

tradeweek

Your Resource for Global Trade | January 15, 2008 | Vol. 119, No. 1

3rd Annual Food Forum



ACI eManifest	2
West Coast Dockers Lose Fight	3
Credit Terms	4
Calgary Conference	6

Industry and government experts will meet to discuss food safety and regulatory issues at I.E.Canada's Food Forum.

I.E.Canada's annual Food Forum will be held on February 20, 2008. Now in its third year, the Food Forum is a unique opportunity for members of the government and food industry to share knowledge and exchange information. Along with the annual updates from various government departments, this year's Forum will feature a strong

focus on food safety compliance.

Import product safety has become one of the leading priorities for governments and businesses world wide. The need for systems that both ensure the integrity of Canada's food supply and protect consumers from unintentional risk

Food Forum, cont'd on pg. 5

BCCC Launches Web Portal

The Brazil Canada Chamber of Commerce (BCCC), an association under the I.E.Canada umbrella, recently developed and launched a web portal (www.brazcan.org) offering nearly 400 links to informa-

tion sources for companies that are investing, importing or exporting to Brazil.

The portal was a result of consulta-

Web Portal, cont'd on pg. 4

Credit Terms: An International Asset

The following article was written by Claude-Jean Dumas, regional sales director, Eastern Canada, Global Transaction Solutions, RBC.

Helping their companies to make a profit by negotiating superior credit terms is one of the goals of all good treasurers.

Credit terms - be they to provide the company with low cost loans or terms to extend payment terms on purchases or to provide buyers with better payment terms - can be quite helpful in securing sales.

For exporters, the question is "How to agree on credit terms that minimize financing costs without increasing risk." Conversely, importers should know what encourages exporters to grant additional credit terms.

Let's take a look at three financing options - one for an importer; one for an exporter and one that can be used by both.

A draft, as part of a documentary credit, provides the importer with a payment term of 1 to 90 days (or longer). This helps to increase cash flow as the importer retains his liquidity. Importers do not have to

Credit Terms, cont'd on pg. 4

I.E.Canada Hosts ACI eManifest Meeting

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

On November 28, 2007, I.E.Canada hosted a highly successful and productive joint meeting of eight associations representing importers to seek input on the Advance Commercial Information (ACI) eManifest initiative. Tracey Speares, Chair of the association's Customs & Legislation Committee, chaired the meeting, which was generously hosted by I.E.Canada member, Ingram Micro Canada Inc. Tracey is also one of five importer representatives on the End State/Design Working Group for eManifest. There were over 50 participants in the meeting, including representatives from the Canada Border Services Agency (CBSA).

Overview ACI/eManifest

Marie Fawcett of CBSA provided an overview of the ACI initiative (PowerPoint presentation available at <http://iecanada.com/mis/aci.pdf>). CBSA began implementing ACI in 2004 with the marine mode and in June 2006, implemented ACI in the air mode. Phase III of ACI will involve the pre-arrival transmission of cargo and conveyance data in the highway and rail modes, of house bill information by freight forwarders, and admissibility data by importers/brokers. This data will have to be transmitted within minimum timeframes prior to arrival (one hour in the highway mode).

With implementation of eManifest, data will be received electronically by CBSA and risk assessed prior to arrival, making it critical for the transmitted data to be quality data. Arrival will become a communications point, where the carrier will be authorized to move or referred for exam. This does not necessarily mean that release will have to take place at the first point of arrival. However, if a health, safety or secu-



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

rity threat is detected, the shipment will go under customs control at that point. It is contemplated that CBSA will coordinate examinations for health, safety and security threats with examinations for other forms of non-compliance.

Phase III of ACI will be rolled out over five years. CBSA is currently engaged in consultations with external stakeholders. The External Stakeholder Partnership Network (eSPN) was established in January 2007. Since then an eSPN Steering Committee has been formed, as well as Design/End State and Communications Working Groups. I.E.Canada has representatives on the Steering Committee and both working groups.

