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Minister Has Open-Door Policy



Stockwell Day, minister of international trade and minister for the Asia-Pacific gateway

By Susan Baka, Bay Communications & Marketing Inc.

In his keynote address at I.E.Canada's recent conference on *Emerging Issues in Customs and Trade Compliance*, Stockwell Day, minister of international trade and minister for the Asia-Pacific gateway, urged business associations like I.E.Canada to resist protectionist

impulses that impede free trade. "We must continue to aggressively push against protectionist measures," he said.

He also emphasized that the government is committed to opening doors on the trade side and clearing encumbrances in order to make importing and exporting easy. Among its initiatives are:

Paper burden reduction. Discussions are in place with Canada Border Services Agency (CBSA) to identify anything that does not compromise safety in order to reduce the paper burden for companies.

Free trade agreements. Pursuing these aggressively with more countries is a priority. "We need more bilateral trade agreements and the removal of tariff barriers," he said. Free trade bills with Peru and Colombia related to agriculture, machinery and equipment are facing some opposition, but he believes they will pass. A European Free Trade Association Agreement (comprised of Iceland, Liechtenstein, Norway and Switzerland) has been rati-

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Conference Garners High Marks

I.E.Canada is delighted to report that our recent conference on *Emerging Issues in Customs and Trade Compliance* was our highest-rated conference to date.

Delegates at the three-day event, which was held in Toronto from April 20-22, 2009, were asked to complete conference evaluation forms.

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BCCC Update

The following article was written by Carol Osmond, vice president, policy, I.E.Canada.

The Border Commercial Consultative Committee (BCCC) met in Toronto on April 28-29, 2009. The BCCC is chaired by Cathy Munroe, vice president, admissibility branch of the Canada Border Services Agency (CBSA). Deirdre Kerr-Perrott, vice president, information, science and technology branch, and Kimber Johnston, vice president, enforcement branch, also participated in this latest meeting.

A copy of the agenda and presentations from the meeting have been posted to the Members Only section of the I.E.Canada website under "BCCC." Following are some highlights of the meeting.

Business Simplification Initiative: CBSA has launched an Enhanced Policy Dissemination Project to examine and make recommendations regarding how CBSA disseminates policy guidance to internal and external users/stakeholders. As part of this initiative, a CBSA survey on D-Memoranda, Customs Notices and Pamphlets/Brochures was recently distributed to the members of several I.E.Canada committees. Given the value of this type of administrative guidance from CBSA,

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fied and is expected to be implemented on July 1. As a result of a recent trade mission to Japan and China, the government is now looking at a comprehensive economic partnership with Japan. In addition, a number of science and technology agreements as well as MOUs were signed with China. "We want to make sure you and your company have access to great opportunities related to infrastructure demands in China," he said, emphasizing the enormity of growth there and large need for green technology. The Canadian government is also negotiating some trade agreements with other countries.

Cross-border talks. On the subject of balancing security and trade, Minister Day said the various cross-border groups created to iron out border issues are facing a new U.S. administration that is inundated with briefings. "The challenge is to get through the blizzard of information and make them understand that we are their most important trading partner and that we must work together to iron out trade irritants that exist."

The minister also provided a thumbnail sketch of the government's response to the global economic downturn, highlighting these elements:

- A major focus of the \$42 billion stimulus package is on infrastructure to ensure that the supply chain for the building of roads and ports can move forward rapidly.
- A tax program has been laid out for the next five years to provide predictability for decision making.
- Due to concern about credit contraction, the credit capability of arms-length credit organizations like Export Development Canada (EDC) and the Canadian Commercial Corporation (CCC) has been significantly expanded.

As part of his open-door policy,

Minister Day urged I.E.Canada members to let him know if they encounter Canadian regulations or financial barriers that impede their trade efforts. He also recommended aggressive use of the Trade Commissioner Service.

"I am encouraged that the government wants to work with us to remove impediments to trade and to raise the economy to new and greater heights," said I.E.Canada Chair Isabel Alexander in thanking the minister. "It is essential for us, as wheels of the economy, to ensure our government representatives are well informed about what is important to us so that they can communicate this on the world stage. Now is the time to speak loudly and clearly about the economy."

