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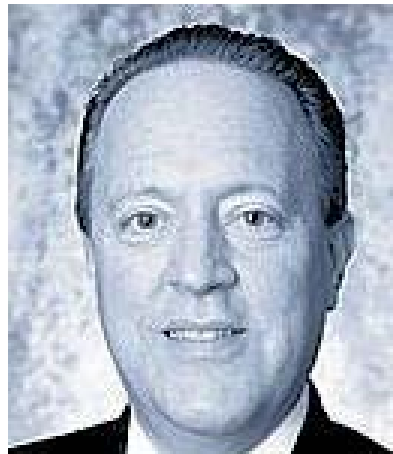
U.S. Focuses on Product Safety

The following article was written by Gerald B. Horn and Lauren V. Perez, Sandler Travis.

As a direct result of the considerable number of deaths, injuries and product recalls over the past year, the United States Congress acted this past summer to pass the Consumer Product Safety Improvement Act (CPSIA).

This new law, which amended the existing consumer product safety legislation, was designed to give considerable new powers to the Consumer Product Safety Commission in order to increase its ability to protect the American public. This legislation, which applies to both domestic and imported products, goes into effect in stages with the first stage becoming effective on November 12, 2008. At that time, general conformity certifications will be required for all merchandise manufactured on or after that date which is "imported for consumption or warehousing" or "distributed in commerce" in the United States.

These Conformity Certifications,



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which must accompany the shipment of this merchandise, must be made available to the CPSC and/or Customs and Border Protection (CBP) upon request and must also be "furnished to each distributor or retailer of the product". The certification must contain the following information:

1. Identification of the product covered by this certificate;
2. Citation to each CPSC product

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Logistics Still Booming in China

Logistics in China has grown tremendously over the past few years. The logistics industry in China totals 240 billion yuan and expects to see annual growth rates of 20 - 30%. Opportunities abound for service providers looking to serve

China's rapidly expanding market.

China is the third largest trading nation and the fourth largest economy in the world. Many multinational

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Melamine 101: What it All Means

This article was written by Terry Obal, Ph.D., C.Chem., Maxxam Analytics. Dr. Obal is the Manager of the Scientific Services Department at Maxxam Analytics Inc., where he manages a team of Senior Scientific Specialists, with diverse market sector expertise, whose mandate includes the development and validation of new methods for complex matrices.

Background

Recent recalls of food products from China have highlighted a need for much more rigorous and robust testing regimes of imported materials for adulteration. The focus has primarily been on melamine and cyanuric acid, two compounds that when combined under certain pH conditions can form highly insoluble solids, which can in turn manifest themselves as kidney stones impairing renal function.

So how did these compounds end up in the food system? To answer this question, one needs to understand the testing protocol used by most food suppliers for determining protein content in a food. Protein is typically determined by measuring the nitrogen concentration in a food product and multiplying

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safety regulation to which this product is being certified;

3. Identification of the foreign manufacturer certifying compliance of the product;
4. Identification of the U.S. importer certifying compliance of the product;
5. Identification of the private labeler certifying compliance of the product (if any);
6. Contact information for the individual maintaining records of test results;
7. Date and place where this product was manufactured;
8. Date and place where this product was tested for compliance with the regulation(s) cited above; and
9. Identification of any third-party laboratory on whose testing the certificate depends.

When the product is imported, not only must certification be submitted by the importer, it must also be submitted by the foreign manufacturer. In addition, when a product bears a private label, the manufac-

turer and the private labeler, both, must certify as to the safety of the product.

As anyone can see, this will place a considerable burden on foreign manufacturers and exporters of products to the United States. While the CPSC has requested comments with regard to certification, and while the CPSC staff has already shown some flexibility in declaring that it will permit the electronic filing of the certificates, many problems still remain. Perhaps paramount amount these is the current likelihood of the disclosure of confidential information. As currently interpreted, the information which will be provided in the certificates that are to be furnished to distributors and retailers would identify manufacturing sources which will have the immediate affect of interfering in the business relationships between importers and their sources, of supply.

