

# tradeweek

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## Re-Apply Now to the PIP Program!



Taking Notes in a Container Yard

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If you haven't already done so, now is the time to apply for membership in the strengthened Partners in Protection (PIP) Program. For legacy PIP members (approved before June 30, 2008) to ensure uninterrupted membership and continued PIP benefits, re-application

under the new program must be submitted by December 31, 2008.

However, due to hardship caused by the global economic downturn, the PIP program will consider granting extensions up to March 31, 2009, on a case-by-case basis.

### PIP Benefits

This past June, the Canada Border Services Agency (CBSA) launched its strengthened Partners in Protection (PIP) program in efforts to improve supply chain security and facilitate legitimate trade.

Participation in the PIP program gives businesses an opportunity to contribute to protecting Canadians from potential health, security and economic threats such as organized crime, terrorism and contraband smuggling.

In addition, businesses benefit from membership in the PIP program by implementing higher se-

*PIP, cont'd on pg. 5*

## Happy Holidays!



At the end of the business day on Tuesday, December 23, 2008, I.E.Canada will close for the holidays. The association office will re-open for normal business hours on Monday, January 5, 2009. The next *Tradeweek* issue will be sent out on January 15, 2009. Our best wishes for a happy, healthy and safe holiday season!

## ACI/eManifest

On November 14, I.E.Canada held the third in a series of walk through exercises aimed at identifying the impacts of ACI/eManifest on importers, carriers, customs brokers and other actors in the supply chain. The full-day session brought together members of I.E.Canada's Advance Commercial Information (ACI) Subcommittee and representatives of more than 10 other associations representing importers, carriers, customs brokers, freight forwarders and warehouse operators. Officials from the admissibility and innovation, science and technology branches of the Canada Border Services Agency (CBSA) responsible for eManifest also attended this session.

Oryst Dydynsky, a member of the executive of the association's Customs & Legislation (C & L) Committee has been leading these walk through exercises. Oryst is currently vice president, cross border and regulatory affairs, Descartes Systems Group, and a 30 year veteran of Canada Customs.

"Oryst is a tremendous resource for the association," says Carol Osmond, I.E.Canada's vice president, policy. "We are so fortunate to have someone with Oryst's experience who is so passionate about customs and committed to getting

*ACI/eManifest, cont'd on pg. 2*

## ACI/eManifest, cont'd from pg. 1



Oryst Dydnyk, vice president, cross border and regulatory affairs, Descartes Systems Group

it right for both the trade community and CBSA.”

Carol Buckton, director of trade logistics at Siemens Canada, hosted the meeting. Carol, a member of the association's board of directors, represents importers on the steering committee of the External Stakeholder Partnership Network (eSPN), as does Colin Worley, senior manager, customs, Loblaw's Inc. and a member of the C & L executive. The eSPN was established nearly two years ago as the consultative forum for eManifest.

Other I.E.Canada members represent importers on the eSPN End State/Design Working Group: Tracey Speares, a member of the board and chair of the C & L Committee; Kristina Bryson, executive program manager, Canada, U.S. and Caribbean office, IBM and a member of the I.E.Canada board; Jack Gibson, manager of client operations, JPMorgan Global Trade Services; Paul Wetherup, customs manager, GM Canada; and Rose Thompson, senior customs analyst, ArcelorMittal Dofasco. Other members of I.E.Canada represent other associations on the working group, including Larry Hahn from Livingston who represents the Canadian Society of Customs Brokers

and Mark Ouellette of FedEx, who represents the Canadian Courier and Logistics Association.

### ACI/eManifest

eManifest, the third phase of the Advance Commercial Information initiative, is intended to modernize and enhance the screening and processing of commercial goods coming into Canada. It will improve the CBSA's ability to detect shipments that pose a risk prior to their arrival in Canada. Under eManifest, carriers and importers or their agents will need to transmit separate data sets to the CBSA prior to the arrival of goods. A new and somewhat controversial data set is being developed for security purposes, which is referred to as the importer admissibility data set (IAD).

Under the proposed eManifest model, the carrier will not be able to proceed beyond the border or first point of arrival (FPOA) unless both the carrier and IAD data sets have been filed on a timely basis with the CBSA and both have been accepted. Any shipment arriving without the proper data received and accepted in the required timeframe will be refused entry and/or penalized.

### The Walk Through

Oryst, who was involved in similar drills during his days at Canada Customs, was well qualified to lead the walk through exercise. As part of the exercise, Oryst pretended he was the purchase order, the parcel, the invoice, and so on. As the virtual shipment moved amongst the designated supplier, freight forwarder, courier, carrier, customs broker and importer in the room – just as it would in the real world – each of the trade chain players had an opportunity to outline the impact on their business sector.

