

tradeweek

Your Resource for Global Trade | June 30, 2008 | Vol. 119, No. 12

I.E.Canada's Advocacy Agenda

Following is a brief update on recent and upcoming consultations and advocacy related activities of I.E.Canada. If you would like further information about any of these initiatives, please contact Carol Osmond, Vice President, Policy at cosmond@iecanada.com.

Brokers Licensing and Account Security

The Brokers Licensing and Account Security Working Group of the Border Commercial Consultative Committee (BCCC) met in Ottawa on June 19, 2008. This working group is made up of representatives of the Canada Border Services Agency (CBSA), the Canadian Society of Customs Brokers (CSCB), the Association of International Customs and Border Agencies (AICBA), and I.E.Canada on behalf of importers. Representatives of the surety industry also attended this most recent meeting.

The focus of the meeting was a discussion of the benefits and drawbacks of the four alternatives that CBSA is considering for modifying account security for release prior to



Carol Osmond, Vice President, Policy, I.E.Canada, reports on the association's advocacy activities.

payment:

1. Eliminating all security requirements for release prior to payment privileges for compliant customs brokers and resident importers. High risk (ie. non/late payment) resident importers and customs brokers, as well as non-resident importers would be required to post security for release prior to payment.

2. Eliminating GST from the account

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Conference to Focus on Supply Chain

Doing business in today's complex world requires constant innovation and flexibility in all business processes. With costs on the rise in almost every area, the supply chain has become a key focus for

many businesses.

Are you maximizing the value in your supply chain? Are your sourcing and transportation strategies as

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CBSA and CBP Agree to Mutual Recognition

The Canada Border Services Agency and U.S. Customs and Border Protection have signed a mutual recognition arrangement that will align security standards in the international trade partnership programs that have been developed in both countries. The arrangement recognizes compatibility between Canada and U.S. cargo security programs.

At a ceremony held in Brussels, Alain Jolicoeur, President of the Canada Border Services Agency (CBSA), and U.S. Customs and Border Protection (CBP) Commissioner W. Ralph Basham agreed to mutual standards in Canada's Partners in Protection (PIP) program and the U.S.'s Customs-Trade Partnership Against Terrorism (C-TPAT) program.

The arrangement acknowledges that CBSA and CBP will apply similar high security standards and perform similar site validations when approving companies for membership in their respective security programs.

"With strong industry support and the combined efforts of CBP and

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security calculation for customs brokers and increasing the cap on security. Note that only GST payable by resident importers would be removed from the security calculation.

3. Move to an importer secured system similar to the US model.

4. Strengthen the current program by ensuring that security is posted for all outstanding duties and taxes.

Of the four alternatives, consensus appears to be forming around the second: eliminating the GST from the account security calculation for customs brokers and increasing the security cap.

The key benefit of eliminating security requirements for compliant resident importers and customs brokers is that it would eliminate account security costs and reduce the administrative burden for compliant clients. CBSA's interest in this alternative is being driven by CBSA's Business Simplification Initiative. It was generally felt that implementation of this alternative should be accompanied by the availability of bank remittance of duties and taxes so that direct payments by importers would be facilitated.

There appear, however, to be a number of potential drawbacks to this alternative. Representatives of the surety industry cautioned that the surety option would likely no longer be available for "non-compliant" importers or would be much more expensive. Posting cash in order to benefit from release prior to payment privileges would likely cause cash flow problems for importers. The premiums for other types of security might also increase if this part of the surety business is eliminated.

Surety companies would also no longer be identifying potential risk by conducting pre-qualifications of

customs brokers and importers. Customs brokers for their part might still want clients to post security for risk mitigation purposes, which would now be more expensive to obtain if available at all.

One of the benefits of the second alternative - eliminating the GST from the calculation of security posted by brokers and eliminating the security cap - would be that a level playing field would be created with respect to the administration of the GST (i.e.- resident GST registrants are not required to post security for GST purposes and resident importers with direct security are not required to post security for GST payable on imports). As well, the administrative burden associated with the existing GST direct payment option would be eliminated for customs brokers, premiums for other types of security would not increase as contemplated under the first alternative, and CBSA would be fully covered for duty.

Some of the drawbacks would be that the customs broker's bond would no longer cover GST and the importer would remain liable in the event of a broker's non-payment. There would be no cost savings to importers compared with the first alternative and more importers may elect to go on direct security increasing the administrative burden for importers and CBSA. CBSA's exposure to liability would also increase.

There appears to be little interest amongst working group participants in the third and fourth alternatives.

