

tradeweek

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Designing CBSA's Commercial Vision



Tracey Speares, Manager of International Imports, Winners Merchants International, presents Greg Goatbe with a special gift from I.E.Canada to mark his retirement after a 35-year government career in border services and to acknowledge the great respect he earned in the trade community.

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A 10-year vision for CBSA will be presented to the Border Commercial Consultative Committee (BCCC) likely by this fall and the input of the trade community is vital, Greg Goatbe, VP, Admissibility Branch, Canada Border Services Agency (CBSA), told delegates at I.E.Canada's Emerging Issues in Customs Conference on April 22 during his keynote presentation. "Our mutual success depends on partnership and engagement," he said, emphasizing that CBSA's strong belief in consulting with stakeholders will continue in the years ahead as the commercial environment becomes increasingly complex.

"One thing I have learned is that companies want one harmonized process that is easy and efficient," he said during what was his last speech to I.E.Canada members before he retires this spring.

CBSA Vision, cont'd on pg. 2

BPA Update

By Keith Mussar, Food Committee Consultant, I.E.Canada, kmussar@iecanada.com

Following recent announcements about the potential dangers to infants and newborns of exposure to bisphenol A (BPA), Health Canada

has banned the importation and sale of polycarbonated baby bottles and will be working with manufacturers to understand the risk of exposure to BPA from various baby food products, to minimize the

BPA, cont'd on pg. 2

Security a Priority

By Mary Anderson, President, I.E.Canada.

In a survey conducted at the Emerging Issues in Customs Conference held April 21 to 23, I.E.Canada members ranked "security in the supply chain" as a critical current issue. Recognizing that security is a priority, a PIP Working Group has been co-coordinating feedback to the Canada Border Services Agency (CBSA) on the consultations for the new modernized Partners in Protection (PIP) program.

The PIP program will come into effect in June 2008. Existing PIP members will not be grandfathered and will have until December 2008 to re-apply by completing a security profile. Participation in the new program, which is modeled after the Customs-Trade Partnership Against Terrorism (C-TPAT) program in the U.S., will require implementation of more stringent minimum security requirements and signing of a memorandum of understanding with CBSA. All applicants will have to undergo a site visit prior to approval.

Carol Osmond, I.E.Canada's Vice President of Policy, has worked closely with members to develop a number of submissions to CBSA. Thanks to the members of the PIP

PIP Consultations, cont'd on pg. 3

CBSA Vision, cont'd from pg.1

In working towards the 2017 Commercial Vision, CBSA is identifying what is in place now that should be kept, what is needed and any gaps, based on a great deal of research and input. Shaping this vision are key trends such as the increase in trade from outside North America, particularly Asia, that will pose logistical and security challenges, the rise in e-Commerce that is transforming trade as supply chains become more complex and new challenges in the global transportation industry due to greater volumes and infrastructure limitations.

Themes that have emerged from CBSA's consultations with the trade community are also being incorporated into the vision. These include balancing security and prosperity, leveraging technology for highest efficiency, continuing to engage stakeholders and working towards international harmonization.

As a result, five high-level key result areas have been identified for the border of the future:

1. Agency-wide risk-management approach
2. Enhanced partnering and accountability
3. Expanded mandate and greater policy leadership
4. Improved border workflow management
5. Global engagement and harmonization

In painting a picture of the ideal commercial environment of the future, Mr. Goatbe pointed to greater use of technology to improve trade facilitation and security, enhanced single-point on-line access to border services, through EDI and a full-service Web portal, and one comprehensive system integrating both pre- and post-arrival data to facilitate legitimate trade while enhancing security.

Current initiatives

In reviewing CBSA initiatives to date, Mr. Goatbe emphasized that

the agency recognizes our members' concerns that border commercial processes are becoming more onerous in terms of time and cost and is committed to working together to sort out issues. These include:

- *eManifest*: There is recognition that some policy issues such as First Point of Arrival are being addressed.

- *EDI for Release*: The requirements implemented on April 1, 2008 are only the beginning. The CBSA will continue to identify opportunities to increase EDI for release in partnership with stakeholders. The intent is to move as close as possible to 100% EDI (now at 91%) before moving into the eManifest world.

- *Customs Self Assessment (CSA)*: A proposal to expand the program to include goods from Mexico and offshore is being considered. CBSA's position should be made known by June 2008.

- *OGD Single Window Initiative*: There is still a lot of work to do, but the initiative is on the right track and a plan will be completed this spring.

- *AMPS*: Development work related to the 10 recommendations flowing from the AMPS review is moving forward. (A special BCCC meeting was held on April 30, 2008 to deal with recommendations arising from the AMPS review, such as proposals to deal with volumetrics and third party liability.)