“The walk through gave us the chance to observe what happens to a simple shipment as it moves from one end of the supply chain to the other assuming that CBSA's proposed model is in place,” says Oryst. “Every step was discussed and documented from the placement of the purchase order to the delivery of the shipment to the customer. This allowed us to see how the new requirements under eManifest would affect the trade community before the proposed changes take effect.”

The exercise confirmed suspicions that eManifest will require trade chain partners to build new systems and restructure operations, which may include changes to the size and location of warehouses as well as staff increases or shifting staff to other locations. Both carriers and importers indicated, for example, that they would likely have to do more staging of shipments before importing them into Canada, resulting in delays, changes to infrastructure and additional costs. New business processes will also have to be developed. For example, in the air mode, the invoice and related documents typically accompany the shipment. Under eManifest in order for the importer/customs broker to submit the IAD data within the prescribed time frame before the arrival of the aircraft, the information

## 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.*

### CN's Chicago Saga Ending?

Well, the more than year-long nightmare for CN over its proposed acquisition of a Chicago regional railroad is approaching its climax. And the saga could come to a positive conclusion by the end of this month, though at a considerable cost for CN. You read it here first!

To recapitulate: in September 2007, it was announced that CN made a US\$300 million offer to acquire the Elgin, Joliet and Eastern Railway (EJ&E). The key goal was to bypass Chicago's congested downtown core to better move intermodal traffic. The principal owner, U.S. Steel Corporation, set a December 31, 2008 deadline for finalizing a transaction that also required regulatory approval from the Surface Transportation Board (STB) in Washington.

But it did not take long for matters to get complicated. Chicago area communities worried about their

lifestyle went on the environmental warpath – encouraged by the support in principle from a certain Illinois senator, Barack Obama, today President-elect. They staged a series of noisy public meetings, where broadsides against the Canadian “invader” found themselves on footage on CBC television.

Suburbanites especially attacked the fact that CN's use of the EJ&E network would boost traffic in their areas from under 10 freight trains to nearly 30 trains daily.

From the outset, the STB suggested that an environmental review would take a normal process and a final ruling would not take place before the first quarter of 2009. CN, in vain, sought a court order for the STB to accelerate its decision. Moreover, U.S. Steel Corporation has, so far, refused to extend the transaction deadline.

Thus, with the deadline fast approaching, CN has escalated its offensive to conclude mitigation agreements with affected suburban communities, with two more deals announced this month. The town of Schererville, Indiana became on December 11 the sixth municipality in the past few months to endorse an accord under which CN will create quiet zones and increase the fluidity of train movements.

Of great importance, however, has been the release on December 5 of the STB's final Environmental Impact Statement (EIS).

In an interview, CN spokesman Mark Hallman said the contents of the STB's environmental impact statement represented “a significant step forward.” In his view, the conclusions showed that with appropriate measures “the transaction can be reasonably mitigated.”

In its extensive review, the STB's Section of Environmental Analysis (SEA)

examined the potential and adverse environmental impacts that could result from CN's acquisition of the regional railway. It concluded there would be environmental benefits along the five CN rail lines leading into and out of Chicago, whereas communities along the EJ&E rail line would experience adverse impacts. But the overall message appeared to be that the transportation-efficiency positives could outweigh various negatives under certain conditions.

Intriguingly enough, the SEA remarked that CN could have increased freight traffic on the EJ&E rail line through a negotiated haulage agreement instead of applying to the STB for authority to acquire the line under a clause of the Interstate Commerce Act. No doubt, though, CN chief executive E. Hunter Harrison prefers ownership of strategic track to better control the future.

The SEA urges the STB to require CN to implement a wide range of mitigation measures as a pre-condition for approving the proposed transaction.

This seems to be in the realm of possibility. In this regard, Larry Kaufman, a highly-respected U.S. rail industry analyst suggests that “the conditions will not be so onerous for CN to walk away from the deal.”

For shippers, there are definite benefits to CN freight trains by-passing the centre of Chicago. For instance, this would chop more than 24 hours off transit time between Prince Rupert and Memphis, Tennessee, a crucial transportation hub like Chicago.

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## ACI/eManifest, cont'd from pg. 2

contained in this commercial documentation will have to be obtained well in advance.

"It became clear to everyone in the room that the infrastructure built around how we do business with CBSA today will have to change, and in some cases change quite dramatically if and when the new advance information requirements become a reality. A new infrastructure will be necessary to support this different way of doing business," says Oryst. "The CBSA also left the session with a better understanding of how they will be affected."