I.E.Canada has until the end of July to submit further comments on the proposals with respect to account security. If you would like further information on the proposals or have comments, please contact Carol Osmond at cosmond@iecanada.com.

Other Activities

AMPS Review: The BCCC AMPS Subcommittee met in Toronto on June 18, 2008 to continue consultations on CBSA's recommendations to re-vamp the AMPS system.

Voluntary Disclosure Program: I.E.Canada submitted comments on draft D-Memorandum 22-2-1: Voluntary Disclosure Program on June 20, 2008. Thank you to all members who sent comments.

Other Government Department (OGD) Requirements: The BCCC OGD Subcommittee met via conference call on June 23, 2008 for an update on the status of the OGD Single Window project. The OGD Single Window Framework document, which provides a high level overview of the OGD single window project has been released by CBSA and is available at <http://www.iecanada.com/article/08-026-eng.pdf>

ACI Phase III/eManifest: The eSPN End State/Design Working Group met in Toronto on June 25-26, 2008. Matters addressed included an update on the eManifest Policy and Design Issue Log; update and continued discussion on data elements and structure; discussion and confirmation of conveyance arrival process by mode; and the eManifest Portal. The Communications Working Group will meet again via conference call on July 8, 2008 to discuss the proposed communications strategy. The eSPN Steering Committee will also be meeting via conference call on July 8th.

Courier/LVS: Members of the executive of the Customs & Legislation Committee and I.E.Canada staff are meeting with the Canadian Courier and Logistics Association and representatives of the customs brokerage industry on July 3, 2008 to discuss the Courier/LVS Program review.

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.

Improved Port Financing

Much-needed regulatory reform in the domain of port financing has been the victim in the past few years of snap general elections at the federal level, dying on the order paper of Parliament. But now Canadian ports can look forward to competing more effectively with their U.S. rivals - at least as far as borrowing and funding options are concerned.

There is much at stake on both the west and east coasts, as ports throughout North America gear up for ever-increasing cargo volumes with Asia.

Bill C-23, containing major amendments to the 1998 Canada Marine Act (CMA) received Royal Assent on June 18. "The stars are finally lining up," Gary LeRoux, executive director of the Association of Canadian Port Authorities (ACPA), commented to this observer.

As a result, a crucial issue has been removed for the 19 ACPA member

ports preparing for their annual conference, being held this year in mid-August at Saint John, New Brunswick.

Not only are container ports like Vancouver Fraser, Montreal, Halifax and Prince Rupert mapping out capital expenditures in the hundreds of millions of dollars. Other ports like Trois-Rivières and Saint John have unveiled ambitious infrastructure projects.

Constraints have been removed for Canadian ports to tap financial markets. Significantly, too, they will be eligible to gain access to financing under the \$2.1 billion federal Gateways and Border Crossings fund.

"These amendments will help all port authorities strengthen their businesses in their respective regions and will provide more certainty for the long-term sustainability of Canada's strategic port network," stressed Sean Hanrahan, the current ACPA chairman. With 90% of all international freight being moved via the marine mode, the CMA revisions will assist Canadian ports in capturing a "fair share of the anticipated worldwide expansion of trade," he added.

The Association's members - drawn from the largest and most financially self-sufficient ports in Canada - handle some 280 million tonnes of cargo representing more than \$140 billion worth of goods annually.

"In recent years, the global economy has shifted dramatically, and the transportation system must adapt to take advantage of these changes," Transport Minister Lawrence Cannon said when the Bill received Royal Assent. "These amendments promote financial flexibility for the marine transportation sector, consider the long-term role of ports in their communities, and foster partnerships with

other levels of government."

The amendments include provisions governing the amalgamation of ports, introducing more flexibility in the management of port lands, and simplifying the enforcement of minor violations.

While there were considerable delays before the CMA reforms were approved for implementation, these delays opened the door for improvements to the initial proposals.

Important to note is the fact that Ottawa has made a commitment to complement the CMA changes by elaborating a "modernized National Marine Policy" for the not-too-distant future.

Generally speaking, this should be all to the benefit of Canadian importers and exporters relying on an efficient, competitive port system.

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the CBSA, the U.S. and Canada are leading the way toward a more secure global supply chain," commented Commissioner Basham.

The goal of mutual recognition arrangements is to link the various international industry partnership programs, so that together they create a unified and sustainable security standard that can assist in securing and facilitating global cargo trade.

I.E.Canada, as part of its advocacy agenda, has been proactive in providing the PIP program leaders with input from the trade community regarding the need for mutual recognition and its importance to Canadian companies trading globally.

The U.S. has signed similar mutual recognition agreements in the past with New Zealand and Jordan.