- *Broker Licensing and Account Security Review*: Short term goals include implementing a Licensing Advisory Committee, eliminating pre-approval of GST option letters, permitting payments by GST and direct option importers to their customs brokers, and new collection procedures for non- or late payments.

- *Business Simplification Initiative*

(*BSI*): The CBSA is participating in this government-wide effort to reduce the burden on Canadian business by 20% by November 2008. (I.E.Canada is part of the working group that has been created.) To date, the CBSA has identified approximately 1600 requirements imposed on business in legislation, regulations, forms and policies that can be reduced and is working towards simplification without compromising its mandate.

- *D-Memorandum Updates*: A number of updated commercial D-Memos will be published by November 2008 to meet the 20% reduction target, with changes easily identifiable.

Farewell

As he transitions to retirement, Mr. Goatbe expressed his appreciation to our association. "I have thoroughly enjoyed working with I.E.Canada and thank you for your friendship, involvement and collective ability to move things forward," he said.

BPA, cont'd from pg. 1

exposure and to determine if there are alternatives.

Health Canada is not taking any action at this time on other canned products. Beginning in 2009, the government will survey products to analyze the BPA content of food in cans. It will also conduct a total diet survey to determine the exposure of the general public to BPA from canned foods and the fetal exposure in pregnant women.

PIP, cont'd from pg. 3

security profile, preparing for a site visit and developing and implementing a security program. Higher cost does not necessarily mean better security. Don't miss the opportunity to hear and ask questions about how to get the biggest security bang for your dollar!

To register: www.iecanada.com/events.html#customs

PIP Consultations, cont'd from pg. 1

Working Group for their invaluable contribution to the association's submissions 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 Karmargelidis, Blake, Cassels & Graydon; Sylvie Messier, Ipex Inc.; Joy Nott, JPMorgan Chase Vastera; Terry Nusyna and James Turner, TN Security; and Paul Wetherup, GM Canada.

I.E.Canada members participated in a marketing survey on the new PIP program, as well as a pilot project to obtain membership under the new program that included a joint site visit by CBSA officials and officials from the U.S. Customs and Border Protection. Feedback helped to fine-tune the process.

Below are the links to track the progress of the consultations and submissions from I.E.Canada to CBSA.

• **PIP Minimum Security Requirements and Memorandum of Understanding**

In its initial submission, I.E.Canada made detailed comments on the proposed minimum security criteria and the Memorandum of Understanding (MOU). In its cover letter to Claude St. Denis, director, program development section, the association stressed the importance of providing significant tangible benefits to participants in the modernized PIP program, achieving mutual recognition with the C-TPAT program, increasing staffing levels to support the new program, and establishing expedited appeal processes. Based on the feedback received from I.E.Canada and other representatives of the trade community, CBSA is currently finalizing the new minimum security criteria and the MOU, which should be posted in the coming weeks on the CBSA website.



Mary Anderson, President, I.E.Canada.

Cover Letter to Claude St. Denis
www.iecanada.com/assoc_news/PC.pdf

Comments on the Proposed Minimum Security Criteria
www.iecanada.com/assoc_news/SC.pdf

Comments on the Proposed Memorandum of Understanding
www.iecanada.com/assoc_news/MU.pdf

• **Transition Strategy**

In its comments on the proposed transition strategy, I.E.Canada raised the concern whether existing PIP members would be required to have the new minimum security criteria in place prior to applying for the new program by the end of December 2008 or whether it would be acceptable for the applicant to submit an action plan. CBSA has not given a clear response to this concern; however, it appears that depending on the circumstances, CBSA may be prepared to accept an action plan.

Transition Strategy
www.iecanada.com/assoc_news/TS.pdf

• **PIP Cancellation and Suspension Criteria**

I.E.Canada expressed the view that CBSA's proposed approach to suspension and cancellation of the PIP program was not appropriate given the voluntary nature of the program and its goal of enhancing

supply chain security and strongly urged CBSA to reconsider its approach. CBSA listened and essentially went back to the drawing board!

Cancellation and Suspension Criteria
www.iecanada.com/assoc_news/CS.pdf

Response from Claude St. Denis
www.iecanada.com/assoc_news/Response.pdf

• **Proposed Process Documentation**

Most recently, I.E.Canada submitted comments on proposed PIP process documentation covering acceptance/rejection, approval/denial and appeal/reinstate procedures, as well as the revised cancellation and suspension criteria and procedures. *Proposed Process Documentation*
www.iecanada.com/assoc_news/PD.pdf

Are You Prepared For The New PIP?

