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CBP Makes Progress with ACE

The following article was written by
by Dannielle Blumenthal, U.S. Customs
and Border Protection (CBP).

Streaming across the U.S.-Canada border, Canadian truckers and their containers are a welcome sight for CBP officers each day. Their continued crossing through U.S. ports of entry ensures that American store shelves will be filled with the food, clothing, electronics, and household goods that consumers need.

Getting them through those ports of entry, however, takes massive coordination. Eleven million containers arrive at U.S. ports each year, and CBP officers process more than \$32 billion dollars in duties, taxes and fees.

Until recently, officers relied heavily on the aging Automated Commercial System (ACS), a massively complex computer system based on no less than six million lines of software code, to clear cargo. ACS, combined with an automated "targeting" system that identifies potentially risky shipments, helped make sure that the right duties and fees



With CBP's ACE system in place, truckers can look forward to faster processing at United States ports of entry.

were paid on shipments, that shipments complied with U.S. laws and regulations, and most importantly that shipments were screened for terrorist risk.

Meeting the challenge

CBP is now well into developing the

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Advocacy Initiatives

I.E.Canada has a broad and active advocacy agenda, and continues to work with members and government to further the interests of all Canadian businesses involved in trade.

Following is an update of some of the more recent initiatives. If you would like more information on any of the issues covered in this article, please contact Carol Osmond, Vice

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Conference to Address Fuel Costs

Dr. Avery Shenfeld, Managing Director and Senior Economist, CIBC World Markets, will address the topic of the Impact of Rising Fuel Costs and the High Canadian Dollar on Global Trade at I.E.Canada's 77th Annual Conference, Tradeshow and Gala. The conference, which is I.E.Canada's premier event, will take place October 27 - 29, 2008 at the Delta Meadowvale Conference Centre, Toronto Airport.

According to a study recently undertaken by CIBC World Markets, the high price of energy is undercutting the advantages of globalization by raising transportation costs to such a level that they could force businesses who had previously gone global to return home.

With oil prices breaking records on an almost weekly basis, many of the advantages of global sourcing are being eaten away as transportation costs sky rocket. Companies are looking for savings throughout the supply chain, and sourcing parts and products closer to home may become a strategy for many businesses.

Dr. Shenfeld has been with CIBC World Markets since 1993. He fol-

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Automated Commercial Environment (ACE) to replace ACS and has already deployed it at America's 99 land border ports. But it's not an easy process, for three major reasons:

Complexity: The agency is grappling with ACS's labyrinth of complex cargo processing rules, which have evolved over two decades to keep pace with trade law and the increasing need for greater scrutiny of imports.

Business process modernization: At the core of ACE development efforts is the imperative to modernize and automate CBP business processes and improve information sharing across federal agencies as well.

Age: The old system is written in COBOL, a programming language considered ancient today.

The ultimate measure of success will be to make the transition to ACE with no disruption in service to the trade. It is what outside observers may not directly see that will bear witness to the true success of the system.

Making it painless

CBP's planned deployment of ACE rail and sea manifest capabilities in the fall of 2008 will be a good demonstration of how the agency plans to improve the quality of its mission activities- both from a security standpoint and an trade-facilitation perspective- without burdening the trade at all.

For example, when the capabilities associated with this rollout become operational, trade partners will not need to change how they submit cargo manifest data. Despite that, the upgraded system will give officers a consolidated view of both manifest and entry data through a Web browser-like visual interface. This will help them spot potential problems faster and more accurately.

Not only that, but the new capabilities will allow officers to place or remove holds on cargo at the container level, allowing suspicious cargo to be held while the balance of a shipment is processed.

In the end, all of these enhancements, as well as additional new ACE rail and sea manifest features, such as "broker download", will benefit the trade community in terms of more efficient processing of cargo.

In addition, ACE rail and sea manifest capabilities set the stage for greater visibility of cargo status as it makes its way through the supply chain, offering the long-term prospect of creating a single document that can serve as a manifest across all modes of transportation.

