

# tradeweek

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## Goatbe Keynote at Conference

Greg Goatbe, Vice-President, Admissibility Branch, Canada Border Services Agency (CBSA), has been confirmed as the keynote luncheon speaker at I.E.Canada's "Emerging Issues in Customs" conference. I.E.Canada's second largest conference, "Emerging Issues in Customs" will run from April 21-23, 2008 at the Hilton Toronto Airport Hotel located at 5875 Airport Road. Mr. Goatbe will be speaking on the second day of the conference, April 22nd, and will provide a "Status Report of CBSA's Commercial Vision."

Greg assumed his duties as Vice-President, Admissibility Branch, Canada Border Services Agency, in January 2006, where he is accountable for developing national programs and operational policies related to the admissibility, processing and recourse mechanisms for imports and exports of goods; the movement of travelers; as well as for the investigation of complaints related to unfair trade practices. He is responsible for ensuring that the appropriate linkages exist with other agencies under the umbrella of the Public Safety Portfolio and with other government organiza-



Greg Goatbe, vice president, admissibility branch, Canada Border Services Agency (CBSA).

tions, in particular the Canadian Food Inspection Agency, and Citizenship and Immigration Canada.

Mr. Goatbe will be retiring from CBSA in May 2008 and this will be one of his last speeches. Mr. Goatbe has been a strong supporter of I.E.Canada over many years and has

*Goatbe cont'd on pg. 6*

## Budget 2008 Update

By all accounts the most recent Budget was a moderate, cautious budget. The Budget predicts a C\$2.3 billion surplus for the fiscal year that starts April 1 (representing a 77 percent decrease from the

current years' surplus) as Canada reacts to the slowing U.S. economy. The surplus is expected to drop even further to C\$1.3 billion in 2009-10, the smallest increase in ten years.

*Budget, cont'd on pg. 3*

## eSPN Plenary Report

The eManifest External Stakeholder Partnership Network (eSPN) met at a plenary session in Ottawa on February 25, 2008. I.E.Canada was represented by Carol Osmond, the association's senior policy advisor, and 14 members, including many who serve on the eSPN steering committee and working groups. The last plenary session was in January 2007.

The purpose of the plenary was to update the broader trade community on the progress of eManifest - the third phase of the Advance Commercial Information (ACI) initiative - including the work of the steering committee and the working groups, which were formed following the launch of the eSPN in January 2007.

Significant achievements include obtaining approval for the eManifest project from the Treasury Board, which ensures that the project will proceed. While \$396 million in funding for eManifest was announced in January 2007, Treasury Board approval was not received until November 29, 2007. On February 15, 2008 proposed amendments to the Customs Act necessary to implement eManifest

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## Border Commercial Consultative Committee Update

The Border Commercial Consultative Committee (BCCC) met in Ottawa February 26-27, 2008. Copies of the meeting agenda and presentations are available on the Members Only section of the I.E.Canada website. Following are some of the highlights:

### Partners in Protection (PIP)

Claude St. Denis, director, enforcement branch provided a status report on the PIP consultations. Responding to feedback from the trade community, the Canada Border Services Agency (CBSA) is creating a single security profile rather than separate profiles for different sectors within the trade community (eg. importers, brokers, different types of carriers, etc.). The new profile will contain generic sections for all applicants to complete and other sections that applicants will only complete if they apply to their business sector. This should simplify the application process for companies that have different types of operations. The draft Memorandum of Understanding (MOU) is also currently being revised based on the comments received. The new security profile and MOU should be posted on the CBSA website by March 31, 2008.

CBSA is also adding a seal requirement to the PIP program to align PIP with the Customs-Trade Partnership Against Terrorism (C-TPAT) program in the United States. In general a high security seal that meets or exceeds the current ISO/PAS 17712 standard will have to be affixed to all loaded trailers bound for the Canadian border, although CBSA promises to show some flexibility in the application of this requirement. The seal requirement is being added to address U.S. concerns and to ensure that the U.S. will grant mutual recognition of the PIP program by the June 2008 deadline established under the Security and Prosperity Partnership (SPP).