I.E.Canada is hosting a hands-on workshop covering aspects of the new PIP in six cities across Canada:

- Vancouver, BC, May 26
- Calgary, AB, May 27
- Winnipeg, MB, May 29
- Kitchener, ON June 2
- Markham, ON June 3
- Montreal, PQ, June 4

The workshops will cover the following:

- The New Minimum Security Requirements
- The New Memorandum of Understanding
- Application Procedures
- Site Visits: What's involved?
- Benefits of the New PIP
- Mutual Recognition with C-TPAT: What does it mean?
- Cancellation and Suspension Policies and Appeal Procedures

Participants will also receive tips and advice from industry experts on how to get management buy-in to join PIP, on assembling and preparing your team, completing your

PIP, cont'd on pg. 2

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.

Port of Montreal's Grand Design

There is often a wide gap between concept and execution. But Patrice Pelletier, the newly-installed chief executive of the Montreal Port Authority, was pretty persuasive earlier this month when he unveiled a strategic development plan that would nearly triple the port's capacity from some 1.6 million TEUs to 4.5 million TEUs over the next 12 years.

Certainly, Vision 2020, which would entail investments of about \$2.5 billion, should not be lightly dismissed by the numerous exporters and importers who count on the Port of Montreal for shipments in either direction between Canada and Europe especially. Most prominent are the foreign trade interests in Ontario's Golden Horseshoe and the U.S. Midwest.

While some of the financing will come from the port's cash reserves, Pelletier made it clear that the largest part would have to come from the federal government and the private sector. As far as the federal government share is concerned, he

hopes it can attain up to \$650 million from Ottawa's \$2.1 billion gateways and border crossings fund.

Status quo unacceptable

Pelletier stressed that standing still was not an option for Montreal to survive against competing U.S. ports on the eastern seaboard which are receiving billions of dollars in government support for infrastructure projects. Here, he singled out the ports of New York/New Jersey, Hampton Roads (Virginia) and Savannah (Georgia).

Pelletier said that the Virginia Port Authority "benefits from investments of the state in a new railway corridor which will offer customers transit times to Chicago as short as ours. That is direct competition for us." Note that the U.S. Midwest and Northeast markets account for more than half of Montreal's containerized cargo, which reached 1.4 million TEUs in 2007.

Traffic will increase

Pelletier affirmed that the plan was necessary because growth in global container traffic is expected to intensify. "Since the early 1990s, world container traffic has grown almost three times faster than GDP," he said, adding that "we must act right away to obtain a large share of this traffic."

More and more ships from Asia are using the Suez Canal for exports to North America via Europe, he noted. And as of 2015, an enlarged Panama Canal will become a route of choice for maritime traffic between Asia and North America.

Phase one of Vision 2020, to be completed by 2011, will focus on optimizing existing container facilities to increase operational efficiency. Phase two, to be completed by 2013, aims at expanding the existing sites for maximum container and bulk storage. Phase three, to be completed by 2016, will focus on

the creation of new container infrastructures at sites located in the east end of Montreal or at Contrecoeur (40 km downstream on the St. Lawrence River). This phase is slated to raise capacity to 3.5 million TEUs. The last phase will allow the port's box capacity to attain 4.5 million TEUs.

Financing a challenge

Before all this happens, however, the financing issue looms large in the immediate term. For several years now, Canada's leading ports have been waiting anxiously for amendments to the *Canada Marine Act* that would provide ports with much greater access to federal funds for infrastructure projects and with a more flexible borrowing regime on financial markets. Relevant legislation has gone through several phases in Ottawa. But will final approval again be sacrificed should a general election be called?

The national railways will also have to enhance their networks in the Montreal area to accommodate eastward port expansion and increased traffic. In particular, should a new container terminal be developed at Contrecoeur, Canadian Pacific Railway will have to match CN's direct connection to that location to protect its current dominant position on the Montreal container front. Shippers, too, are generally allergic to a one-rail cargo terminal, as Halifax has experienced with CN constituting the sole rail provider.

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EDC, cont'd from pg. 5

what your current and future needs for risk management and trade finance services are, and how effective EDC is in meeting those needs. The consultations will culminate in a report for the Minister of International Trade, who will present to Parliament likely this fall.

I.E.Canada All About Members

By Mary Anderson, President,
I.E.Canada

To better understand issues that concern members today, we conducted surveys during the *Emerging Issues in Customs Conference*. 52 attendees ranked 26 logistics and transportation issues as of critical concern, minor concern or no concern. To prioritize the issues, we considered critical issues as "5", minor as "3" and of no concern as "1", and here's what we learned:

Issue Rank Which of the following logistics and transportation issues concern you?