How this will ultimately be handled by the CPSC still remains an open issue although we are hopeful that, based upon the comments that are being filed with the CPSC, a way will be found to address this issue. If not, it is likely to be the subject of litigation in the United States.

While the general certifications are necessary for all consumer products, special rules have also been carved out in the case of product manufactured for children 12 and under. Beginning at various times over the next year, depending upon the product, third party testing will be mandatory for these products rather than allowing reliance solely upon the testing methods used by the manufacturer or importer. Again, this third party testing will also raise issues with regard to business confidential information.

Not only will children's products require this special third party testing, but for goods manufactured on or

after August 14, 2009, special tracking labels will be required on this merchandise which will contain the manufacturer's name and address, place and date of manufacture, source of the product and batch, lot or run numbers. These labels are intended to be permanent and will reach the ultimate consumer of the product. Once again, the business confidential information issues rear their ugly head and this is another area that will need to be addressed in the very near future.

It is critical that all manufacturers and/or exporters/importers of products into the United States quickly get up to speed on these new CPSC requirements. Anyone who deals in consumer products will be immediately impacted by this new legislation and risk the seizure and destruction of their merchandise if the rules are not followed.

If you would like further information about this or if you have any questions about how it may apply to your business, please do not hesitate to contact Gerald B. Horn (ghorn@strtrade.com) at (212) 883-1300 or Lauren V. Perez (lperez@strtrade.com) at (305) 267-9200.

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logistics players have long had a focus on the country and are increasing their investments in logistics enterprises. There are also many Chinese companies that are increasing their services, and specialized logistics services that focus on the needs of individual sectors are also seeing a boom.

The country has developed a series of logistics centres in large coastal cities including the Bohai Rim logistic circle which includes Beijing, Tianjin, Shenyang, Dalian and

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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.

Project Cargo Clouds

Over the past few years, Canada has become a rapidly expanding market for heavy lift and over-dimensional cargo thanks to numerous infrastructure, industrial and especially energy-related projects in the Alberta oil sands. Certain Canadian ports have also enjoyed significant new business in handling windmill components.

Some dark clouds however, have recently appeared on the horizon for project cargo, notably concerning the oil sands, as a result of the global financial crisis and the dramatic decline in oil prices.

Crude oil prices hovered around US\$62 a barrel on October 27 versus \$120 a barrel just a month before. In response, Suncor Energy announced it was slashing anticipated spending in 2009 by one third. This will affect the C\$20.6 billion Voyageur oil sands project. And the consortium behind the \$23.8 billion Fort Hills project, led by Petro-Canada, indicated it could also delay building its planned upgrader.

If oil prices remain at the lower levels, various projects around the globe, not only in Alberta, could be in jeopardy. Analysts consider that some of the new projects in hard to reach areas must be based on at least US\$75 a barrel to be economically feasible. Indeed, only high oil prices justify projects in deep waters and remote, Arctic areas.

On the west and east coasts, the ports most active in handling project cargo have included Port Metro Vancouver (the nation's largest); Thunder Bay, Hamilton, and Toronto on the Great Lakes; Montreal and Becancour on the St. Lawrence River; and Halifax and Saint John on the Atlantic Coast.

Port Metro Vancouver, Canada's mega Pacific Gateway established in January 2008 through the amalgamation of the ports of Vancouver, Fraser River and North Fraser, handled substantial project cargo volume in the first six months of this year. Broken down in separate categories, it amounted to 979,445 tonnes for construction materials, 415,000 tonnes for machinery and nearly 700,000 tonnes for parts and components.

The biggest competition for Canadian ports for this specialized cargo, nevertheless, remains Houston, Texas - the North American leader by far. Shippers sometimes complain there are still not enough services to Canadian ports by project carriers, though these have increased.

In Thunder Bay, on the tip of Lake Superior, Tim Heney, Chief Executive of the Thunder Bay Port of Authority, was distinctly bullish about current trends for its heavy lift business prior to the recent financial meltdown.