Moving ahead

Throughout ACE implementation, CBP will continue processing the thousands of trucks and rail and sea containers arriving at U.S. ports of entry daily, just as they always have. Yet their efficiency will be greatly improved, which will cut down on wait times for the trade, and their ability to carry out the agency's mission will be enhanced as well.

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lows Canadian and US economic developments and their implications for financial markets. Dr. Shenfeld was named by Bloomberg as a top forecaster of the U.S. Treasuries market and is a two time winner of Dow-Jones Market Watch's award for most accurate U.S. forecaster. He has also been consistently ranked by fixed income investors among the leading five Canadian economists.

Dr. Shenfeld's background includes seven years in management consulting, and experience on the economics faculty at the University of



Dr. Avery Shenfeld, Managing Director and Senior Economist, CIBC World Markets, will address the rising costs of global trade.

Toronto and in the summer program at Harvard's John F. Kennedy School of Government. He has addressed numerous business groups and been quoted in the media in the United States, Canada, Asia and Europe. Dr. Shenfeld holds a Ph.D. in economics from Harvard University.

I.E.Canada's Annual Conference brings together the brightest minds in the global trade industry to address the topics and issues that are vital to Canada's importers and exporters.

The complete agenda, an outline of sponsorship opportunities and online registration forms are now posted on the website. Please visit www.iecanada.com for the latest information.

Companies looking to profile their businesses to Canada's trade industry leaders should contact Fée Kiessling, Project Lead, 77th Annual Conference, I.E.Canada. Fée can be reached at 416-223-7072 or by e-mail at fkiesling@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.

Prince Rupert Gateway Bolstered

The vocation of newly-revived Prince Rupert as a competitive gateway for maritime trade between North America and Asia has recently been strengthened by two major developments related to both container and bulk shipments. The northern British Columbia port is clearly justifying the hopes of its key backers, notably U.S.-based Maher Terminals and CN, Canada's largest railway.

China Ocean Shipping (COSCO) announced the doubling of its weekly calls to the Fairview container terminal at Prince Rupert. The carrier added Prince Rupert to its existing CEN service linking northern China to the US southwest coast, beginning with the 5,400-TEU COSCO Hong Kong in early July.

Launched last September, the container terminal with initial capacity of 500,000 TEUs targets markets in the U.S. Midwest and Central Canada, offering rapid transit times over the CN network. By water, Prince Rupert is 1168 nautical miles

closer to Shanghai than Los Angeles and connects with Chicago by rail in just over 100 hours.

When announcing the new call, Tim Marsh, COSCO Americas Vice-president, Sales, indicated that the shipping line has received "tremendous support on the single weekly sailings over Prince Rupert for the PNWS service, calling on South China and Yokohama. As a result of this outstanding success, and in response to the true needs expressed by North American importers and exporters, COSCO has elected to increase port calls to Prince Rupert."

Marsh added: "Considering the current soft market conditions and general decline in Asian imports through West Coast ports, the addition of a second line by COSCO, backed by their customers, clearly demonstrates that this new northern express trade corridor through Prince Rupert is meeting and exceeding expectations."

The five-vessel CEN service originates in Dalian and calls on the other Chinese ports of Xingang, Qingdao and Shanghai, then sails to Prince Rupert prior to calls at Long Beach and Oakland.

According to statistics released by the Prince Rupert Port Authority, the weekly throughput at the box terminal was about 1,100 TEUs when the COSCO service began in November, but had grown to an average of 1,650 TEUs by the end of May. Between January and end May 2008, 34,718 containers were handled - fairly evenly-balanced between import and export boxes.

Total cargo rose 40% in the first quarter of this year versus the same period in 2007, with overall volume at 3.1 million tonnes. Last year, Prince Rupert surpassed 10 million tonnes for the first time in a decade. Among the contributing factors, says port chief executive Don

Krusel, have been brisk international demand for industrial feed stocks, strong markets for agricultural products, and new sectors of business such as containers and wood pellets.