Marie reviewed the following aspects of the ACI/eManifest Project:

IT Prerequisites and Capacity (Slide 8): involves strengthening of CBSA's systems including splitting lines of business so that systems changes and upgrades can be made independently.

Electronic Reporting (Slide 9): a key aspect of electronic reporting is defining the required data elements. The aim is to harmonize ACI/eManifest data requirements with ACE eManifest in the United States. The latest draft of the pro-

posed data sets was distributed at the November meeting of the Design/End State Working Group. (See discussion below.)

Notification System (Slide 10): CBSA will be working on improving the current notification system. Features being considered include the ability for clients to query the status of shipments (for example, an importer would be able to query whether a carrier had transmitted data), and/or to enhanced notifications to all trade chain partners.

Risk Assessment (Slide 11): automatic risk assessment of data prior to arrival.

Internet Portal (Slide 12): features provided through EDI reporting will be extended to the portal. For example, the portal will have query and reporting capabilities for a client's own data and will have a release notification feature.

Passage (Slide 13): In addition to improving systems for officers at the Primary Inspection Line, this aspect of the project also involves examining what activities will continue to be conducted at the front counter and how these processes will work in other modes (marine and air).

Data Warehouse (Slide 14): Data will be collected from various sources for purposes of making risk assessment decisions.

Compliance Management and Reporting (Slide 15): CBSA has been monitoring compliance in the marine and air modes since implementation and providing feedback to industry with respect to how well it is doing in terms of meeting timeframes, quality of data and so on. This feedback to industry has been very helpful, for example, in clarifying the meaning of data fields. Companies that plan to go with EDI reporting will be required

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.

Court Stifles Rebel West Coast Dockers

A very dark cloud which hung over the launching of Canada's west coast superport on January 1, 2008 under the umbrella of the Vancouver Fraser Port Authority (VFPA) has been removed in the nick of time, thanks to a court decision.

For months, rebel dockers in the Vancouver area had been refusing to comply with security screening regulations on civil rights grounds while fellow marine workers in such ports as Montreal and Halifax had agreed, some rather reluctantly. This posed a potential threat to smooth operations at container and cruise facilities in particular.

But, as a result of a ruling earlier this month by the Federal Court of Appeal, the rebel dockers must comply with Transport Canada regulations compelling all Canadian marine workers to fill out security clearance applications. The marine workers must possess such security clearances by February 20 in order

to gain access to certain restricted port sectors.

The Federal Court ruled that the prolonged refusal by dock workers in the Vancouver region to comply with the federal security clearance program constituted an "illegal strike" as affirmed in a complaint filed by the British Columbia Maritime Employers Association (BCMEA).

In dismissing the application of the International Warehouse and Longshore Union (ILWU) for interim suspension of the program, the Federal Court held that the union failed to establish that docker workers would suffer "irreparable harm" by applying for security clearances. The Court indicated that "the public interest purpose underlying the regulations is undeniable" - referring to the "significant" potential adverse impact on the Canadian economy and port business.

As a result, the ILWU, further to a December 20, 2007 order of the Canada Industrial Relations Board (CIRB) effective January 8, revoked its instruction to members to not complete the application forms.

Transport Canada had attempted to diffuse the conflict on the west coast by giving dockers in the region an extra two months to comply from the original deadline of December 15.

"It's a great relief to us that we can look forward to normal conditions in the terminals," was the comment from Rick Bryant, president of the Chamber of Shipping of British Columbia which represents global shipping lines. He reiterated the Chamber's strong support for the International Maritime Organization's ISPS code.

Officials at the Port of Vancouver had also recently raised a cry of alarm over possible disruption of

cargo-handling from surging Asian trade at Canada's largest port.

The ILWU had argued that certain features of the Marine Transportation Security Clearance application violated Canada's Charter of Rights and the Privacy Act. The union especially objected to information required for the applications that included details of present and past spouses or common-law partners, as well as releasing information of travel destinations during the past five years to foreign governments.