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

The meaning of "mutual recognition" once again generated lively discussion. CBSA recognizes that industry's expectation for mutual recognition is that companies would only have to apply for one program to receive the benefits of both PIP and C-TPAT. U.S. Customs and Border Protection (CBP) has adopted the position that companies must continue to apply for both programs if they wish to have the benefits of both. The key benefit of mutual recognition as currently conceived is mutual acceptance of site reviews/validations, which would mean that a company applying for both programs would only be visited once by customs officials. This is likely all that will be achieved by the June 2008 deadline. CBSA officials have committed to continue to work towards industry's vision of mutual recognition beyond June 2008, noting that one of CBP's key concerns in this regard is that CBSA does not intend to conduct overseas validations of business partners.

### OGD Single Window Initiative

At the request of the private sector members during the October 2007 meeting of the BCCC, CBSA invited senior representatives of key government departments and agencies to present their views on the OGD Single Window Initiative to the BCCC. Senior representatives of five of the 10 OGDs participating in the

Single Window Initiative attended the meeting, including representatives of the Canadian Food Inspection Agency (CFIA) and Health Canada. While officials were frank about the systems challenges that they face, they also view the initiative as a tremendous opportunity to automate their programs. Private sector representatives on the BCCC took the opportunity to express the importance of this initiative for the trade community and the need for OGDs to consult with the trade community before they make changes to their processes and systems.

A draft of the Single Window Framework, which presents a high level vision of the OGD Single Window, was distributed at the BCCC. It is expected that this document will be finalized and released publicly in the near future. The Legislation/Regulations Subcommittee, made up of officials from CBSA and the OGDs, has been active in recent months analyzing whether the legislative or regulatory authority exists for CBSA to collect all of the data elements that OGDs will require on their behalf. Needs assessments of the 40 programs that are administered by the 10 OGDs involved in the initiative are nearing completion and will feed into an integrated project plan.

### Commercial Vision

Bruna Rados, director general, admissibility branch, provided an update on the consultations with respect to a new CBSA Commercial Vision for 2017. The CBSA has synthesized research findings and feedback from academia and members of the BCCC, conducted a strategy session with CBSA executives and is currently creating a draft "vision architecture". It is anticipated that this draft vision will be shared with internal and external stakeholders by the end of March for comment. Greg Goatbe, vice president, admissibility branch will speak on the status of CBSA's commercial vision at

## 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 Outlook Subdued

Another commercial navigation season will be kicking off in the third week of March on the St. Lawrence Seaway. Early indications point to not much improvement over the disappointing performance of 2007.

The fact that the Canadian economy is more robust than the US economy will not be enough to offset the lacklustre trend, since more than half of Seaway tonnage is generated by US Great Lakes ports. There is a potential bright spot in the well-advanced plans to launch what will be the first - albeit modest - container service into the waterway in several decades.

With a view to attracting new business, Canada's St. Lawrence Seaway Management Corporation (SLSMC) recently announced a three-year toll freeze together with a revised tariff structure. This follows a decline of about 10% in 2007 traffic through the waterway connecting the Atlantic Ocean with North America's industrial heartland.

For a number of years, no tolls have been charged to shipping lines whose vessels transit the US section of the Seaway.

"By maintaining stable rates through the 2008, 2009 and 2010 seasons and by introducing targeted incentives, we are setting the stage for our stakeholders to aggressively seek new business in an era of escalating costs, and to advance their plans with a greater degree of certainly," stated SLSMC president and ceo Dick Corfe.

Total cargo in 2007 added up to some 42.7 million tonnes versus 47.2 million tonnes in '06. Main factors in the downturn were the drying up of steel imports from Europe and the high ocean rates which induced such carriers as Fednav Ltd. to reduce their calls at ports in the Great Lakes/Seaway system. This trend could continue in 2008.

A new business incentive program targeted at carriers and shippers will allow for a 20% discount on cargo tolls over the course of three years for commodity/origin/destination combinations approved by the corporation as the equivalent of "new business."

This discount will notably apply to any anticipated containerized cargo movements. Early in the 2008 commercial navigation season, Great Lakes Feeder Lines of Burlington, Ontario plans to introduce a service with a small, Canadian-flag vessel that will carry containers into Lake Ontario from Halifax. The 3,000 dwt ship (much smaller than the maximum Seaway-size vessels of 25,000 dwt) will have the capacity to carry 231 TEUs.

All going well, it will be deployed between Halifax and Montreal on a year-round basis. It remains to be seen how much cargo it will attract from shippers who will obviously be weighing competitive pricing

from the railways.