"We feel we can be competitive with other corridors like Duluth (Minnesota) and Houston," he remarked

after noting the port's key role in the recent shipment of a distillate reactor from Japan for the Canadian Natural Resources oil sands site in Fort McMurray. "We are enjoying quite a surge of activity, and are working on four other potential reactor movements this fall."

Heney strongly applauds CN for opening up the Thunder Bay corridor in order to deal with the increase in project cargoes destined for Fort McMurray, Alberta, in particular. This has included the acquisition by CN of a shortline railroad from Boyle, Alberta to Fort McMurray, the widening of rock cuttings, and re-measuring and inspection of rail lines to push the maximum envelope for project cargoes.

For its part, British Columbia has been the scene of some spectacular transportation efforts from Europe to the 2010 winter Olympics site. Project cargoes have included shipments of sky cabins and cable reels for Whistler Blackcomb's Peak 2 Peak lift station, located at 1,860 metres above sea level. Spanning 4.4 km in total distance from mountain to mountain, the tri-cable gondola boasts the world's longest unsupported span of just over 3 km between two towers at its longest stretch. The cable reels completed an 18,000 km journey this summer after traveling for more than 11 weeks via truck, barge, ship and rail.

Project cargo arrangements can take several years to conceptualize, from the financing to the logistics, so most projects are not easily unraveled once the machine has been put into motion. One has to be optimistic that the long-term trend points to sustained growth and that present financial issues will be temporary.

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that concentration by a factor (typically 6.25). The fundamental assumption here is that all nitrogen in a food comes from protein. Melamine, containing 67% by weight of nitrogen, could be used as a means of "fooling" the test by fortifying the product with a substantial amount of nitrogen by weight, and producing a falsely high protein concentration. Food adulteration at it's finest.

The "Un-usual" Suspects

Melamine is a chemical commonly used in the manufacture of durable plastics and foam products. When combined with formaldehyde it produces a polymeric resin. Depending on the density of the polymer, the product can be a hard, durable plastic; a less dense, heat resistant foam; or polymeric cleaning product. Commercial products manufactured from melamine polymers include countertops, fabrics, glues and cleaning materials.

Melamine is also used as a flame retardant. By incorporating melamine into some polymeric resin formulations, their fire resistant properties increase, as melamine releases non-combustible nitrogen when burned or charred.

Cyanuric Acid is an odourless, white crystalline powder that is most commonly used as a stabilizer in outdoor swimming pools and hot tubs. It slows the decomposition of the hypochlorous acid in the presence of sunlight, thereby extending its effectiveness as a chlorinating agent.

Cyanuric acid is a high volume chemical with U.S. production exceeding 1 million pounds annually. In addition to its widespread use as a chlorine stabilizer in recreational water treatment, cyanuric acid is also used in the manufacture of melamine, and as such can appear as a production by-product in waste and waste streams. At one

time, cyanuric acid was used as an ingredient in some herbicides and disinfectants, although this practice has since been discontinued.

In 2007, the US Food and Drug Administration (FDA) identified and reported melamine as a suspected contaminant in certain pet foods and pet food products linked to renal failure in some dogs and cats. This resulted in a large-scale recall of these products from store shelves across North America. The presence of melamine has not been conclusively linked to the deaths of any animals, because of its relatively low toxicity at low levels. Nonetheless, the FDA has blocked importation of wheat gluten from a Chinese supplier, pending completion of an investigation. Similarly, the Canadian Food Inspection Agency (CFIA) issued an advisory alerting importers of potential contamination of wheat gluten.

Cyanuric acid also became the target of intense scrutiny and investigation as one of the suspected causative agents of renal failure in pets. As the hydroxylated analog of melamine, cyanuric acid and melamine are related compounds. Along with melamine and other melamine by-products, researchers have proposed that cyanuric acid can precipitate out of solution as a fine spoke-like crystal under conditions similar to that found in animal kidneys. This phenomenon is not unusual, as melamine cyanurate, a melamine salt, is a common ingredient in some flame retardant polymers. As well, the formation of this product, a white crystalline powder, is the basis for measuring cyanuric acid concentrations in outdoor swimming pools. These "extremely insoluble" crystals are suspected of blocking normal kidney function and potentially inducing renal failure.