- 1 Customs issues
- 2 Security in the supply chain
- 3 Cost of fuel
- 4 Border wait times
- 5 Costs (general)
- 6 Legislation/regulation
- 7 Technology
- 8 Service (transit consistency)
- 9 Visibility in the supply chain
- 10 Supply chain design and management
- 11 Road issues
- 12 Communication to/from service provider
- 13 Risk mitigation and contingency planning
- 14 Condition of shipments
- 15 Driver shortages
- 16 Capacity for future growth in major modes
- 17 Safety (transit speed)
- 18 Green initiatives
- 19 Marine port issues
- 20 Rail issues
- 21 Air transit issues
- 22 Ocean crossing issues
- 23 Labour issues with transportation providers
- 24 Transit capacity of providers
- 25 Skilled labour
- 26 Labour in your facilities

Survey respondents said that if I.E.Canada launched a Transportation and Logistics committee the focus should be on:

1. Current industry issues
2. Outlook – future trends/concerns/opportunities
3. Government advocacy
4. Best practices forum

5. Question & answer or open forums
6. Participating in government or academic research studies

We value the important role that committees play within I.E.Canada. Make this the year that you become an active member. Want to be included on committee information or help with consultations? Please email Jason@iecanada.com to get involved!



"Reality" Tour Kick-off in Vancouver

Reality Tour Tackles Counterfeiting Threat

The Canadian Anti-Counterfeiting Network (CACN) and the RCMP are co-hosting cross-Canada events to raise awareness of and combat counterfeiting and piracy in Canada. Both Mary Anderson, President of I.E.Canada, and Carol Osmond, Vice-President, Policy, serve on the steering committee of CACN, while I.E.Canada serves as CACN's secretariat.

The 2008 CACN/RCMP Canadian "Reality" Tour, which began in Vancouver on April 15, is making eight more stops across Canada (Edmonton, Regina, Winnipeg, Mississauga, Ottawa, Montreal, Moncton and Charlottetown) and will conclude at the 2008 Interna-

tional Law Enforcement IP Crime Conference, hosted by the RCMP and INTERPOL, in Halifax, June 24 to 26.

Aimed at educating those in law and regulatory enforcement as well as the public about the effects of counterfeiting and copyright piracy in Canada, the tour features presentations by the CACN, the RCMP, the Canadian Motion Picture Distributors Association, the Entertainment Software Association, Health Canada, the Canadian Recording Industry, the Canadian Standards Association International, Underwriters Laboratories, Cisco Systems, the Coalition to Advance the Protection of Sports Logos, and the Eaton-Yale Company.

For more information and tour dates and locations, visit www.cacn.ca.

Seeking Input on Export Development Act Review

Do you have some views on Canada's trade and the role of Export Development Canada (EDC)? If so, there is an opportunity to share them as part of an EDC review.

Every 10 years, the federal government conducts a review of EDC as required by the *Export Development Act*. International Financial Consulting Ltd. has been selected to conduct the review and is seeking input from Canadian exporters, investors and other stakeholders over the course of May and June. Your input can be provided by a written submission, or you may attend a town hall session or request a one-on-one interview. For further information and to register, go to www.EDCReview2008.ca.

This is an excellent opportunity for you to tell the government how your business needs are changing,

EDC, cont'd on pg. 4

Canadian Association of
Importers and Exporters

Association canadienne des
importateurs et exportateurs

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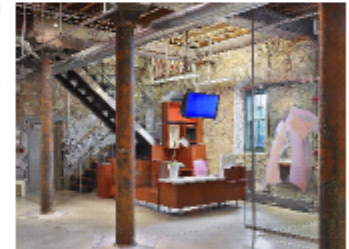
77th Annual General Meeting and Reception June 12, 2008 Toronto's Historic Distillery District 55 Mill Street, Toronto, ON

Celebrate the Future of Trade in the Historical Elegance of the Past



I.E.Canada will host this year's Annual General Meeting (AGM) and reception on June 12th in the vibrant and creative atmosphere of Toronto's Historic Distillery District.

Participants will then tour through 13 acres of Victorian era industrial architecture, the largest in North America. For 2008, the future of trade will be celebrated in the heart of old town Toronto with a grand evening reception at the Deaf Cultural Centre, 55 Mill Street.



About the Distillery District:

Toronto's unique Distillery Historic District - the former Gooderham and Worts Distillery- Canada's finest collection of Victorian era industrial architecture; forty four historic buildings set among thirteen brick lined street acres. The Distillery is a National Heritage Site.



The Distillery Walking Tour

Did you know the Distillery District was once home to the largest distillery in the British Empire? Imagine yourself immersed where Toronto's tallest building once stood, where the infamous Al Capone was spotted, and where many Hollywood films were shot. You'll learn about the exciting history behind the Distillery District as well as its significance to Toronto's past and present.

9:30 am	Canadian Meat Importers and Exporters Committee (CMIEC) Meeting
3:00-5:30 pm	Customs and Legislation Committee Meeting
5:30 pm	Annual General Meeting
6:00 pm	Distillery District Historical Tour
6:30-9:00 pm	Reception

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