The Honourable Stockwell Day met with I.E.Canada's board of directors prior to his presentation at the association's conference on Wednesday, April 22, 2009. Mr. Day expressed a willingness to work with the association to move forward on initiatives recommended by the co-chairs of the Export Committee.

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members are encouraged to provide their feedback by completing the survey and submitting it directly to CBSA.

CBSA has also begun to publish recent advance tariff classification rulings on the CBSA website at: www.cbsa-asfc.gc.ca/import/ar-da/recent-eng.html.

AMPS Update: The CBSA presentation provided an overview of the proposed collapsed penalty structure and the other major changes that are being proposed. CBSA has not modified its position with respect to absolute versus strict liability; the agency continues to maintain that AMPS contraventions are

absolute liability. The CBSA will maintain the status quo with respect to third party liability; in other words, where a customs broker or other service provider accepts responsibility for an error made on behalf of an importer and pays the AMPS penalty, the importer's compliance record will continue to be affected. The CBSA will address concerns about "volumetrics" through non-escalation of penalty levels for 30 days; Penalty Reduction Agreements and improved access and marketing of the correction process.

I.E.Canada made a detailed submission to CBSA in February 2009 on the proposed new penalty structure and other policy-related issues. Carol Osmond, the association's vice president, policy expressed the hope that all of the issues raised in submissions by I.E.Canada and other associations would be addressed at a future meeting of the AMPS Subcommittee and urged the CBSA to continue consultations with the trade community through the subcommittee as the agency moves from policy development to implementation.

HS Compliance: CBSA is proposing a three-pronged Harmonized System (HS) Compliance plan involving communication, verification and risk management. Studies conducted by CBSA and Statistics Canada suggest that non-compliance with the HS, including at the chapter level is unacceptably high. Accurate trade data is considered critical to CBSA's ability to identify and target goods that may pose a health, safety, security, and prosperity risk. CBSA has also identified the top 20 HS Error Rates by chapter and is asking for help from the trade community to improve compliance under these chapters. This list has been posted with the BCCC presentation materials.

Export Process: CBSA is commencing consultations on possible

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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.

Giant 'Green' Shipping Area?

The past few years have witnessed an impressive number of initiatives, both national and international in scope, by the maritime industry to reduce its carbon footprint although this transportation sector is already the most environmentally friendly (responsible for reportedly only 4 per cent of global carbon dioxide emissions).

Launched in 2007, the Green Marine program covering the St. Lawrence and Great Lakes corridor was the first of its kind in North America. Obtaining Green Marine certification or a Green Award has become a key component of corporate strategy for a ship operator. Burning lower sulphur content diesel fuel can result in reduced harbour fees at such gateways as Port Metro Vancouver.

Within the above context, however, a U.S.-Canada proposal this spring to transform much of North America's coastal waters into the world's largest Emission Control Area (ECA) has stirred strong con-

cern among industry associations representing shipping lines calling at both U.S. and Canadian ports. The proposal does not extend to Mexico, Alaska and the Canadian Arctic.

First of all, industry sources suggest the U.S. Environmental Protection Agency (EPA) clearly led the charge here and that there was limited appreciation of shipping realities. There is a suspicion that the agenda of the U.S. and Canadian environmental departments carried the day, with insufficient consultation of marine transport circles.

Questioned by this observer, both the Chamber of Shipping of British Columbia (COSBC) and the Montreal-based Shipping Federation of Canada said they supported in principle an application to the International Maritime Organization (IMO) for an ECA by Canada and the United States authorities. But they felt it was too sweeping in scope and was not supported by research and science.

The joint proposal would establish a consolidated ECA stretching 200 nautical miles off the coasts of Canada and the U.S.

"This proposal goes far beyond the current 40 nautical mile offshore change to low sulphur fuel required by the California Air Resources Board which is the strictest regime in North America," commented COSBC president Stephen Brown.

He indicated that a 200 nautical mile zone would also go well beyond existing ECAs in the Baltic and North seas, where compliance has not exceeded 60 per cent.