I.E.Canada's Scorecard

Every year, I.E.Canada takes time to assess our achievements and measure our successes. At I.E.Canada's Annual General on June 12, 2008, the I.E.Canada scorecard showed that:

-I.E.Canada has a growing membership;

-member's issues are supported with an active advocacy agenda;

-events are achieving high evaluations as attendees ranked conferences at 85% in terms of content and quality of presenters;

-the audited financial statements for the year ending February 29, 2008 indicate that the association is both well run and solidly financed.

I.E.Canada's Board of Directors is providing the strategic leadership on behalf of those that the association serves. The Board sets the direction and approves the outcomes to be achieved. Although the Board delegates the detailed management of programs or initiatives and operating plans to the association's staff, it is the Board that is accountable for the organization's affairs and provides guidance to achieve the association's mandate.

The Board of Directors adopts an annual budget and approves key performance indicators for the year. The Board approves priorities that focus the development and use of resources and confirms I.E.Canada's strategic direction.

I.E.Canada is well served as the Board of Director's leadership ensures that the vision and mission of I.E.Canada are maintained.

I.E. Canada's vision:
"To provide the national forum for informing and influencing on issues affecting Canada's global trade."

I.E.Canada's mission:
"To be the leading voice of the trade

community. We represent and educate importers and exporters and advocate on their behalf to influence change."

Gero Provides Doha Update



I.E.Canada President Mary Anderson recently took part in a meeting of the Market Access Advisory Group (MAAG). The group was formed at the behest of John Gero, Canadian Assistant Deputy Minister, Trade Policy and Negotiations, to share information amongst industry and government regarding international access to world markets.

MAAG includes representation from many prominent industry organizations. The meeting was called to offer insights regarding the next steps for the Doha round of negotiations.

The Doha round of negotiations, aimed at liberalizing global trade, was started in 2001. Talks have become deadlocked in the past because of disagreements between trading powers like the European Union, India, Brazil and the United States.

Mr. Gero had just returned from Geneva where he reported that the recent round of negotiations had resolved a number of fairly substantive issues.

Pascal Lamay, the director general of the World Trade Organization (WTO), has scheduled a Ministerial Meeting for July 21, 2008. The meeting, scheduled to be held over

five days at the WTO headquarters in Geneva, will focus on specific tariff and subsidy cuts, and will include 30 to 40 ministers. Mr. Gero anticipated the Ministerial Meeting would decide the fate of the Doha round of the WTO.

Minister Gero is upbeat about the outcome of the meeting. He has said that Lamy believes that reaching a final deal was possible and that there is a more than 50% chance of success at July's Ministerial Meeting.

Any deal that is reached would require all 152 WTO member countries to sign-off on the agreement. Although Minister Gero acknowledged that this was ambitious, he appeared optimistic that an agreement could be reached.

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Business Simplification: The BCCC Business Simplification Working Group will be meeting in Ottawa on July 8, 2008.

Partners in Protection: CBSA is requesting comments on proposed draft Cargo Sealing Guidelines for PIP Members available at <http://www.iecanada.com/article/GuideforPIPMembersSeals-v4-E.pdf> or in french at <http://www.iecanada.com/article/LDmembresPEPSceaux-v4-F.pdf>.

Please send your comments to Amesika Baëta, Committee Director, at abaeta@iecanada.com by Friday, July 11, 2008.

CBSA has also advised that a working copy of the Security Profile form cannot be directly posted on the CBSA web site until a secure web portal is developed. Instead the instructions on how to obtain the Security Profile are posted on the web site page at

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Border Improvements



Governments on both sides of the Canada- U.S. border have plans in place to improve border crossings, easing the flow of traffic and enhancing security.

The Canadian plaza of the Queenston-Lewiston Bridge in Niagara Falls received \$62 million in funding from the federal government. These funds will bring the project, aimed at making the crossing more efficient, to a total of \$130 million. Improvements to the bridge will include new inspection facilities, a new animal inspection facility, as well as additional passenger primary inspection lanes. Work is expected to be completed in 2011.

On the other side of the border, throughout the summer and fall, U.S. Customs and Border Protection (CBP) is planning construction work to improve 39 major entry points along the U.S borders with Canada and Mexico.

Improvements will include the implementation of radio frequency identification technology. Plans are to use the technology at 354 vehicle lanes to enhance border security and ease travel delays at border crossings for U.S. travelers using

new state-of-the-art travel documents, including the passport card and enhanced driver's licenses.

