

# tradeweek

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## I.E.Canada's Western Conference



I.E.Canada's Western Conference will be held in Calgary on February 11 & 12.

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On February 11 and 12, Calgary will host I.E.Canada's two day Western conference, "Globally Competitive: Developments in Customs and Trade." The conference will offer businesses involved in global trade the opportunity to share knowledge and network with leaders in international trade.

Participants will hear from government officials on ongoing customs and trade programs, such as ACI eManifest and AMPS, take part in a hands-on workshop on tariff classification and NAFTA rules of origin,

and hear from industry experts who will share their experience in meeting global supply chain challenges and minimizing risks in importing products from emerging markets.

I.E.Canada has put together an exciting slate of speakers including key note speaker Stephen Poloz, senior vice president corporate affairs and chief economist, Export Development Canada (EDC) who will be the conference's opening speaker with his talk on "Risk Storm Rising: How Will Canada Fare?"

*Conference, cont'd on pg. 3*

## Labour Cooperation in the Americas

On January 9, the Canadian Council for the Americas, an organization under the I.E.Canada umbrella, hosted a breakfast with The Honourable Jean-Pierre Blackburn, Minister of Labour and

Minister of the Economic Development Agency of Canada for the Regions of Quebec. Minister Blackburn's visit was part of a cross Canada trip aimed at promoting

*Blackburn, cont'd on pg. 5*

## PIP Consultations Continue

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

Mary Anderson, president of I.E.Canada, Carol Osmond, the association's senior policy advisor, and members of the association's PIP Working Group (made up of members of the C & L and Security committees) met with officials from the Canada Border Services Agency (CBSA) on January 21, 2008 as part of the on-going consultations with respect to enhancing the Partners in Protection (PIP) program. Prior to the meeting the association submitted written comments on the draft Memorandum of Understanding (MOU) and the draft Supply Chain Security Profile - Importer/Exporter. Some of the issues emphasized by the association in its written submission and during the meeting with CBSA are outlined below.

### Benefits

In order to attract and maintain membership, the new PIP program will have to offer significant tangible benefits. CBSA officials have indicated that a decision with respect to opening up the Free and Secure Trade (FAST) program to companies that are not participants in the Customs and Self-Assessment

*PIP Submission, cont'd on pg. 2*

## PIP Submission, cont'd from pg. 1

(CSA) program is a decision that will have to be taken by the Admissibility Branch, rather than the Enforcement Branch, which is responsible for the PIP program.

I.E.Canada has encouraged CBSA to consider other benefits including the following:

- priority in crossing the border in the event of an emergency situation;
- measurable reduction in inspections and examinations as a result of lower risk scoring;
- priority or front of the line inspections and examinations;
- dedicated point of contact within CBSA for all matters related to customs, not just PIP;
- reduced AMPS penalties;
- direct notification of PIP participants of inspections at the border so they can track the benefits of the program directly avoiding miscommunication from the carrier, broker or other service provider.

I.E.Canada has also asked the CBSA to support the granting of financial incentives by the Department of Finance to participants in the PIP program, such as tax credits or grants for the costs of new or upgraded security hardware and employee training.

### Mutual Recognition

One of the key reasons that I.E.Canada and its members have supported strengthening of the PIP program is because they want to see mutual recognition of the PIP program and the Customs-Trade Partnership Against Terrorism (C-TPAT) program in the United States. Because of the additional costs and complexity involved, our members do not want to be in a situation of having to comply with multiple supply chain security programs whether domestically (eg. the air cargo security program) or internationally. To our members, mutual recognition means acceptance in one program results in automatic



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

acceptance into the other. CBSA officials have indicated, however, that this goal may not be achievable by June of this year, when the new PIP program will come into effect. Currently, the key benefit that CBSA is anticipating from mutual recognition is mutual acceptance of verifications so that applicants to both the PIP and C-TPAT programs will only have to undergo one verification that will be accepted for both programs. To enjoy benefits, such as lower inspections and front of the line inspections, moving both south and north of the border, companies will continue to have to apply to both programs, although it is anticipated that if acceptance into one program will facilitate acceptance into the other.

I.E.Canada and other associations are concerned that CBSA officials and their US counterparts at Customs and Border Protection (CBP) are not striving towards "full" mutual recognition and will continue to press with respect to this issue.

