cannot support. For more information, consult the CBSA website at: <http://www.cbsa-asfc.gc.ca/import/notice-avis-imp-eng.html>.

On October 2, 2007, I.E.Canada arranged a conference call for members of the Customs and Legislation Committee and invited representatives of CBSA to participate. The purpose of the call was to clarify issues and to express concerns about the challenges associated with implementation of mandatory EDI and the potential for delays at the border. There were over 50 individuals on that conference call, some of them representing service providers, many of them importers.

Even though CBSA currently receives 85% of entries electronically, in the vast majority of cases, customs brokers receive the information in paper form from their clients. With implementation of mandatory EDI, customs brokers have taken the opportunity to promote electronic transmission of informa-

tion to them by their clients. However, it is generally recognized that in most cases the broker will continue to capture the data for the importer.

The biggest area of concern is with large shipments involving hundreds of invoice lines, especially where the point of origin is close to the border. Keying in this data, even when relying on the re-capping rules, can take hours. This will be especially challenging during peak hours, during hours when some brokerage firms may not be fully staffed or outside normal business hours when it will not be possible to reach shippers and importers to obtain missing documentation and information.

Importers have been working with their customs brokers in various ways to prepare for mandatory EDI. Some have made arrangements for electronic transmission of data to their brokers. Others are opting to delay movement of their shipments, some by up to a day, to allow their broker sufficient time to capture the data. There are many solutions in between, and all of them have associated costs and affect how companies conduct their business.

Following the conference call on October 2, I.E.Canada wrote to CBSA expressing support for the implementation of mandatory EDI, but asking them to consider a period of transition for implementation so that importers and brokers could become accustomed to the new requirements and CBSA could assess the impact at the border. We made a number of specific suggestions, namely (i) phasing in mandatory EDI based on the number of lines on the invoice starting with a threshold of 100 lines; (ii) exempting entries subject to Canadian Food Inspection Agency (CFIA) requirements from mandatory EDI due to the challenges associated with the AIRS sys-

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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.*

### Waterfront Rumblings

Over the past few years, Canadian shippers have been frustrated by transportation-related conflicts that have severely hit supply chains and proven very costly for bottom lines of various industries. These have ranged from last year's strike by CN conductors and yard employees to work stoppages in 2005 by Vancouver area container truckers.

Agitation by dockers on the waterfronts of Canadian ports has been relatively limited - at least until just recently. This affair has been a bit of a sleeper, but has been clearly gathering momentum.

Longshoremen unions representing marine industry workers in Canada are, in fact, on the warpath. Specifically, they are challenging new security clearance regulations - especially on human rights and privacy grounds - that will kick in on a phased basis in mid-December. The wind of rebellion is blowing strongest on the West Coast, with possible negative implications for Vancouver, Canada's largest port.

All told, the security regime elaborated by Transport Canada will affect some 10,000 dockworkers and other marine industry personnel by the time the second phase is implemented a year later.

Effective December 15, 2007, security clearances will be required by workers at the container ports of Montreal, Halifax, and Vancouver as well as at the ports of Fraser River and North Fraser River in British Columbia. The second phase will extend the program to the ports of Prince Rupert, Victoria, Windsor, Toronto, Hamilton, Québec, Saint John and St. John's - with the implementation date set for December 15, 2008.

Transport Canada indicated in mid-September that the several thousand workers impacted in the first phase of the program have three months to complete the application process - or else they will run the risk of being disallowed to enter port territory.

The initial draft regulations had drawn widespread criticism from docker unions for allegedly trampling on basic individual rights. Following consultations, the amended measures contained improved privacy protection plus an appeal mechanism - but this has not been enough for the unions concerned.

Tom Dufresne, president of the Canadian division of the International Longshore and Warehouse Union (ILWU), says "the new regulations amount to a violation of Canada's Charter of Rights and Freedoms and the Privacy Act."

Dufresne also charges that the regulations are "discriminatory" against workers not born in Canada. "About 40% of our workers were born outside Canada and it could take between three and nine months for the proper documents to be processed."

The union told its 3,500 members not to begin filing the required application documents. As a result, the British Columbia Maritime Employers Association (BCMEA) filed a complaint with the Canada Industrial Relations Board (CIRB) accusing the union of virtually engaging in "an illegal strike."