Now, the merged Lower Mainland ports of Vancouver, Fraser River and North Fraser, which together account for more than 130 million tones of cargo, can concentrate on their mission of boosting the competitiveness of Canada's Pacific Gateway with U.S. rivals in handling the ever-increasing Asian trade. As expected, Capt. Gordon Houston, President and CEO of the Port of Vancouver, was selected by an 11-member Board of Directors to head the VFPA, and a new executive team drawn from the three ports involved has been put in place.

leo.ryan@bellnet.ca

November New Members

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

Kangaroo Media Inc.

Bianca Jacob
Logistics Coordinator
Mirabel, Quebec

Mitel Networks

Amanda Neadow
Import/Export Analyst - International Trade Compliance
Kanata, Ontario

Credit Terms, cont'd from pg. 1



Claude-Jean Dumas, regional sales director, Eastern Canada, Global Transaction Solutions, RBC.

pay when they place an order or when merchandise is sent. According to the agreed-upon credit terms, importers take possession of the merchandise, sell it, and use the proceeds to reimburse the bank that has paid on their behalf. Even better for importers, documentary credit fees are a less costly option than paying loan interest rates or using their own money.

For an exporter, a bank draft is a form of banker's acceptance that can easily be cashed before the payment date. The exporter therefore has access to a negotiable draft that can be discounted 100%, without recourse, at an interest rate set by the accepting bank (the accepting bank can be the bank of the importer, exporter or even 3-party). No other method of payment or financing allows exporters to finance receivables 100% without recourse. With a bank draft, an exporter who so wishes can be paid immediately after shipping, even if it has granted credit terms to its overseas clients. It goes without saying that the better the reputation of the importer's bank, the better the interest cost for the exporter.

A bill of exchange is a negotiable

commercial paper that importers and exporters should learn more about. It is a payment method that sets out the terms of payment. It can be used easily for documentary collections and, when used in conjunction with a bank aval (an unconditional importer's or buyer's bank guaranty of the payment of a bill of exchange), provides the holder a guaranteed commercial paper that easily converts into cash, much like a banker's acceptance.

Of course, it is always a good idea to speak with your banker in order to discuss your unique circumstances and requirements.



Web Portal, cont'd from pg. 1

tions and research conducted by the BCCC that identified the need for information and, more importantly, contacts and sources for companies in Canada and Brazil that are interested in trade and investment opportunities.

The portal is a major step towards addressing the needs of BCCC members, Canadian companies, Canadian government departments and agencies, and foreign companies in delivering the information and services needed to bolster trade between Canada and Brazil and to expand bilateral investment.

Brazil is gaining profile in the global trade arena. It is the world's eleventh-largest economy and serves as the economic engine of South America. Canadian investment in Brazil is approximately C\$8 billion, and Brazil is the 4th largest investor in Canada.

September 2007 statistics from the Department of Foreign Affairs and International Trade showed Canadian exports to Brazil were C\$1.1 billion year-to-date, representing a 14.7% increase compared to 2006 figures. Canadian imports from Brazil were C\$2.4 billion year-to-date, which was a 2.8% decrease over 2006 figures.

Canadian companies looking to remain globally competitive must become equally adept at both exporting and importing. Brazil represents a significant market with strong growth potential for both businesses looking to expand their export markets, as well as for companies looking for a new source for products or parts.

The BCCC, together with I.E.Canada, conducted research to identify and understand the bilateral trade barriers between Canada and Brazil. Several were identified including a basic lack of knowledge of the opportunities that are available. Other hindrances included language and cultural differences, the logistics challenges of moving goods into and out of Brazil, and the complexity of business practices within Brazil.

In order to address some of these challenges, the web portal was developed with the aim of providing businesses with access to multiple service providers, contacts, government departments and information sources.

If your company is working in Brazil, bringing products or services from Brazil into Canada, or you are beginning to explore trade opportunities in Brazil, please take a look at (www.brazcan.org). Let BCCC know if you find the information and contacts you were looking for or if there are gaps in the available resources.