### Staffing

The association has also expressed its concern - given the number of existing PIP participants and the need for all of them to re-apply for the new program - whether CBSA will have the necessary qualified personnel to review the applications and re-approve existing PIP

members and process new members during a transition period. CBSA is currently seeking comments from the private sector with respect to its proposed transition strategy by February 20, 2008.

### Appeal Process

Especially because of the business partner requirements under the PIP program and similar supply chain security programs in other countries, including C-TPAT, termination or suspension of the PIP program could seriously damage a company's business. I.E.Canada has stressed that it is therefore critical that expedited administrative and judicial appeal processes be established before the new PIP program is implemented and the availability of these appeal processes must be addressed in the MOU. Participation in the PIP program should also not be terminated or suspended until all avenues of appeal have been exhausted and there is a final decision in favour of the CBSA. CBSA officials indicated during our meeting that they are currently working on proposals for an appeal process and will be seeking input from the trade community in the near future.

I.E.Canada thanks the members of the PIP Working Group for their invaluable contribution to the association's submission to CBSA and the consultations: Kristina Bryson, IBM Canada; Robert Chicoine, Future Electronics; Emil Fiorantis, TCSO Global Solutions; Greg Gerritsen, Plains Midstream Canada; Susan Hall, Dupont Canada; Greg Karnargelidis, Blake, Cassels & Graydon; Sylvie Messier, Iplex Inc.; Joy Nott, JPMorgan Chase Vastera; and Terry Nusyna and James Turner, TN Security.

For copies of I.E.Canada's PIP submission and the proposed transition strategy, or to send us your comments on the proposed changes to PIP, please contact Martin Fedor at [mfedor@iecanada.com](mailto:mfedor@iecanada.com).

## 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.*

### Canada's Gateway Challenges

There are opportunities and challenges aplenty for Canada as it pursues increased efforts to become the gateway of choice into and out of North America. They form the basis of a well-documented and insightful report recently released by the Conference Board of Canada. Entitled "Addressing Gaps in the Transportation Network: Seizing Canada's Continental Gateway Advantage," the report was produced by Professor Mary Brooks, a highly respected transportation specialist at Dalhousie University in Halifax.

The report stresses that "the primary challenge facing the existing transportation network stems from the dramatic increase in the volume of container trade with North America and the congestion at Canada-U.S. border crossings."

The tremendous growth in container shipments has, of course, been sparked by China in particular. Some major border crossings, meanwhile, such as Detroit-Windsor, have been likened by truckers and travelers to military

checkpoints as a result of escalating protectionist measures by Washington in the post 9/11 era. David Emerson, Canada's Minister of International Trade and Minister of the Pacific Gateway, has recently struck out at "troubling trends" that have led some Canadian companies to build warehouses south of the border to store products to deal with border delays that can add six to eight hours to a delivery.

In light of the huge volume of Asian trade currently clogging American ports, a pertinent question arises: can Canadian ports provide competitive alternatives?

The report singles out a major advantage: Canada is geographically closer than its North American Free Trade Agreement (NAFTA) partners (U.S. and Mexico) to both Asia and Europe. Since the shortest distance between two points on the globe is a circular route, Canadian ports on the west coast are closer to North Asia while our ports on the east coast (notably Montreal and Halifax) are closer to Northern Europe than U.S. counterparts on the eastern seaboard. As an example, Vancouver is a full day and one half sailing time closer to Singapore than is Los Angeles.

"Canada's geographic position is, in fact, ideal all around," notes the report. "We are closest not only to U.S. consumer markets, but also to its other major trading partners."

After doubling from 1998 to 2005, Vancouver's inbound container traffic climbed a whopping 30% in 2006 and attained 2.3 million TEUs in 2007, outstripping the growth of U.S. Pacific Northwest ports.

Both Vancouver (today part of the Vancouver Fraser Port Authority) and newly-launched Prince Rupert are well-positioned, the report underlines, to service Chinese manufacturing goods and the cargo-rich

hinterlands of Korean and Japanese ports. "On the east coast, the port of Halifax has the spare capacity that will be needed when the economies of South Asia come into their own as manufacturing powerhouses."

Focusing on various challenges for the future, the report says Canada must draw up a plan to cope with the looming truck driver shortage and the gap of management skills to serve global supply chain needs.

While the report acknowledges that physical infrastructure investments are critical for the expansion of the Canadian gateway option, certain "soft" issues could be even more critical to long-term competitiveness. This would include moving away from the existing fully self-financing port models and provide financial support for infrastructure projects of national significance (putting Canadian ports on a level playing field with U.S. ports).