Under a Volume Rebate Incentive Program, there will be a 10% reduction on cargo tolls applicable to incremental volumes meeting a set of criteria. This is designed to stimulate movements of the Seaway's core cargoes (grain, iron ore and coal).

To encourage smaller freighters and shipments to come into the system, the Welland Canal lockage fees have been restructured to the benefit of all vessels. The fixed charges per lock transit are being replaced by charges proportional of a vessel's GRT. The larger vessels will benefit from a cap placed on the maximum charge per ship.

In an effort to promote shortsea shipping, the SLSMC indicated the definition of domestic cargo henceforth will include all movements between any combination of Canadian and American ports with the Great Lakes/Seaway System. Intra-system shipments will, as a result, be subject to more advantageous bulk rates.

Meanwhile, for Canada's domestic fleet, 2008 could offer a repeat of 2007. They captured additional business last year due to the reduced presence of ocean-going users. Some operators even had to turn down orders due to insufficient capacity.

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#### **Budget, cont'd from pg. 1**

With this in mind, the 2008 Federal Budget, while cautious in its approach, did address some issues of concern to I.E.Canada members:

#### **Food & Safety**

The Government has promised \$133 million over two years to further fund the development of

**Budget, cont'd on pg. 6**

## eSPN, cont'd from pg. 1

were announced by Public Safety Minister Stockwell Day.

In addition to the consultations that have taken place within the steering committee and working groups, CBSA has also conducted site visits at ports of entry and is currently conducting cross Canada consultations on the web portal that will be developed for purposes of eManifest.

Much of the work of the End State/Design Working Group has been devoted to reviewing and commenting on proposed data sets and developing an issue log. Under eManifest highway and rail carriers, freight forwarders, importers and brokers will be required to provide advance electronic information related to crew, cargo, and conveyances to CBSA prior to arrival at the border. The Importer Admissibility Data (IAD) set builds on the existing EDI PARS data set. The latest draft of the data sets was presented at the eSPN plenary, as well as a draft eSPN issue log and issue log summary.

CBSA officials also presented a proposed deployment schedule. Because of the delay in obtaining Treasury Board approval, the proposed deployment schedule has been pushed out by a year from the draft schedule presented in January 2007, and is still not final. Under the latest draft CBSA proposes to finalize the IAD data set by summer 2008, have electronic reporting functionality via EDI available for importer admissibility data in all modes by summer 2009, and mandatory reporting of importer admissibility data via EDI or the web portal by summer 2011.

Concerns were raised at the plenary about the functioning of the eSPN, in particular the lack of communication to the broader trade community since the last plenary session in January 2007 and the failure to include representation from some

sectors of the trade community in the working groups. Both CBSA and the trade community recognize that despite the valuable work that has been done, significant improvements need to be made to the eSPN. Participants were invited to send their comments and suggestions to the CBSA.

Participants also expressed concern about how fundamental policy issues, and specifically the issue of first point of arrival (FPOA), are being addressed. CBSA is taking the position that if importer admissibility data is not submitted prior to arrival, the conveyance will not be able to move inland from the FPOA. Members of the trade community do not believe that senior CBSA officials appreciate the full ramifications of such a policy.

These issues were also raised at the Border Commercial Consultative Committee (BCCC), which took place in Ottawa following the eSPN plenary. I.E.Canada is working with its members and other associations to ensure that these issues are effectively addressed.

Copies of the latest draft of the data sets from the eSPN plenary, as well as a draft Highway Client Document, including EDI message maps and code tables, are available on the Members Only section of the I.E.Canada website. As more eSPN materials become available, they will be posted on the website.

I.E.Canada will be organizing another joint meeting of importer associations in March to provide a full briefing on the progress of the eManifest project. This meeting will take place before the next meeting of the End State/Design Working Group, which will be held in early April. Details will appear in I.E.Today and in a notice to the Customs & Legislation Committee.

If you wish additional information

with respect to the eManifest consultations, please contact Carol Osmond, I.E.Canada's senior policy advisor at [cosmond@iecanada.com](mailto:cosmond@iecanada.com).