The exercise enabled partners in the trade chain to better understand each other's role in moving freight from point A to point B. It also had them thinking about how the new requirements would impact different aspects of their own operations.

### I.E.Canada Advocacy in Action

"I.E.Canada is to be commended for taking the lead in making this walk through happen," says Oryst. "These exercises have brought together not just members of I.E.Canada, but representatives of a broad range of associations representing actors throughout the entire trade chain. This type of cooperation amongst associations is essential for this type of exercise to be successful."

I.E.Canada plans to hold additional walk through exercises in the future and will continue to work with CBSA to document the impacts and consult on the issues. "By understanding the impacts and identifying the critical issues, we can hopefully influence CBSA's policy decisions relating to eManifest," adds Mary Anderson, president, I.E.Canada. "The issues that I.E.Canada raised in concert with the invited associations were duly noted by the CBSA officials at the meeting; they promised to take these concerns back to CBSA management for

consideration."

"Such exercises are also an effective means of educating those in the private sector about what eManifest will mean for them," points out Carol. "As an association we are concerned that importers in particular have not begun to think about or prepare for eManifest. Many seem to be under the mistaken impression that eManifest will only impose additional data requirements on carriers, or that they can simply rely on their customs brokers to satisfy any new requirements for them. They are not thinking about how they are going to obtain the data from their suppliers and get it to their carriers and brokers within the new advance time frames."

"It is incumbent on all of us, including government regulators, to build a business process that we can all work with while maintaining and even enhancing trade security. The people in the room on November 14, as well as the memberships of the associations they represent, hold those solutions. It will get done," emphasizes Oryst.

### About Oryst Dydynsky

Oryst's role at Descartes is to provide the trade community with a source of the most current trade and technological solutions available to streamline the movement of freight across the border.

During a thirty-year career with Canada Customs, Oryst was part of a changing and evolving customs process. He was the project manager for several border initiatives to streamline the movement of imported goods, including Pre-Arrival Review System (PARS); Frequent Importer Release System (FIRST); and Customs Self Assessment (CSA/FAST) for carrier/driver; and new import systems developed for the Canadian Food Inspection Agency.

He brought this experience to Descartes to assist the trade community in complying with the vast array of new security initiatives, such as ACE eManifest and ACI, that are now part of the "new normal" in the international trade environment.

*On day one of our Western Canada Conference, join us for the Canada Customs update on ACI/eManifest and you will learn more about the dramatic impact this program will have on business processes for carriers and importers.*

*Attend the session and learn about the latest eManifest developments, including the proposed data sets, deployment schedule, web portal design, and critical issues from a trade community perspective, such as first point of arrival and broker download. You will also find out what lessons can be learned from ACE eManifest implementation in the U.S.*

*The two-day event will take place in Calgary on February 23 and 24, 2009. For details, please visit [www.iecanada.com](http://www.iecanada.com).*

### Our Fourth Annual Food Forum

I.E.Canada is inviting North America's food industry to attend "Food Supply Chain Safety," our fourth annual food forum, which will take place February 18 and 19, 2009 in Toronto. The forum, Canada's premier event for stakeholders in the food supply chain, provides the opportunity for industry leaders and government officials to discuss and exchange views on current and emerging government policy and regulatory initiatives.

Janet Beauvais, director general, Health Canada, Debra Bryanton, executive director, Canadian Food Inspection Agency and Dr. David Acheson, assistant commissioner for

**Food Forum, cont'd on pg. 5**

## PIP, cont'd from pg. 1

curity standards and practices. This means that PIP members:

- Are recognized as low risk and, if they are also members of the Customs Self Assessment program, are eligible for the Free and Secure Trade (FAST) program into Canada;
- Save money by being less vulnerable to criminal activity, more aware of security issues and better able to identify risks;
- Have a competitive advantage because they attract business partners and customers who are looking for companies with high security standards; and
- Meet international supply-chain security standards and are recognized by the U.S. Customs-Trade Partnership Against Terrorism program. As W. Ralph Basham, the Customs and Border Protection (CBP) Commissioner states: "With strong industry support and the combined efforts of CBP and the CBSA, the U.S. and Canada are leading the way toward a more secure global supply chain."

### Who can benefit?

- Importers, exporters, highway carriers, marine carriers, air carriers, rail carriers, freight forwarders, customs brokers, couriers, warehouse operators and shipping agents that own or operate facilities in Canada and are directly involved in the importation/exportation of commercial goods.
- U.S. highway carrier companies also applying to FAST Canada.
- Companies that are not eligible for PIP membership but are linked to trade in commercial goods can become a PIP Associate. Associates receive program information and updates, and are consulted on program changes.