The BCCC would welcome your feedback on the portal!

ACI eManifest, cont'd from pg. 2

to test not only their systems in advance with CBSA, but also the quality of their data.

Regarding the current status of the ACI/eManifest project (Slide 17), Marie noted that the project has been funded to approximately \$400 million. Because of the size of the project, there is significant oversight from Treasury Board. CBSA is looking for some early wins, including a joint automated in transit pilot with CBP. CBSA is also working on a draft deployment plan.

Overview of OGD Single Window Initiative

Eric Sunstrum of CBSA provided an update on the OGD Single Window initiative. Under this initiative, which is intimately linked with the ACI/eManifest project, CBSA is working with ten other government departments and agencies (OGDs) towards automation of almost 40 different programs. CBSA has hired four business transformation analysts to help the OGDs map out their current business processes, including reviewing their legislative and regulatory authority, business flows, information requirements and IT infrastructure. The purpose is to help OGDs articulate their future vision; prepare a gap analysis, identifying what legislative and regulatory changes are needed as well as IT requirements; and make their business case. Once this exercise is complete in January 2008, CBSA and the OGDs will develop an integrated project plan. A Single Window Framework document is nearing final approval the when approved, will be shared with the trade community for consultation purposes.

WalkThrough Exercise

Tracey Speares led participants through the process flow for ACI in the highway mode. She stressed the importance of importers being

engaged in the consultations, noting that ACI/eManifest will require changes to business processes and IT investments. Importers need to begin now to think about what these changes will mean for their business. She noted that it will be a business decision whether the importer admissibility data is transmitted by the importer directly or through their broker.

Tracey then went through a long list of possible exceptions to the ACI/eManifest process flow that have been identified by the Design/End State Working Group. These exceptions are under review by CBSA to determine if there should be alternate process flows or a true exception process. No final decision has yet been made.

She also reviewed the draft data sets for carriers, freight forwarders and importers in the highway mode. It was noted that these data sets are still in draft. Additional data elements will be added for OGD purposes. Also the crew and passenger information are still to be determined.

For copies of the minutes of the November 28, 2007 meeting and related documentation, including the draft data sets, please contact Martin Fedor at mfedor@iecanada.com.

Food Forum, cont'd from pg. 1

that could occur has come into sharp focus. Ensuring that our processes and our use of imported food and ingredients is safe and compliant is critical to maintaining Canadian consumer confidence in our food industries.

Highlights of the day include an update from Health Canada on where government programs are heading with regards to import product safety and regulatory reform. This is a unique opportunity for businesses

to hear directly from government.

Janet Beauvais, director general, Food Directorate, Health Products and Food Directorate, Health Canada will describe changes to the Food and Drugs Act and Regulations and the Hazardous Products Act under the Food and Consumer Safety Action Plan. She will also provide an update on the progress on regulatory initiatives on fortification allergen labeling, health claims and natural health products.

In addition, Ms. Beauvais will address measures to regulate risk management of substances such as bisphenol A and acrylamide.

Debra Bryanton, executive director, Food Safety Directorate, Canadian Food Inspection Agency, will address imported food safety and how the Food and Consumer Safety Action Plan will impact the importation of food into Canada. Ms. Bryanton will also provide participants with an update on regulatory and policy initiatives on precautionary allergen labeling, country of origin labeling, the Canadian Organic Regime (which comes into force December of this year) and new standards of identity for cheese.

Covering changes and actions being undertaken in the United States, the Food Forum is extremely fortunate to have David Acheson, Assistant Commissioner for Food Protection, U.S. Food & Drug Administration (FDA). Mr. Acheson's presentation will cover the U.S. Action Plan for Import Food Safety and the FDA's Food Protection Plan, both of which have implications for Canadian food exporters.