Michael Broad, president of the Shipping Federation of Canada, said "the emphasis should be on a performance-based standard and not on a technology-based standard."

For its part, the Pacific Merchant Shipping Association (PMA) has filed a lawsuit to stop the California Air Resources Board from enforcing a low-sulphur regulation slated to take effect on July 1. Ocean carriers failing to comply are liable to fines of up to \$75,000 per day. The association argues that the federal government preempts states in regulating ship operations beyond a three-mile limit and also weighs in against the even more extensive U.S.-Canada ECA proposal.

The bi-national proposal aims at reducing sulphur in fuel by 96 per cent, nitrogen oxide emissions by 80 per cent and particulate emissions by 85 per cent from the present global requirements. To achieve these reductions, vessels must use fuel with no more than 1,000 parts per million of sulphur, or 0.1 per cent starting in 2015. The latter, Capt. Brown notes, assumes "significant refinery investment" to provide enough low sulphur fuel supplies.

The IMO Marine Environment Protection committee in London is to review the proposed ECA this July, with formal adoption targeted for March 2010.

Pointing out that some 93,000 ships call at U.S. and Canadian ports each year, the proposal document goes to great lengths to justify the giant ECA on health grounds. The EPA estimates the overall cost of the ECA at \$3.2 billion, asserts it could save as many as 8,300 lives, and could offer relief from respiratory symptoms for over three million people each year. To what extent this reflects reality is difficult to assess.

Nevertheless, there still might be an opportunity for critics to make an impact on the final agreement. An April 9 statement by Transport Canada indicated that stakeholders can provide comments "as the proposal makes its way through the international approval process at the IMO."

Customs Leaders Gather at I.E.Canada Conference



(left to right) Jayson Ahern, acting commissioner, U.S. Customs and Border Protection, Mary Anderson, president, I.E.Canada, Stephen Rigby, president, Canada Border Services Agency (Photo courtesy of Katrina Fyfle)

“It was an honour for I.E.Canada when Stephen Rigby, president of the Canada Border Services Agency, and Jayson Ahern, acting commissioner of U.S. Customs and Border Protection, spoke at our conference on *Emerging Issues in Customs and Trade Compliance* in April,” says Mary Anderson, president of the association.

In fact, it was the first time that the current heads of both the Canadian and U.S. customs administrations presented at the same conference.

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changes to the export reporting regulations, including the definition of “exporter” and the reporting timeframes. CBSA is also proposing to develop a mandatory electronic system similar to the U.S. system, although no timeframe was provided. The CBSA Export Programs Evaluation Study dated November 2008 is available at <http://cbsa-asfc.gc.ca/agency-agence/reports-rapports/ae-ve/2008/exportprog-progexport-eng.html>.

Entry and Accounting: CBSA would like to move to an auto-

mated B2. However, as an interim measure the form is being updated to eliminate some of the fields and the applicable D-Memorandum is also being updated. This work should be completed by fall 2009. The operations branch is also working on a service standard for B2s. Private sector members suggested that CBSA investigate the use of the B3X form, which is already automated, as an alternative to the B2.

Broker Licensing and Account Security Review: CBSA is moving beyond the review stage to implementation. CBSA is considering the elimination of account security entirely or eliminating the Goods and Services Tax (GST) from the account security calculation for customs brokers. (GST is currently not included in the calculation for importers that have direct security.) Approval is required from CBSA senior management and the Department of Finance. At the BCCC meeting, the private sector participants stressed that an electronic payment system has to accompany any plans to reduce or eliminate account security. CBSA indicated that CBSA is still working on a strategy for an e-commerce payment mechanism.

System Outage Subcommittee Update: The BCCC System Outage Subcommittee has prepared a proposed contingency plan in the event of a system outage for the highway mode. The proposed contingency plan is being circulated to members of the trade community for feedback prior to finalization. A copy has been circulated to the C & L Committee.

eManifest: Presentations were made by Mike Leahy of CBSA and Carol Buckton, Siemens Canada, who represents importers on the eSPN Steering Committee. Mike Leahy’s update included a review of the proposed policy changes announced by CBSA at the eSPN End State/Design Working Group meeting on April 14-15, 2009, in Toronto, which were outlined in an ACI/eManifest Update article in the April 30, 2009, issue of *Tradeweek*.