However, at a hearing in Vancouver in early October, the CIRB declined to issue an interim order obliging the union and its members to cease their protest action. Another CIRB hearing is scheduled for October 20-21, 2007.

There is widespread criticism among the marine industry workers over the fact that information required from applicants includes details on past or current spouses and common-law partners. Applicants must also authorize Transport Canada to disclose to governments of foreign states where they have resided or traveled during the last five years.

In order to obtain clearance, applicants must report to an enrolment site at the appropriate port administration to submit an application package. This application is to be passed on to Transport Canada which will then conduct a background check - notably to identify any criminal record - in concert with the Royal Canadian Mounted Police and the Canadian Security Intelligence Service (CSIS).

If the dispute drags on, hopefully at least an extension beyond mid-December should be granted for application approval. Otherwise, under a worst-case scenario, cargo-handling operations at container and other terminals could soon be hampered or delayed if not enough on-dock workers have received the required security clearance.

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## Going Global



Mary Anderson, I.E.Canada's president, at the reception celebrating the anniversary of the founding of the People's Republic of China.

I.E.Canada has been busy on the international scene. Mary Anderson, president, I.E.Canada recently attended a reception celebrating the 58th anniversary of the founding of the Peoples Republic of China. The reception highlighted the importance of China as a world player, a role that will be a major focus of I.E.Canada's 76th Annual Conference, Tradeshow and Gala.

His Excellency Lu Shumin, Ambassador of the People's Republic of China in Canada, is the keynote speaker on Monday, October 22, 2007. The Ambassador will be giving his views on the issue of Corporate Social Responsibility in China.

Moving across the globe, on Wednesday, October 23, 2007, Emilio Goicoechea, Ambassador, Embassy of Mexico in Canada, will be the luncheon speaker. Mr. Goicoechea will be discussing ways to create stronger trade ties between Canada and Mexico, a partnership that offers many benefits to both countries.

Mexico is an important trading partner for Canada, a relationship whose tremendous potential for growth remains largely untapped.

I.E.Canada is extremely fortunate to have Mr. Goicoechea share his knowledge of how Canadian companies can take advantage of the opportunities present in Mexico.

Other sessions throughout the conference will focus more on the day-to-day details of global trade, including session on NAFTA rules of origin, and an update on the latest negotiations; an update on the Canada Border Services Agency (CBSA) Partners in Protection (PIP) program and other developments relating to enforcement; a session on the Customs Self Assessment (CSA) program and an update on implementation of CBSA's EDI Strategy, including elimination of the FIRST program

Focusing on our neighbour to the south, the conference will also feature presentations on the Automated Commercial Environment (ACE) e-Manifest and C-TPAT programs, as well as a discussion on the lessons that can be learned from the U.S. experience as CBSA moves forward with ACI e-Manifest.

There's no doubt that global trade can be incredibly complicated and unpredictable, but knowledge and

planning can help mitigate the risks and maximize the benefits found in world markets. I.E.Canada's 76th Annual Conference, Tradeshow and Gala can help provide you with the information you need.

For all the latest information, please visit [http://iecanada.com/76th\\_annual\\_conference/76th\\_annual.html](http://iecanada.com/76th_annual_conference/76th_annual.html) or call Jason at 416-595-5333 ext. 37.

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### Welcome New Members!

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

#### Applanix Corporation

Sheila Malloy  
Logistics Manager  
Richmond Hill, Ontario

#### Halford-Lewis Ltd.

Wendy Burggraff  
President  
Montreal, Quebec

#### J.B.Martin Ltée

Annie Courchesne, CMA  
Controleur  
St. Jean Sur-Richelieu, Quebec

#### Patheon Inc.

Jennifer Beamish  
Strategic Logistics Specialist  
Mississauga, Ontario

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### Moving, cont'd from p. 1

All telephone and email contact information will remain the same

During our transition we do not anticipate any long term disruptions in the services that we provide, but we do ask for your patience if we are unable to respond to your inquiries immediately.

Thank you in advance for your cooperation and understanding.

## Spice Association, cont'd from p. 1

lines in Canada and to foster and promote a feeling of fellowship and goodwill among its members

Canada is becoming a major world consumer and supplier of spices, seeds, herbs and extractives. In becoming more active in the world spice industry, the CSA will remain active in world markets which will enable the organization to continue to serve its membership and their clients, as well as consumers. The CSA will also continue to work to ensure the contribution of safe and wholesome products to the Canadian food industry and abroad.