The second significant development concerns the announcement by Saskatchewan's potash export agency, Canpotex Ltd., that it will invest some \$500 million to build two terminals in BC ports for shipping fertilizer in high demand to Asia. One will be a greenfield facility on Ridley Island, near Prince Rupert, and the other will be the expansion of an existing terminal in North Vancouver.

Potash has, thus, added further diversification to a port/city that is bouncing back from a long decline. In summary, Prince Rupert is riding global demand for commodities and capitalizing on an excellent logistics network for Asian goods destined for the US Midwest and Central Canada.

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AMPS Review

The Border Commercial Consultative Committee (BCCC) AMPS Subcommittee held a productive meeting in Toronto on June 18, 2008. The meeting focused on the risk matrix that CBSA has developed for purposes of assigning risk levels to contraventions, which in turn will determine the amounts of the penalties. CBSA officials were receptive to recommendations from private industry and agreed to rework the matrix and recalculate the risk levels for contraventions. The next meeting of the subcommittee will take place in late August to mid-September.

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ber 2008.

OGD Single Window Initiative

The BCCC OGD Subcommittee met via conference call on June 23, 2008. CBSA officials reported that the Needs Assessments of the participating OGDs are in the final stages. As part of the Needs Assessments, the CBSA is trying to eliminate any redundancy in the data requirements. CBSA is also working with the OGDs to determine whether the legislative and regulatory provisions are in place to allow the required data to be collected by CBSA and transmitted to the OGDs. They are also trying to determine what information is required pre-arrival versus post-release.

In fulfillment of a commitment made by Greg Goatbe, former vice president, admissibility, at the February meeting of the Border Commercial Consultative Committee (BCCC), CBSA officials have also drafted a consultation strategy for presentation to CBSA's senior management and the OGDs. One of the concerns raised by the trade community at the BCCC meeting was that OGDs consult directly with their industry stakeholders in developing their solutions to the OGD Single Window Initiative.

CBSA officials have also participated in meetings of the World Custom Organization (WCO)'s Information Management Subcommittee. After three years, Version 3 of the WCO Data Model has been completed.

Courier/LVS Program Review

On July 3, 2008 members of the Customs & Legislative Committee (C&L) executive and I.E.Canada staff met with representatives of the Canadian Courier and Logistics Association (CCLA), the Canadian Society of Customs Brokers (CSCB) and the Association of International Customs and Border Agencies (AICBA) to discuss the Courier/Low Value Shipment (LVS) Program review.

Prior to the meeting, I.E.Canada representatives received a tour of FedEx's Hub in Mississauga, ON, which was useful in understanding the courier process and the controls that have been established.

The CCLA provided an overview of the courier industry and the challenges that courier companies face and why, including overages, short-ages and misroutes, as well as the recommendations that the courier industry has made to CBSA to improve the Courier/LVS program. These include raising the threshold for the Courier/LVS program to \$2,500.00; allowing certain types of shipments (such as personal shipments) that are subject to OGD requirements to be included in the program; simplifying the reimbursement mechanism for duties and taxes on refused shipments; and allowing exceptions reporting free of AMPS provided certain parameters are met.

The meeting included an open discussion of some of the issues and concerns of importers and customs brokers with the Courier/LVS program. All participants agreed that the meeting was productive and that going forward a working group should be established comprised of all of the associations represented at the meeting. This working group would continue the valuable dialog and jointly look at means to improve the program to meet the needs of all parties involved. More details regarding proposals to reform the Courier/LVS program will be included in a future issue of Tradeweek.

Business Simplification Initiative

The Business Simplification Initiative Working Group met in Ottawa on July 8, 2008. CBSA reported that as of June 16, 2008, CBSA had achieved a 6.03% paper burden reduction and was on track to achieve the 20% reduction target by November 1, 2008. These reductions

are being achieved through the repeal of obsolete regulations, revisions to D-Memoranda and forms and cancellation of certain forms and policy documents, such as D-Memoranda and Customs Notices. CBSA's Business Simplification Initiative goes beyond the paper burden reduction initiative. The working group has developed a list of potential business improvements and will continue to work on these beyond November 2008. Issues addressed at this most recent meeting included the B2 Form, system over-ages, and publication of tariff classification rulings. The working group will meet again in Ottawa on September 10, 2008.