Carol Buckton summarized the reaction to these policy proposals from the various private sector stakeholder groups represented on the eSPN Steering Committee, including freight forwarders, carriers, customs brokers and importers. In the case of the importing community, she indicated that the proposals have not gone far enough to address the concerns of importers with respect to the proposed Importer Admissibility Data (IAD) set. I.E.Canada continues to work with other associations on the BCCC representing importers to ensure that importer concerns are addressed.

Contingency Planning: A tabletop exercise was held on March 31, 2009, to test and validate a draft *Plan for the Movement of People and Goods During and Following an Emergency*. This plan addresses communications between the government and industry stakeholders, as well as a process for prioritizing the movement of shipments across the border. A suggestion from Carol

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that the BCCC Business Resumption and Contingency Planning Subcommittee hold a meeting to specifically address the expectations of associations under this communications plan and to share best practices was well-received by CBSA.

Chemical Fumigants: CBSA has replaced the Dräger tubes that were being used to test for toxic chemicals in marine containers pulled for examination at major marine ports (Halifax, Montreal, Toronto, Vancouver and Prince Rupert) with more sophisticated Syft mass spectrometry units. Nordiko ventilation equipment has also been ordered for all major marine ports, but is not expected to be delivered until late May or early June 2009. The delay in acquiring the ventilation equipment raises concerns for industry as the incidence of positive testing increases as the weather becomes warmer.

Core Services Review: The CBSA has issued its report on its core services review for the air mode. In addition to the presentation provided at the BCCC, information is available on the CBSA website at www.cbsa.gc.ca/agency-agence/csr-esb/framework-cadre-eng.html. Copies of the full report may be requested from Amesika Bäeta at abaeta@iecanada.com. A core services review is currently being conducted for the marine and rail modes.

Partners in Protection: A lengthy presentation was provided on the status of the Partners in Protection program, including mutual recognition with C-TPAT and negotiations to recognize supply chain security programs of other countries, such as Singapore and Japan.

OGD Single Window: CBSA is encouraging other government departments involved in the OGD Single Window Initiative to consult directly with private sector stake-

holders. Consultations with some OGDs, such as Health Canada, are expected to begin soon. The need to reactivate the BCCC OGD Subcommittee was also acknowledged on the part of CBSA.

If you have any questions or feedback with respect to any of the matters addressed at the BCCC meeting or issues that you would like to see addressed, please contact Carol at cosmond@iecanada.com or (416) 595-5333, ext. 29.

What's Up with Committees?

The following article was written by Amesika Bäeta, committee director, I.E.Canada.

With over 54 members, I.E.Canada's **Trade Security Committee** (TSC) focuses its efforts on domestic and international supply chain security legislation, regulations, practices and programs.

The committee is co-chaired by **Emil Fiorantis**, director, special projects, Dominion Customs Consulting Inc. and **Patrick Clair**, customs team leader, General Mills Canada Corporation. With over 15 years experience in customs, Emil assists companies across North America to design, develop and implement innovative commodity tax and supply chain solutions. Patrick has also been involved in cross-border issues for over 15 years, including the Customs-Trade Partnership Against Terrorism (C-TPAT) and Partners in Protection (PIP) programs. Currently, Patrick is responsible for all aspects of import compliance for General Mills Canada and has led General Mills' efforts to become a Customs Self Assessment participant.

The committee's goals and objectives for the year are to influence the development of trade security policy and programs, while sharing valuable and timely information amongst members and key stake-

holders.

One of the priority issues for the committee is the PIP program. Between December 2007 and June 2008, a joint working group of the TSC and the Customs & Legislation Committee met frequently to work on a series of detailed submissions to CBSA as part of the consultation process towards modernization of the PIP program. This active and constructive engagement by the association has led to a strong partnership between I.E.Canada and the PIP team within the Canada Border Services Agency (CBSA), as showcased during a joint presentation by Claude St. Denis, director, program development division, CBSA, and I.E.Canada's president, Mary Anderson at U.S. Customs and Border Protection's Supply Chain Security Seminar in New Orleans, Louisiana in April 2009.