## Free Trade Negotiations with Jordan

On February 20, 2008, The Honourable David Emerson, Minister of International Trade and Minister for the Pacific Gateway and the Vancouver-Whistler Olympics, announced the launch of negotiations toward a free trade agreement (FTA) between Canada and the Hashemite Kingdom of Jordan.

Discussions first began in July, 2007, when Prime Minister Stephen Harper committed to a free trade agreement when he and His Majesty King Abdullah II of Jordan. Exploratory discussions were held in November 2007, where both countries committed to the benefits of a deeper trade relationship. Officials from both countries plan to meet for a first round of negotiations in April 2008.

"A free trade agreement with Jordan would be Canada's first with an Arab country, and would serve as a gateway to Middle Eastern and North African markets," said Minister Emerson. "Jordan is also a key partner for Canada in the pursuit of regional peace, security and stability, and we welcome this opportunity to strengthen our ties with this regional leader."

Jordan's rapidly expanding economy provides opportunities for Canadian exporters in sectors such as manufacturing, agriculture and agri-food, and forest products. An FTA with Jordan would improve Canada's trade and economic ties, and better position Canadian businesses in relation to their interna-

*Jordan, cont'd on pg. 6*

## BCCC, cont'd from pg. 2

the I.E.Canada Emerging Issues in Customs Conference in April 2008.

### Brokers Licensing and Account Security Review

Joy Aldous, director, border and compliance programs directorate, reported on the status of the brokers licensing and account security review and the resultant recommendations. The BCCC has been asked to provide feedback by April 1, 2008 on implementation of the following proposals:

- establish new Licensing Advisory Committee with expanded participation (including importer representation) and role;
- eliminate the need to obtain pre-approval from CBSA of GST direct payment option letters. The letter would only have to be presented in the event of non-payment;
- change payment procedures to allow GST and direct security option importers to pay directly to their customs broker, thereby reducing some of the burden of collecting cheques on the last day of each month;
- implement new procedures to address non/late payment to ensure that immediate action takes place to prevent further debt accumulation.

Further details on these proposals, as well as other longer term issues that are being considered, are contained in Joy's presentation available on the Members Only section of the I.E.Canada website and in the November 15, 2007 issue of Tradeweek. Joy will also be making a presentation on these proposed changes at the I.E.Canada Emerging Issues in Customs Conference.

### Exception Reporting for Carriers

Phil Cahley, director, Canadian Courier and Logistics Association, gave a presentation on carrier exceptions, what they are (overages, shortages, split shipments, misrouted shipments), why they do not present a security risk and the implications for the application of administrative

monetary penalties under the Advance Commercial Information (ACI) initiative. Phil's presentation is also available under the Members Only section of the I.E.Canada website.

### AMPS Review

Nancy Carroll, manager, admissibility branch, reported on the status of the AMPS Review. A proposal for simplifying and reducing the number of current AMPS contraventions was shared and discussed with the BCCC AMPS Subcommittee at the end of January 2008 (see February 15, 2008 issue of Tradeweek). The number of contraventions is being reduced by approximately 50 percent. Final sign off on the proposal is expected from HQ program areas by February 29, 2008. It will then be submitted to Legal Services for final review by the end of the fiscal year. Nancy also shared solutions that are being considered to address concerns about volumetric fairness. These will be outlined in more detail in writing and circulated to BCCC members for comment. They include, for example, establishing a timeframe (eg. 30 days) between level 1 and level 2 penalties for certain contraventions that are not considered high risk.

### Contingency Planning

Stuart MacPherson, director, operations branch provided an update on contingency/business resumption planning. Since October 2007, CBSA and CBP have been working on the roll-out of a joint Business Resumption Communication and Coordination Plan (CCP). The first regional session on the CCP was held in February 2008 in Niagara Falls, Ontario. One of the lessons learned from this session was that the process for communication developed by CBSA and CBP in support of importers/transporters is less useful for local traffic management authorities. As a result CBSA will work locally to develop effective tools to communicate with traffic authorities. CBSA is also working closely with Public

Safety Canada to develop a process for prioritizing goods for movement across the border during an emergency. A draft plan will be circulated for feedback in April 2008. CBSA is also proposing to develop a process for communicating with the members of the BCCC.

