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Celebrating the Best: the CATIEs



The CATIE Awards! Pictured from left: Mary Anderson, president, I.E.Canada; Carol Buckton, senior director, trade logistics, Siemens Canada; Carol West, president, CSCB; Zack Vojvodic, customs & traffic, Mercedes-Benz Canada Inc.; Susan Moore, Lakeside Logistics; John O'Reilly, director, customs & traffic EQL, Toshiba of Canada Ltd.

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This year, with a sluggish economy and challenging business environment, I.E.Canada decided it would be a good time to celebrate. On October 19th, trade and industry leaders gathered to celebrate excellence in Canada's

trade community at the I.E.Canada CATIE Awards dinner.

"The individuals and corporations who live the intricate requirements of trade on a day-to day basis are

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Financing Trade

The last few years have seen some wild currency fluctuations, with the Canadian dollar hitting peaks not seen in decades. While there can be benefits, it adds another complication to global trade.

Brad Evans, business development executive, Custom House, defined foreign exchange risk as the effect that uncertain future exchange rates may have on the value of a foreign

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Rienas Calls for Cross Border Coordination

At I.E.Canada's recent conference, Ron Rienas, general manager, Buffalo and Fort Erie Public Bridge Authority, addressed the current challenges of managing the U.S.-Canada border and outlined its future directions. Central to cross border trade, the Peace Bridge is the busiest Canada-U.S. car crossing, and the third busiest border crossing in terms of commercial traffic.

Rienas said that cross border traffic at the Peace Bridge is down to 1970's levels as a result of the economic downturn, but also as a result of current rules & regulations. Rienas believes that there is a lack of coordination between U.S. and Canada, in their approach to border management and in the priorities each country has identified. For example, the U.S. has invested in technology and personnel, spending close to \$1.4 billion, with relatively little spending on infrastructure. Canada has done the opposite, spending hundreds of millions on infrastructure without supporting this spending with personnel, technology or processing capacity.

According to Rienas, there is also a

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Getting Budget for Compliance Projects

When it comes to project financing, customs compliance is often at the bottom of the list. Often not considered a core competency, compliance is usually viewed as a cost, and often overlooked as a strategic business asset.

It is critical that those managing the compliance operations in a business learn to sell the benefits of customs compliance and educate management on the costs of non-compliance. That was the message presented at I.E.Canada's 78th Conference and Trade Show by Karl Riedle, director of international trade regulations, Robert Bosch LLC and Farley Genge, Americas Regional customs leader, General Electric Canada.

Genge focused on developing and selling a plan to management. In order to get budget, management must be educated about what the compliance department does, and key to this is classification. Genge said that the cornerstone of good customs practice is classification. When classifications are wrong and errors are made, duties and penalties can range from 5-200 per cent of the value of the product. Additionally, goods could be seized, and importer privileges may be revoked. In cases of fraud, prison terms could result, and negative publicity for the company could result in a potential 40 per cent drop in share price.

Genge urged companies to exploit free trade agreements; by 2010 more than 400 regional FTA's will be in place and these represent an opportunity that should be explored. Good classification practices will ensure the maximum benefit from these agreements.

Companies that make a plan for compliance processes will succeed in winning budget support, asserted Genge. He said the first step is to determine geographical locations and staffing needs for compli-

ance centres. Then, it is important to develop a customs structure that outlines responsibilities and the chain of command. Genge recommends that the Legal department be at the top of the structure. The final step is to implement a compliance chain that includes risk assessment, program development, operational support, and consultation and training.

With all this in place, Genge believes that compliance departments can clearly convey the benefits of customs management and the return on investment to their company's executives.

Riedl agreed that compliance is not fully appreciated in most companies. The key is to grow the compliance department by demonstrating the value. To do this, Riedl advised compliance practitioners to develop internal partnerships: educate the legal department on the risks of non-compliance; convey the message to the logistics department that you can help smooth operations; and bring sales and purchasing on board in order to help avoid costly mistakes. But ultimately, according to Riedl, the CFO/Comptroller is usually the most important person to convince and anything that shows cost savings will help bring resources to the compliance department.

Riedl explained that at Robert Bosch LLC, he has grown his department from three people in 1994 to 40 in 2009. He shared that, given the size of his department and their demonstrated commitment to compliance, CBSA thinks twice before challenging them. For Robert Bosch, the Compliance department has become a key component of the company's strategy.

According to Riedl, the message compliance professionals need to convey to key executives is that compliance equals cost savings. He

recommends that compliance leaders demonstrate this by using metrics to track return on investment and to show that the compliance department is a strategic asset to the business.

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currency payable or receivable. Evans said that the current era of foreign exchange is one of unprecedented volatility, and with that comes both risk and opportunity.

Evans said that there are various currency risk management and hedging strategies a company can employ. Options range from a future dated settlement strategy that allows a trader to lock in at today's exchange rates, usually for up to one year, to currency futures contracts with standardized amounts and four set expiry dates per year, to forward contract pricing which offers more flexibility.

The ability to negotiate payment in multiple currencies can be an effective strategy, according to Evans. An example would be to ask for a double invoice- one in U.S. dollars and the other in Indian rupees, allowing the trader to decide at the time of payment which approach is best for the business. Evans said that the key to any foreign exchange strategy is to lock in the exchange rate, and the option that allows this is forward contract pricing.