Interestingly enough, this message has recently struck home in Ottawa, and is reflected in proposed amendments to the Canada Marine Act expected to soon receive final parliamentary approval.

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#### Conference, cont'd from pg. 1

Luncheon addresses will be given by Tom Smillie, chief financial officer, Evans Consoles, a world leading designer and manufacturer of custom control room solutions for mission critical and other technology-intensive environments, and Neil J. Camarta, senior vice president, oil sands, Petro Canada. Mr. Camarta will explain the basics of the oil sands, and provide an overview of Petro-Canada's oil sands business.

For more information on the Calgary conference, or to register, please contact Paulette Niedermier, Calgary Chapter, 403-808-2541, email: pniedermeir@iecanada.com

## I.E.Canada Takes the Lead on Food Safety

The issue of food and product safety has become one of the leading priorities for governments around the world. It is an issue that has tremendous implications for Canada's importers and exporters, and I.E.Canada is ensuring that members are informed and aware of the actions they must take to maintain Canadian consumer confidence in the integrity and safety of their food supply. Keith Mussar, chair of I.E.Canada's Foods Committee, has been leading the charge.

Mussar has been extremely active, both abroad and at home. Having spent much of December in China, educating government officials, businesses and associations on not only the importance of food and product safety, but also on the processes involved in recalls, Mussar is now back at home sharing his knowledge and experience with the Canadian food sector.

"I.E.Canada has an obligation to reach out to the import sector to help them ensure that imported products from emerging nations are safe," says Mussar. Fortunately, the association is well positioned to reach both importers and exporters through communication and education initiatives.

I.E.Canada has developed tools that help food importers identify and meet safety requirements. The Importer Food Safety Workbook is a valuable resource that outlines Canada's food safety compliance requirements, provides auditor food safety assessment tools that allow importers to accurately assess the safety levels of foreign suppliers, and supplies a sampling of the answers food importers should be receiving from their suppliers.

Mussar is also working on the development of a manual for industry outlining the recall process for non-food related consumer products, as a guide for industry on conducting

recalls. "The food side is well developed, but the non-food sector is really still in its infancy when it comes to recalls," says Mussar. This past December, the Canadian Government released the Canada Food and Consumer Safety Action Plan. One of the regulatory changes was to give the Minister of Health the authority to initiate mandatory recalls; the Minister of Agriculture has long had this authority for food.

The food import community is complex with wide ranges in company size, expertise and capacity. When it comes to assessing risk, Mussar says the most vulnerable businesses are the smaller, first-time food importers whose focus is still on developing their business and negotiating with suppliers, rather than food safety. Yet it's a risk that Canada can no longer afford- 50% of food imported into Canada is exported to the U.S. "If we can't ensure our food supply, it will affect our trade relationship," says Mussar.

Mussar says that domestic producers will use the argument that imported products are not as safe as domestic products. It will be critical for importers to prove them wrong. "We really need a better picture of the industry. We need a better understanding of how much food in our stores is imported, how much is imported but comes from food grown in Canada, how much is domestic and how much is domestically produced but blended with imported foods," says Mussar. This will be an important step in understanding the safety of the food supply, and in assuring credibility for Canada's food importers.

Yet while all these actions are taking place at home, other jurisdictions are also looking to ensure both food and product safety. "The U.S. is moving forward with a program to enhance the safety of imported products. Whether that program

will be similar to Canada's is unknown." Mussar says that while there is a recognition that program compatibility will be important, it's a long way from happening.

While it's a huge task to get governments from different countries to establish compatibility in anything, I.E.Canada is doing its best to lay some groundwork. The association has proven to be an excellent conduit for information and education surrounding food safety and recalls. The Food Forum, scheduled for February 20, 2008, is the leading event for Canadian government and businesses to come together and share views. This year, I.E.Canada has also been able to coordinate participation of Health Canada, the Canadian Food Inspection Agency and the U.S. Food & Drug Administration at the Food Forum, facilitating an opportunity for consultation between the two governments.

Although there is still a lot of work to be done, Mussar says that Canada is in front of most other nations when it comes to food and product safety regulations and importer compliance, and that I.E.Canada has been very involved in helping importers to understand and meet their obligations.

These efforts were recently recognized by Minister Ritz, Minister of Agriculture, in a letter to the association where he said: "I commend your association on its leadership within the industry to help ensure that food products being imported to Canada will meet Canadian food safety and quality regulations. Your organization plays an import role in improving the capacity of the import community to understand and meet Canadian requirements and the documents that you have included with your correspondence speak to that. I congratulate your organization on its efforts, in particular in furthering the adoption of good importing practices."