It is expected that later this year, the State Department begin incorporating RFID technology into the next generation of border crossing cards. These documents are the result of the Western Hemisphere Travel Initiative, which came into effect in January, 2007 for air travelers, and will apply to travelers by land and sea effective June 1, 2009.

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<http://www.cbsa-asfc.gc.ca/security-securite/pip-pep/sp-ps-eng.html>.

Import Costs Study: A number of I.E.Canada members have volunteered to participate in CBSA's import costs study. Thank you!

Customs Self-Assessment Program: I.E.Canada is working with the Canadian Vehicle Manufacturers Association and CBSA to organize the first meeting of a CSA Importers Roundtable for mid-August/early September. The Roundtable will serve as a forum to address importer issues relating to the CSA program.

Importers that are currently participants in the CSA program, have applied for the program or are interested in applying for the program, who would like to participate in the Roundtable, should contact Amesika Baëta at abaeta@iecanada.com.

Customs Audits: Have you recently undergone a CBSA audit? I.E.Canada is seeking members who are willing to share their experiences in a roundtable discussion amongst I.E.Canada members. Please contact Amesika Baëta at abaeta@iecanada.com.

Import Product Safety: During the summer, I.E.Canada will be preparing its submission to the House of Commons Standing Committee on Health on Bill C-52, the proposed new Consumer Product Safety Act. The Standing Committee will be holding hearings on Bill C-52 in September. If your company is concerned about this proposed new legislation and would like to have input into the submission, please have the appropriate person within your organization contact Amesika Baëta at abaeta@iecanada.com.

Transportation Policy: I.E.Canada has been invited by the Canadian Chamber to partner in an initiative to advocate for a National Transportation and Logistics Strategy for Canada. The goal of the initiative is to influence government into developing such a national strategy and vision.

In consultation with the Chamber's Transportation Committee and a number of associations and companies dealing with this issue, including I.E.Canada, the Chamber will develop a short report highlighting the need for a National Transportation and Logistics Strategy and a list of principles that should be included. Upon completion of the report, the Chamber and partnering associations will work together to

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Quebec Chapter Winds Up Successful Season



I.E.Canada's Quebec Chapter closed out its successful 2007-08 events season on Wednesday, June 18 at Decca 77 Restaurant/Bar in downtown Montreal.

The End-of-Season Cocktail is an informal affair held to provide a networking opportunity for members and event participants from the past year. It also allows the Quebec Chapter to thank its members and friends for their involvement. This year's event attracted some 50 participants including importers, exporters, service providers, government and para-governmental representatives.

Quebec's 2008-09 season of events will kick off in September with our Season Launch Cocktail. Between now and then, if you have any topics you would like the chapter to ad-



dress, please do not hesitate to contact Geoff Bush, Quebec Chapter Coordinator at 514-318-3924 or at gbush@iecanada.com.

All photos are provided courtesy of Elenka A. Todorov, Editor-in-Chief, Gestion & Logistique Magazine.



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efficient as they can be? Where are the overlooked areas that could provide unexpected value and cost savings? Join industry leaders, supply chain experts and government officials at I.E.Canada's 77th Annual Conference, Tradeshow and Gala to learn from others and share your own successes.

The conference will focus on Maximizing the Value in Your Supply Chain, and will take place October 27-29 at the Delta Meadowvale Conference Centre. Keynote speakers will include Michael Fortier (invited), Minister of International Trade Canada; Cathy Munroe (confirmed), Vice-President, Admissibility Branch, Canada Border Services Agency; and David H. Wilkins (invited), United States Ambassador to Canada, The Embassy of the United States of America.

Sponsorship opportunities are available. Don't miss the chance to profile your business to Canada's trade industry leaders. Call Fée Kiessling, Project Lead, 77th Annual Conference, I.E.Canada, today for the latest details on the program and sponsorship opportunities. Fée can be reached at 416-223-7072 or e-mail at fkiessling@iecanada.com.

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convince political decision makers of its importance in lead up to the next federal election.

For a copy of the proposed report outline and workplan, please contact Amesika Baëta at abaeta@iecanada.com.

Exports: Based on response to the Canadian Export Survey conducted at I.E.Canada's annual conference in April, the association is considering the creation of an Export Committee to address issues relating to the export controls and controlled goods regimes, other government agencies, export reporting (controlled and uncontrolled goods) and export compliance generally. Some of the areas where the committee would seek to have input to government include publications, departmental and agency websites, operational issues, legal and regulatory matters and enforcement and penalties.

If you are interested in participating in the proposed Export Committee, please contact Joy Nott at joy.l.nott@jpmchase.com or 416-605-1829.

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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.