The practice of fortifying foodstuffs with melamine was thought to

have been curtailed and under control, until the diagnosis of over 15000 children with kidney ailments in China was traced to melamine tainted infant formula. This was, again, a "wake-up call for the global community to implement higher standards of testing for food adulteration.

Interim Standards

In an effort to protect the safety and integrity of Canada's food supply and the public at large, the Government of Canada's investigation into melamine contamination has been expanded to include other potentially affected products. Specifically, products made from milk or milk-derived ingredients that could contain contaminated product are being examined. Milk-derived ingredients include whole milk powder, non-fat milk powder, whey powder, lactose powder, and casein.

On October 14, 2008, the CFIA posted the following document "Instructions for Importers: Sampling of Food Products Containing Milk and Milk-derived Ingredients from Countries" (see: <http://www.inspection.gc.ca/english/fssa/invenq/inform/melinstruce.shtml> and <http://www.inspection.gc.ca/francais/fssa/invenq/inform/melinstrucf.shtml>).

In summary, the interim criteria required by CFIA for importing milk and milk-based products into Canada are as follows:

- Infant formula and sole source nutrition products, including meal replacement products - maximum of 1.0 part per million* (ppm); and
- Other food products containing milk and milk-derived ingredients - maximum of 2.5 ppm.

In the wake of the interim standards being issued for milk and milk derived ingredients, many other

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food products being imported are now being tested for melamine and cyanuric acid. Examples of these food products include processed fish and seafood, breaded products and flour containing products among others.

Sample Collection

Proper sampling of food products is critical to ensuring that the analytical results ultimately used in deciding whether a product can be released or not are representative of the product being imported.

Samples must be collected from every lot. A lot is defined as all of the products having the same lot code. If no code is on the product, the importer will need to define what is considered a lot and will have to document the basis for their choice.

As an example, the lot may be identified as the shipment (of that product) or a suitable portion of the shipment. Care must be taken in deciding what will constitute a lot as the result of the analysis will be applied to the entire lot. No re-sampling will be allowed and no subdivision of the lot will be permitted after samples have been taken and results of laboratory analysis issued. Samples must be collected and submitted for analysis as soon as possible once the product has arrived at the importer's facility. The importer or an agent representing the importer must attest that the sample is representative of the lot that has been imported.

Each sample will consist of five sub-samples of at least 100g or mL. All five sub-samples must be from the same lot.

Care must be taken not to collect samples in plastic containers. As melamine is used in the manufacture of some polymeric materials, collecting a sample in plastic may compromise the integrity of the

sample through leaching. Glass or metal containers are acceptable.

Laboratory Analysis

Samples must be shipped to and analyzed by a CFIA-recognized Canadian laboratory of the importer's choice. The list of Canadian CFIA-recognized laboratories can be obtained from CFIA contacts. It is important to recognize that only CFIA-recognized laboratories have demonstrated a validated method for the determination of melamine and cyanuric acid in specific food products. In addition, to be recognized by CFIA as an acceptable laboratory requires accreditation through the Standards Council of Canada (SCC) for melamine and cyanuric acid...specifically in the sample matrices of interest.

All laboratory testing must be performed using a mass spectrometry based technology, most preferably liquid chromatography coupled with tandem mass spectrometry (LC/MS/MS). This technology offers unique advantages over gas chromatography/mass spectrometry (GC/MS) or enzyme linked immunoassay (ELISA) screening. LC/MS/MS, having a higher specificity toward these compounds affords more reliable and legally defensible results.

Importers are urged to put the lots being tested "on hold" until the results of laboratory analysis have been completed and the measured levels of melamine are demonstrated to be below the levels specified by Health Canada. Results of laboratory analysis should be kept on file by the importer and must be available to CFIA inspectors upon request. If the product lot has been released for distribution and the results come back higher than the interim standards, CFIA would need to be immediately notified and the product recalled from the market.

For more information, please con-

tact Maxxam Analytics at 1-800-563-6266 ext 5746 (English) or 1-877-462-9926 ext. 271 (French).