## Canada Establishes Two New Free Trade Deals

This past weekend, the Honourable David Emerson, Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, marked the conclusion of free trade negotiations with Peru, and the signing of a free trade agreement with the four countries of the European Free Trade Association.

### Canada-Peru: Conclusion of FTA negotiations

Minister Emerson met with Mercedes Aráoz Fernandez, Peruvian Minister of International Trade and Tourism, in Davos, Switzerland, to mark the conclusion of free trade negotiations with Peru which began in July, 2007.

"This FTA with Peru will further solidify our trade and investment relationship and open up opportunities for Canadian business in a range of sectors, including agriculture, natural resources and services," said Minister Emerson.

Peru will provide greater market access for a range of Canadian agricultural products, as well as paper products and machinery and equipment. Agreement has also been reached with respect to cross-border trade in services in sectors of interest to Canada including mining, energy and professional services.

Provisions with respect to environmental protection, biodiversity and corporate social responsibility are included in an environment agreement. For the first time in Canadian FTA negotiations, agreement has also been reached on the establishment of a Trade Related Cooperation Committee to oversee trade-related capacity building activities associated with the FTA. A Labour Cooperation Agreement, which includes enforcement obligations and associated penalties, has also been negotiated.

"I have seen first-hand, how Peru is

committed to improving labour conditions in their country," said Minister Blackburn. "This is the most comprehensive labour cooperation agreement ever negotiated by Canada."

In 2006, two-way merchandise trade between Canada and Peru totalled CDN\$2.4 billion. Canada is also one of Peru's most important sources of foreign direct investment in the mining sector, and among the largest overall foreign investors with an estimated CDN\$2.9 billion of investment stock as of 2006. In 2004, Canadian commercial services exports to Peru totalled approximately CDN\$46 million.

### Canada-EFTA: Signing of Canada's first FTA with European countries

Minister Emerson also met with representatives from Iceland, Liechtenstein, Norway and Switzerland to sign a Free Trade Agreement between Canada and the European Free Trade Association (EFTA).

"This FTA will open up opportunities by bringing down trade barriers and by providing Canadian exporters, investors and innovators a stronger foothold in the heart of Europe," said Minister Emerson

The trade agreement is Canada's first with the European countries. Exporters and producers are expected to benefit considerably through the reduction and elimination of tariffs. Importers will also have better and more affordable access to goods from EFTA countries. Specific benefits include:

- the elimination of duties on all non-agricultural goods;
- the elimination or reduction of tariffs on selected agricultural products;
- the elimination of the EFTA countries' agricultural export subsidies for products covered by the FTA;
- a level playing field with European

Union exporters in EFTA markets with respect to tariffs on a significant number of agri-food products.

It is anticipated that parties will be able to ratify and implement the agreement in early 2009.

### Blackburn, cont'd from pg. 1



Minister Blackburn addresses members of the CCA.

labour cooperation agreements in the Americas.

The Minister took the opportunity to address the CCA on the Government of Canada's renewed engagement in the Americas, seeking to increase prosperity and improve security throughout the hemisphere. As part of his visit, Minister Blackburn also met with Brad Duguid, Ontario's Minister for Labour.

"We are working with our partners in the hemisphere to build strong and sustainable economies while also ensuring that the rights of workers are not ignored," declared the Minister. "As Canadians, we can export not only our goods and services, but also our values, expertise and know-how on labour issues."

The Toronto visit was part of a five-city tour that brought Minister Blackburn to Edmonton, Calgary, Vancouver and Kingston to highlight the Government of Canada's commitments from the Speech from the Throne to strengthen Canada's place in the world.

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

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5th Annual Western Canada Conference

# Globally Competitive: Developments in Customs and Trade

**Keynote Speakers:**

**“Risk Storm Rising: How Will Canada Fare?”**  
*Stephen S. Poloz*  
Senior Vice-President, Corporate Affairs and Chief Economist  
Export Development Canada (EDC)

**“Petro-Canada Oil Sands: An Integrated Approach”**  
*Neil Camarta*  
Vice president, Oil Sands  
Petro Canada Ltd.

**“Experiences of a Canadian Exporter”**  
*Tom Smillie*  
Chief Financial Officer  
Evans Consoles

February 11 & 12, 2008  
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