### Business Simplification Initiative

Mark Cluthe, director, admissibility branch, shared some preliminary recommendations from the Business Simplification Working Group, including: ensure information available to trade is current, accurate and accessible; establish and publish a wide range of service standards; provide fillable/saveable forms; publish agency rulings; ensure pilot projects are evaluated expeditiously; eliminate the Canada Customs Invoice, some data requirements from the Commercial Invoice and adopt an optional alternative (letter) to the B2; and develop a mechanism to assess the success of the business simplification initiative. The working group will meet again on March 4, 2008.

### Waiver of Penalty or Interest

Responsibility for requests for the waiver of penalties or the cancellation of interest in exceptional circumstances has been transferred to the Recourse Directorate within the Admissibility Branch. The Recourse Directorate is currently developing a draft policy and also conducting a review of any legislative amendments that may be required.

### ACI/eManifest Update

Mike Feniak, director general, innovation, science and technology branch, provided an update on ACI/eManifest. The issues discussed are covered in the article on the eSPN plenary in this issue of Tradeweek.

For additional information on any of the matters addressed in this article, please contact Carol Osmond, I.E.Canada's senior policy advisor, at [cosmond@iecanada.com](mailto:cosmond@iecanada.com).

## Budget, cont'd from pg. 3

Canada's Food and Consumer Safety Action Plan, an issue that has become a major concern for I.E.Canada's food importers and exporters.

Canada's Food and Consumer Safety Action Plan was a key feature at I.E.Canada's recent Food Forum, and the association continues to be actively involved in the development and implementation of this important initiative. Additionally, \$33 million over two years has been dedicated to improving the safety of natural health products.

### Border Issues

Canada Border Services Agency (CBSA) has been given \$75 million over two years to ensure it has the resources needed to manage the border. Exactly how this money has been allocated is currently being reviewed by CBSA.

NEXUS has been given \$14 million over two years to expand the program, expediting the clearance of low risk, frequent travelers across the border.

The introduction of enhanced driver's licenses (EDLs) will be aided by the injection of \$6 million over two years. EDLs will encourage further use of RFID technology.

The issue of contingency planning at the border is critical to ensuring the facilitation of cross border trade in the event of a crisis that closes all or part of the border. The Government has earmarked \$29 million to support priorities from the Montebello Summit of the NAFTA leaders in Au-

gust 2007, including \$1 million to review and test emergency protocols in the case of an event at the border.

I.E.Canada has been working closely with CBSA and other government departments on numerous initiatives (see eSPN and BCCC articles in this issue) to ensure that the needs of Canada's trade community are balanced against the security needs of CBSA. As programs are expanded and implemented, I.E.Canada will provide updates to members.

### Manufacturing

The Budget offered the manufacturing sector a three year extension of the acceleration of capital cost allowances (CCA) on machinery and equipment. In addition, \$250 million over five years has been dedicated to research and development by the automotive sector.

I.E.Canada was invited by the Minister of Finance to attend a Budget Watch on February 26, 2008. The association will continue its efforts to communicate the priorities of Canadian importers and exporters to our government partners so that they may be reflected in this and future budgets.

### Jordan, cont'd from pg. 4

tional competitors, including those of the United States and the European Union, which already have FTAs with Jordan. The FTA negotiations build on the new bilateral Air Services Agreement and a Foreign Investment Promotion and Protection Agreement, which were an-

nounced last July.

Total bilateral trade between Canada and Jordan in 2007 totaled \$76 million. Canadian merchandise exports were \$60 million, while imports from Jordan were \$16 million. Top exports to Jordan included forest products, agriculture and agri-food products, and machinery and equipment. Imports from Jordan were comprised mainly of apparel and agricultural products.

In keeping with Canada's approach to free trade agreements, Canada will also seek to address labour- and environment-specific dimensions of economic integration through the negotiation of parallel agreements in these areas.

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

spoken at many of the association's conference. He has also dedicated his staff to be part of I.E.Canada's conference programs, enabling the association to keep its members informed on the latest developments affecting Canadian importers and exporters.

For the most recent information on the conference, including program details and sponsorship opportunities, please visit the website: [www.iecanada.com/events](http://www.iecanada.com/events) or call Fée Kiessling at 416-223-7072 or by email at [fkiessling@iecanada.com](mailto:fkiessling@iecanada.com). For information on the trade show, please call Jason at 416-595-5333 ext. 37 or by email at [conference@iecanada.com](mailto:conference@iecanada.com).

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