China, cont'd from pg. 2

Qingdao; the Yantze River Delta logistic circle covering Shanghai, Nanjing, Hangzhou and Ningbo; the Taiwan Strait logistic circle including Xiamen and Fuzhou; and the Pearl River Delta logistic circle which centers on Guangzhou and Shenzhen.

Most of the logistics and distribution activity in these primary locations is centered on China's massive demand for import-export logistics services. As China's domestic market continues its expansion however, domestic demand for logistics is expected to show a significant increase.

NAFTA Still Working



The U.S. Department of Transportation said that in August, trade with Canada and Mexico showed 4.5 percent increase over 2007. Total surface transportation trade (freight shipped by truck, rail and pipeline) between the U.S. and its NAFTA partners totaled \$72.3 billion in August of this year.

Surface trade with Canada showed an increase of 8.6 percent, totaling \$46.8 billion, while trade with Mexico actually dropped 2.4 percent. However, exports by truck rose 4.5 percent, while imports by truck declined by 8.2 percent.

Surface trade among the NAFTA partners has steadily increased over the last decade, showing a 101.9 percent increase since August 1998.

I.E.Canada News

Customs Duty & International Trade Course

Rigorous new Canadian and U.S. government procedures for importers, exporters, carriers, customs brokers and freight forwarders are being implemented, more so now than ever before. Knowledge of these requirements and ensuring the proper processes are in place could make the difference between the speedy arrival of the goods, or delays at the border.

Security and compliance are top priorities for trade and customs professionals. Supply chain security and accountability spells new responsibilities for importers and exporters. How are you and your colleagues managing these new responsibilities?

Learn from industry experts at I.E.Canada's hands-on Customs Duty and International Trade Course, held from November 24 - 26, 2008 at the Toronto Airport Marriott Hotel. This three-day intensive course is designed to provide a basic understanding of the rules that govern the international trade of goods and services.

Participants will be in a better position to assess the risks and exploit the opportunities in international trade (including NAFTA, WTO and FTAA). They will also recognize how these agreements should feed into the organization's or the client's strategic decision-making process.

This event gives trade professionals a unique opportunity to hear and question top trade and customs ex-

perts on the latest programs while they network with industry peers.

Register today to guarantee your place at this course. Nowhere else can you get this timely and comprehensive update in only three days!

For a full course brochure, please call Jesse Arsenault at 416-595-5333 ext. 37.

I.E.Canada Workshop Series

From December 2 to 11, I.E.Canada will be hosting a series of customs workshops in multiple locations across Canada. These practical, hands-on sessions will help companies design customs processes that are efficient and effective, while also helping businesses cut costs.

The series will consist of two half-day programs. The morning will cover "Cost Saving Strategies in Your Customs Process" and will be led by expert Customs Consultant, Jaime Seidner, Fraser Milner Casgrain LLP. In the afternoon, Paul Coulombe of Russell A. Farrow and formerly with the CBSA, will address the ins and outs of "HS Tariff Classification". These workshops will be held:

December 2 in Kitchener, ON
December 3 in Markham, ON
December 4 in Montreal, PQ
December 8 in Winnipeg, MB
December 9 in Saskatoon, SK
December 10 in Calgary, AB
December 11 in Vancouver, BC

Registration details will soon be available on the I.E.Canada website: <http://www.iecanada.com>.

New Members!

The following new members joined I.E.Canada in October. We welcome our new members:

Agri Import Canada Corp.
Fabian Duran
Mississauga, ON

CEVA Canada Freight Corp.
Paul Warlow
Mississauga, ON

Engage CHINA
Frank Monteiro
Toronto, ON

Northwest Midwest Alliance (NMA)
George Kamstra
Thunder Bay, ON

Oakley Canada Inc.
Marie-Eve Nantel
Saint-Laurent, QC

Options Devises
Normand Faubert
Montreal, QC

Prime Truck Line
Eric Prashar
Brampton, ON

W2N2 Partnership
John Tennant
Kitchener, ON

Willtrade Commodities
Scott Palmer
Orangeville, ON

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