ACI Phase III/eManifest

The eSPN Steering Committee and the Communications Working Group held separate meetings via conference call on July 8, 2008. Due to internal reorganization within CBSA, CBSA has not yet issued its response to concerns about governance that were raised at the eSPN Plenary in February 2008 and in the April 2008 letter to former CBSA president, Alain Jolicoeur. Nevertheless during the Communications Working Group meeting, participants reviewed a proposed Communications Process Plan that would address some of industry's concerns about lack of communication with respect to the eSPN consultations process. Under the plan, minutes of Steering Committee and working group meetings would be prepared on a more timely basis and would be distributed to all participants in the eSPN Plenary, while summaries of the meetings would be posted on the eManifest section of the CBSA website. The Communications Working Group also reviewed and provided comments on a proposed Communications Strategy for eManifest. An important component of the strategy would be the eManifest section of the CBSA website (<http://www.cbsa->

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New C&L Executive Elected

Mary Anderson, President, I.E.Canada and Carol Osmond, Vice President, Policy are pleased to welcome and congratulate the new members of the Customs & Legislative (C & L) Executive:

Greg Gerritsen, Manager, Trans Border Compliance, Plains Midstream Canada, Calgary, Alberta, will serve as the Western Canada representative. Greg has more than 14 years of varied international trade and logistics experience with a specialization in Customs Compliance. In his current position with Plains Midstream Canada, a midstream oil and liquefied petroleum gas partnership, Greg is responsible for customs compliance and administration as well as all other federal agency regulatory requirements impacting the company.

Sylvie Messier, National Traffic and Customs Manager, IPEX, Inc., Saint-Eustache, Quebec, will serve as the Eastern Canada representative. Sylvie brings over 20 years of freight and customs experience to the C&L Committee. Sylvie has also served on I.E.Canada's Partners In Protection (PIP) Working Group.

Oryst Dydynsky, Vice President, Cross Border and Regulatory Affairs, Descartes, Ottawa, Ontario will serve as a Service Provider representative. Oryst spent over 30 years with Canada Customs prior to joining Descartes. While with Customs, Oryst was the project manager for several border initiatives including Pre-Arrival Review System (PARS), Frequent Importer Release System (FIRST), import systems designed for the Canadian Food Inspection Agency (CFIA) and Customs Self Assessment for Carrier/Driver (CSA). In his role with Descartes, Oryst is focusing on the new carrier advanced reporting requirements:

Automated Commercial Environment (ACE) and Advance Commercial Information (ACI).

Rob Kreklewetz, Partner, Millar, Kreklewetz, LLP, Toronto, Ontario, will also serve as a Service Provider representative. Rob is a tax and trade lawyer with 20 years of experience in customs & trade, indirect taxes, income taxes, and tax & trade litigation. He is a knowledgeable and popular speaker at conferences and seminars, and a regular contributor to various tax and trade publications.

Complete bios of all the new executive members are available at http://www.iecanada.com/New_C&L_Executive.pdf

Mary and Carol wish to extend their appreciation to all those who put their names forward to serve on the C & L Executive.

Special thanks also go to those leaving the executive: John Bescec, Microsoft Canada; Bud Hollings, Russell A. Farrow Limited, and Beth Travis, Cami Automotive, for their support, guidance and expertise over the past several years.

As John Bescec was to have assumed the Chair's position, Tracey Speares, Winners Merchants International, will remain on the executive as the Chair and Glen Perry, Canadian Tire, will stay as Past Chair. The remaining members of the C & L Executive are: Colin Worley, Loblaw's; Susan Hall, E.I. du Pont Canada Company; and Sandy Hodgkiss, General Motors Canada.