### Application Process

The application process begins by requesting a Security Profile (application form) from the PIP program at PIP-PEP@cbsa-asfc.gc.ca.

Eligible companies can complete and submit a Security Profile via e-mail to the PIP program at pip-pep@cbsa-asfc.gc.ca.

Any questions about the PIP program, completing the Security Profile, or becoming an Associate can be sent to pip-pep@cbsa-asfc.gc.ca.

The PIP team commits to replying to e-mail inquiries about the re-application process within 24 business hours.

The PIP team aims for a turnaround time of 90 days from the receipt of completed applications.

They anticipate having reviewed and completed site validations for all the legacy applications by December 31, 2009.

For information on the PIP program, please refer to the website at: <http://www.cbsa-asfc.gc.ca/security-secrite/pip-pep/menu-eng.html>.

## Food Forum, cont'd from pg. 4

food protection at the U.S. Food and Drug Administration, are confirmed as speakers on February 18th. Paul Mayer, associate vice president of programs, Canadian Food Inspection Agency, will give the keynote luncheon address.

On day two of the forum, registrants will learn the food industry's 'best practices' for implementing a food product recall through participation in a simulated product recall exercise.

Food safety and security have become leading issues for governments and businesses worldwide. The need for systems that both ensure the integrity of Canada's food supply and protect consumers from unintentional risk has come into sharp focus. If these issues are important to your organization you won't want to miss the food forum.

The forum will be held at the Renaissance Hotel - Toronto Airport. For details, please visit our website at: [www.iecanada.com](http://www.iecanada.com).

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[www.descartes.com/customsresource](http://www.descartes.com/customsresource)



## Our 6th Annual Western Canada Conference

Join us for our 6th Annual Western Canada Conference, which will take place February 23 and 24, 2009 in Calgary, Alberta and you'll leave with the know-how to refine your cross-border trade practices.

The two-day event will be packed with practical sessions for importers and exporters on leading-edge trade practices and comprehensive updates on changes in government trade policy that will affect your day-to-day business, and even your bottom line. You will learn how to revamp your business processes to accommodate customs program changes that are on the way.

You will also find out how you can incorporate innovative thinking from industry leaders into your cross-border trade practices. For example, Nicole Stewart, lead, customs, Encana Corporation, will share her insights and experience with you on day one. Find out from Nicole how Encana created the ideal customs department, the 'best practices' it implemented, and how you can introduce these changes in your company.

Learn about the processes that Nicole put in place to ensure timely and accurate information, which are essential for an excellent compliance record and an efficient supply chain.

Nicole will also cover the following topics:

- building relationships with other internal departments
- working with the information technology group to automate processes

- simplifying document processes
- partnering with outside consultants

Nicole will also share with you her top concerns right now, which include North American supply chain security programs; ACI and ACE eManifest; AMPS penalties and regulatory audits.

One day two, Carol Buckton, director, trade logistics, Siemens Canada Limited, will lead you through a 90-minute session on export controls and export reporting. Carol will provide you with an overview of current export control regimes and how they may affect your company's business. She will teach you the basics needed to assess the state of your export compliance, and offer you effective solutions to bring your company into compliance.

Carol will also review the key elements of today's export reporting process and how security concerns are driving changes to this process.

On day two, Greg Kanargelidis, partner, international trade and commodity tax, Blake, Cassels & Graydon LLP, will update you on the Canada Border Services Agency's (CBSA) recent review of the AMPS program. Recommendations for change have been presented to the Border Commercial Consultative Committee (BCCC) and are being discussed and debated within the BCCC AMPS Subcommittee of which I.E.Canada is a member.

During this session, you will learn from a member of the AMPS Sub-

committee how CBSA proposes to simplify and restructure the penalty system. You will also find out how several longstanding issues, such as volumetrics and third party liability, will or will not be addressed. Greg will also answer your questions about the application of AMPS penalties and the appeal process.

Register today to guarantee your place at this conference. Nowhere else can you get this comprehensive update in only two days! For details about our upcoming conference, please visit our website at: [www.iecanada.com](http://www.iecanada.com) or call Jesse Arsenault at 416-595-5333 ext. 37.

### New Members

The following organizations joined I.E.Canada in November. We welcome our new members!

**Arkema Canada**  
Sheila McCallen  
Oakville, ON

**Charter Brokerage Canada Corporation**  
Peter Norris  
Burlington, ON

**Global MLX Inc.**  
Guillaume Banville  
Laval, QC

**PerkinElmer Canada Inc.**  
Marie-Andree Clermont  
Vaudreuil-Dorion, QC

**Royal Bank of Canada**  
Shehryar Mahmood  
Brampton, ON

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