Members of the CSA include companies involved in the growing, importing, processing (grinding, extracting, blending), treatment and marketing of spices, seeds and herbs. The association represents more than 90% of the blenders or intermediate suppliers of ingredients for the different sectors, including meat, fish and poultry, bakery, beverage, condiments, confectionery, dairy, fruits and vegetables, snacks and nuts, food service and institutional, and the consumer.

The CSA helps to ensure a microbologically controlled, sanative ingredient supply to the pharmaceutical industry, to manufacturers of natural remedies and to businesses that require essential oils for aromatherapy. The organization has and will continue to align and involve itself with government initiatives in the food industry by monitoring, participating in dialogue and contributing to the development of regulations and programs related to spices and other food ingredients. Areas where CSA has had input include: Allergens, CEPA, Ethylene Oxide, Food Additives, Food Safety, Good Importing Practices, Irradiation, Labeling, Methyl Bromide, Nutraceuticals and Functional Ingredients, PMRA Pesticide MRL's, Spice Adulteration, and Workplace Safety (WHMIS).

## Emerging Global Economies

The global economy is undergoing a massive transformation, and I.E.Canada is doing its best to ensure that Canada is well prepared to not only face the challenges, but to thrive in the new world economy.

According to statistics from the International Monetary Fund, China, India and Brazil are the fourth, 12th and 14th largest economies in the world, respectively. Canada is eighth. And the National Post predicts that by 2050 there will be a G6 economic club with China, the U.S., India, Japan, Russia and likely Brazil as members. It's no longer business as usual.

I.E.Canada, through its administration of the Brazil-Canada Chamber of Commerce, has a unique perspective on developing relationships and building agreements with business and government representatives in emerging economies.

Mary Anderson, president, I.E.Canada, will be addressing the Emerging Dynamic Global Economies (EDGE) Network's 2nd Annual Conference, "Responding to the Opportunities of the Emerging Economies," this week. In particular, Mary will be discussing ways to increase trade and investment in Brazil.

The EDGE Network is a Centre of Excellence and brings together major research institutions from across Canada, as well as internationally.

Members include the Faculty of Law at the University of Ottawa, the Asia Pacific Foundation of Canada, the York Centre for International and Security Studies, the Canadian Foundation for the Americas (FOCAL), the Shastri Indo-Canadian Institute, the Institute for Asian Research at UBC,

the China Institute at the University of Alberta, and le Centre d'Études de l'Asie de l'Est à l'Université de Montréal.

The network also brings together federal and provincial government departments, such as International Trade Canada, Export Development Canada and the Government of British Columbia. Other involved players are key business associations, including the Canadian Association of Importers and Exporters, the Brazil-Canada Chamber of Commerce, the Canada Eurasia Russia Business Council, as well as leading Canadian companies.

The goal of the EDGE Network is to ensure that the Canadian economy remains competitive and productive while at the same time preserving the social fabric of our communities, protecting our environment, and ensuring energy and resource security for future generations.

For more information on the Emerging Dynamic Global Economies (EDGE) Network or to learn more about the conference, please visit [www.edgenetwork.ca](http://www.edgenetwork.ca)

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## Mandatory EDI, cont'd from p. 2

tem; and (iii) exempting importers that have applied for the Customs Self-Assessment (CSA) program and are in Part II from mandatory EDI.

While CBSA did not adopt our specific suggestions, we are pleased to see that they have responded to the concerns of our members by adopting a phased approach to implementation of mandatory EDI and indicating that they will be flexible during the six-month transition period. To avoid unnecessary concern and confusion, however, we urge CBSA to issue more specifics about its requirements during this phase-in period as soon as possible.

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Canadian Association of Importers and Exporters / Association canadienne des importateurs et exportateurs

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 Doubletree International Plaza Hotel, 655 Dixon Road, Toronto Airport

**Keynote Speakers Invited (in order of appearance):**

*The Honourable Sergio Marchi*  
 President, Canada China Business Council

*His Excellency Lu Shumin, Ambassador of the People's Republic of China in Canada*

*Kimber Johnson*  
 VP, Enforcement, Canada Border Services Agency

*Hallock Northcott, President, AAEI*

*Emilio Goicoechea*  
 Ambassador, Embassy of Mexico in Canada

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