The new C & L executive will meet on Monday, July 28, 2008 to plan activities and set priorities for the coming year. In the meantime, Amesika Baeta, I.E.Canada's Committee Director, will be conducting a short telephone survey of all members of the C & L Committee. The association and members of the executive are eager to hear your ideas on how the C & L Committee can better serve your needs.

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asfc.gc.ca/prog/manif/menu-eng.html), which has recently been updated, and will continue to be improved over the coming months.

With regard to substantive issues, CBSA officials report that certain issues have recently been escalated to senior management within CBSA for decision, including the latest draft of the carrier data set and the First Point of Arrival (FPOA) issue. Industry representatives are concerned that CBSA's write up of the FPOA issue, which was not shared with the working group, may not adequately reflect industry concerns. The issue of whether the CBSA will incorporate into the proposed web portal a broker/importer download of certain carrier data has been referred for a legal opinion. CBSA has also committed to improving the format and updating the eManifest issues log, which industry has been requesting for some time.

The next meeting of the End State/Design Working Group will take place in Toronto on August 12-13, 2008. It is being proposed that the Steering Committee meet again in person in Ottawa the first week of September and that the Communications Working Group meet in Toronto the third week of September.

Partners in Protection (PIP)

With the help of the PIP Working Group and comments received from members, the association is completing its submission to CBSA on the proposed PIP Cargo Sealing Guidelines. The association has also received a response from CBSA to its May 2008 submission with respect to the draft acceptance/rejection, approval/denial, suspend/cancel and appeal/reinstate procedures. A copy of the letter received from Claude St. Denis, director, pro-

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Brazilian Ambassador Welcomed



Eduardo Klurfan, BCCC Chair; Mary Anderson, President I.E.Canada; Norman Bacal, Heenan Blaikie Managing Partner; Wanja Nobrega, Brazilian Trade Commissioner in Toronto; Ambassador Paulo Cordeiro de Andrade.

The new Ambassador from Brazil to Canada, Mr. Paulo Cordeiro de Andrade de Pinto, was welcomed at a reception hosted by the Brazil Canada Chamber of Commerce (BCCC) and Heenan Blaikie on July 2nd, 2008 in Toronto. Ambassador Cordeiro assumed his official duties in March of this year.

The ambassador spoke of the tremendous opportunities that are possible for Canada and Brazil. According to Cordeiro, one of his aims as ambassador is to encourage a deepening of the relationship between the two countries. One of the steps in developing that relationship is through Canadian investment in Brazil. Cordeiro made the comment that Brazil invests 20 billion dollars annually in Canada, while Canada

invests less than half that in Brazil. While he acknowledges that there are challenges for new Canadian investors, such as a complex legal system, Cordeiro feels that overall, the current political climate in Brazil is good for business.

Ambassador Cordeiro has a unique perspective on the relationship between Brazil and Canada. Serving as ambassador is his third posting in Ottawa; he was First Secretary at the Embassy in charge of political affairs from 1990 to 1993, and Deputy Chief of Mission from 2003 to 2005.

Ambassador Cordeiro is the former Ambassador to the Brazilian Embassy in Port-of-Prince, Haiti (2005-2008), as well as the former Direc-

tor of the Centre for Strategic Studies at the Presidency of Brazil (1995-1997).

The Brazil-Canada Chamber of Commerce (BCCC) is a business association that plays a vital role in keeping Canadian companies and individuals informed of the latest economic and political developments in Brazil.

BCCC members represent a wide variety of business sectors, individuals and government agencies from across Canada that encourage and support closer commercial and economic ties between Canada and Brazil.

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gram development, is available at http://www.iecanada.com/CBSA_Response_July4_08.pdf

Customs Self-Assessment (CSA) Program

CBSA has confirmed a date for the first CSA Importer Roundtable in early September. The association will be contacting members who have expressed an interest in participating in this consultative forum.

Exports

The association is proceeding with the creation of an Exports Committee. Those members who expressed an interest in participating in this committee will receive additional information shortly. If you have not yet indicated your interest in becoming a member of this committee, please contact Joy Nott at joy.l.nott@jpmchase.com or 416-605-1829.

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