Participants will also have the opportunity to hear the methods and systems Canada's food industry leaders are using to ensure that their systems and products are safe and compliant. Afternoon panel dis-

Food Forum, cont'd on pg. 6

I.E.Canada's Western Conference

The theme of I.E.Canada's Western Conference is ***Globally Competitive: Developments in Customs and Trade.***

The conference, which will run February 11 & 12 in Calgary, offers businesses involved in global trade the opportunity to share knowledge and network with other leaders in international trade.

Participants will hear from government officials on ongoing customs and trade programs, such as ACI eManifest and emerging issues in U.S. customs. Government and industry experts will also provide an update on supply chain security programs, including upcoming changes to the Partners in Protection Program (PIP) and air cargo security.

The conference will begin with remarks from Mary Anderson, president, I.E.Canada, who will outline the association's priorities for the coming year, many of which coincide with the topics on the conference program. David Bosse, I.E.Canada's Calgary Chapter Chair, who is also director, consulting, Cole Group, will officially open the conference.

Rounding out Monday, industry experts will share their experience in meeting global supply chain challenges and minimizing the risks inherent in importing products from emerging markets.

A highlight of the program will be the conference key note speakers, including Stephen Poloz, senior vice

president, corporate affairs, and chief economist, Export Development Canada (EDC) who will open the conference with his talk on "Risk Storm Rising: How Will Canada Fare?"

Monday's luncheon address will be given by Tom Smillie, chief financial officer, Evans Consoles, a world leader in the design and manufacture of custom control room solutions for mission critical and other technology-intensive environments. Some of Evans Consoles clients have included NASA, Boeing, the Pentagon, Microsoft, Deutsche Telekom, Shanghai Power and Chase Manhattan Bank.

Day one will close on a social note, with a reception offering Western Canadian business people the opportunity to network and exchange views.

Tuesday will feature an interactive session with CBSA officials and I.E.Canada members on the status of the ACI eManifest consultations and CBSA's EDI strategy. Participants will hear from officials who will discuss customs compliance issues and upcoming changes to the AMPS program. The day will conclude with two practical, hands-on workshops, one on tariff classification and the other covering NAFTA rules of origin.

Tuesday's luncheon speaker will be Neil J. Camarta, senior vice president, oil sands, Petro Canada. Mr. Camarta's discussion, entitled "Petro-Canada Oil Sands: An Integrated Approach", will explain the

basics of the oil sands, and provide an overview of Petro-Canada's 10 Billion Barrel oil sands business, which includes a 12% interest in Syncrude, extensive in situ oil sands holdings including the MacKay river project, and a 60% stake in Fort Hills, a large integrated oil sands Mining and Upgrader project.

For more information on I.E.Canada's Western conference, or to register, please contact Paulette Niedermier, Calgary Chapter, at 403-808-2541 or by email at pniedermier@iecanada.com

Food Forum, cont'd from pg. 5

Discussions will cover the best practices undertaken by companies importing from China to ensure that their products are safe, as well as a discussion of the new organic food regime in Canada.

As a result of this forum, Canadian food importers and manufacturers will be better prepared to respond to government initiatives, resulting in an increased level of compliance and a world class food supply system.

Members of the Canadian food industry have a unique opportunity to become the world leaders in establishing benchmarks for global food chain safety and security.

To register for the Food Forum or for more information, please visit <http://www.iecanada.com/events.html>.

Canadian Association of Importers and Exporters Inc.
Association canadienne des importateurs et exportateurs inc.

Editor: Andrea MacDonald
Assistant: Martin Fedor

160 Eglinton Avenue East, Suite 300
Toronto, Ontario M4P 3B5
Telephone 416 595-5333
Fax 416 595-8226
www.iecanada.com

Tradeweek is published twice each month for and on behalf of the Canadian Association of Importers and Exporters Inc. / Association canadienne des importateurs et exportateurs inc. It is circulated by first class mail to members only. Reproduction of any of the contents of *Tradeweek* is encouraged provided that appropriate source credit is given.