Recently members of the TSC met with Claude St. Denis and Robert Lidstone, acting manager, PIP at the I.E.Canada offices in Toronto to discuss the current status of the PIP program, mutual recognition with C-TPAT, and on-going negotiations to achieve mutual recognition with similar programs in other countries. During the meeting, TSC members raised issues such as the status of the security seal program; transparency of suspension and cancellation policies and appeal procedures; timing of verification visits by CBSA officers; the sharing of CBSA service standards and metrics; and CBSA's policy with respect to admission of U.S. carriers into the PIP program. Members also made suggestions for the advancement of mutual recognition with the C-TPAT program, such as a harmonized application form.

Claude stressed the importance of the strong support received from associations, such as I.E.Canada in raising the profile and support for

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U.S. Consul General to Share Insights in Vancouver



Consul General Philip Chicola, U.S. Commercial Service, Vancouver

U.S. Consul General Philip Chicola - the top-ranking U.S. government official in British Columbia - will share his insights on trade relations between Canada and the United States with delegates at our Vancouver Chapter seminar on May 28, 2009.

Mr. Chicola's mission is to bolster U.S. relations with British Columbia. Vancouver's U.S. consul general also wants to ease border congestion and ensure seamless travel for American citizens who wish to attend the Olympic games in 2010.

Much of his 29 years of diplomatic service has been served in countries such as El Salvador and Colombia, which have suffered through significant political turmoil.

The Vancouver Chapter seminar will take place at the Delta Vancouver Airport Hotel.

The Calgary Chapter seminar - *Are You Compliant? Customs Updates & Industry Case Study* - will take place on May 25, 2009, at Bennett Jones LLP, Banker's Hall.

I.E.Canada is grateful to Bennett Jones LLP for sponsoring the Calgary Chapter seminar.

The Moncton Chapter seminar will take place on June 1, 2009, at the Crystal Palace Ramada Hotel.

A.N. Deringer has generously sponsored the Moncton Chapter event.

The Winnipeg Chapter seminar - *Are You Compliant? Customs Updates & Industry Case Studies* - will be held on June 2, 2009, at the Delta Winnipeg.

For details on the chapter seminars, please visit www.iecanada.com and look under "events."

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the PIP program within CBSA, and achieving mutual recognition with C-TPAT.

If you would like more information about the TSC or any of I.E.Canada's other committees, please feel free to contact Amesika Baëta, committee director, at abaeta@iecanada.com.

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Indeed, 92 per cent of the delegates told us the conference was "above average" to "excellent" while 90 per cent rated the speakers as "above average" to "excellent."

The delegates also said they valued the information they received from government and various trade and industry professionals.

A number of factors helped to make the conference such a great success: high-profile and vibrant speakers; topical and timely sessions; practical and in-depth workshops; and multiple opportunities for networking with colleagues during the trade show, receptions, and business sessions.

I.E.Canada's second largest conference attracted about 300 delegates over the three days.

I.E.Canada's Transfer Pricing Conference on *Leading Strategies to Boost Your Bottom Line* will take place June 3 and 4, 2009, at the Westin Bristol Place Toronto Airport Hotel.

The complete conference program is available at www.iecanada.com.

Our Annual General Meeting

The annual general meeting (AGM) of I.E.Canada members will be held on June 3, 2009, in Toronto, at 4:30 p.m. The meeting will take place at the Westin Bristol Place Toronto Airport Hotel located at 950 Dixon Road.

The AGM will be followed by a networking reception. The AGM and the reception are for members only. Although the event is free, registration is required.

For details, please visit www.iecanada.com/events/2009/AGM/AGM-Registration.pdf.

Canadian Association of Importers and Exporters Inc.
Association canadienne des importateurs et exportateurs inc.

Editor: Melissa McCormack
Assistant: Maggie Weaver

160 Eglinton Avenue East, Suite 300
Toronto, Ontario M4P 3B5
Telephone 416 595-5333
Fax 416 595-8226
www.iecanada.com

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