Evans outlined an alternative called the 'Vanilla Option' which can be used in the bidding process. If the company does not get the contract, they do not have to exercise the option, and will have a very small payment. Evans said this option works a lot like insurance.

Henry Park, vice president, head of trade and supply chain, HSBC Bank of Canada, cited an International Chamber of Commerce study that

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Malaysia: an Auto Parts Powerhouse

The auto parts and accessories industry piggybacked successfully on Malaysia's transport equipment industry. In 2008, exports recorded an increase of 13.5 per cent to RM9.5 billion from RM8.4 billion in 2007, establishing the industry as a major economic driver in the region.

In Malaysia, there are some 700 automotive component manufacturers, including a number of foreign manufacturers such as TRW, Delphi, Bosch, Nippon Wiper Blade and Denso, producing more than 5,000 parts and components for the automotive industry. Also included are original equipment manufacturers for global vehicle producers such as Mercedes Benz, Nissan, Mazda, Toyota and General Motors.

In 2008, Malaysia exported automotive parts and components worth RM2 billion, an increase of 5.2 per cent from 2007. ASEAN was the principal export market, absorbing 47.5 per cent of Malaysia's total exports of automotive parts and components. Within ASEAN, the major export destinations were Thailand (15.4%), Indonesia (15%) and Singapore (13%). Some of the major products exported were multi-sourcing parts, crown wheels, pinion, spoke and parts valued at RM743.1 million; steering wheels, steering columns and steering boxes at RM506.6 million; bumpers and parts at RM196.7 million; and drive-axles with differentials at RM164 million.

Over the last few decades, the Malaysian automotive industry has undergone a massive transformation, largely the result of the implementation of national car projects introduced in the 1980s. The automotive component parts industry, which started as manufacturers and assemblers of replacement parts in the 1960s, today has a workforce of 50,000 workers and has moved into the realm of R&D

and product design.

The establishment of Proton in 1985 and Perodua in 1993 caused a radical shift in the Malaysian automotive component parts industry. Instead of merely manufacturing or assembling components drawn up by motor vehicle manufacturers, Malaysian automotive component parts manufacturers now design and develop the products themselves. Currently, about 80-90 per cent of all national car components are supplied by local automotive component parts manufacturers.

Original equipment (OE) automotive component parts production accounts for an estimated 70 to 80 per cent of total automotive component parts production in Malaysia. The industry is supported by a strong component supplier base, comprising more than 690 automotive component parts manufacturers and their suppliers. Composed mainly of medium sized and small companies, many businesses either locally or foreign-owned, or joint ventures, have developed technical collaborations with global companies, particularly those located in Japan. The industry is also a major customer for many other industries such as the steel, rubber, plastics, chemicals, and electronics sectors.

The Malaysian Automotive Component Parts Manufacturers Association (MACPMA) is the national association of manufacturers engaged in the production of automotive component parts, both for the original equipment (OE) and replacement markets.

The majority of the 100 multi-brand automotive parts manufacturers represented by MACPMA are OE suppliers, supplying major Original Equipment Manufacturers (OEMs) such as Proton, Perodua, Toyota, Honda, Hyundai, Mercedes Benz, BMW, Ford, etc. More than 75

per cent of these companies are Malaysian owned, with the rest made up of joint ventures with Japanese and other foreign entities. More than 60 per cent of MACPMA members have acquired international standards such as TS 16949.

Malaysian companies have developed strong capabilities in design and manufacturing for the original design manufacturers (ODM) and the replacement markets. They have adopted the best manufacturing practices and standards, meeting world class requirements; these companies supply the first and second tier market.

Over the past three decades, Malaysia's manufacturing base has expanded and companies have moved up the value chain, producing high quality products and services at competitive prices, taking customized orders and subcontracting works. Products that have received international recognition include shock absorbers, front and rear axles, truck parts, brake systems, suspension systems, automotive rubber parts, car care products, timing belts, fuel pumps, radiators, air-conditioning, brake parts, alarm systems, oil filters and lubricants.

The international business community can take advantage of two events designed to help establish business contacts, explore business opportunities and identify business partners in Malaysia. The M-Plas (www.mplas.com) is an international exhibition held from November 4-7, 2009 and INTRADE Malaysia (www.intrademalaysia.com), the premier leading exhibition in ASEAN held from November 10-12, 2009, showcases automotive products and services along with other industry clusters.

For more information on either event, contact MATRADE at jean@fmm.org.my.

Two of Asia's most prestigious trade events, covering dozens of sectors.

Both within the same week.

(Make a date with Kuala Lumpur this **November**)

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MATRADE



M-PLAS Malaysia

Date : 4 Nov - 7 Nov 2009

Venue : KL Convention Centre (KLCC)

www.mplas.com



INTRADE Malaysia

Date : 10 Nov - 12 Nov 2009

Venue : MATRADE Exhibition & Convention Centre (MECC)

www.intrademalaysia.com

It's not often you get the privilege to be in 2 major trade events in 1 week. The M-Plas Malaysia and Intrade Malaysia will be held successively in Kuala Lumpur this November. They are the ideal platforms to discover new business opportunities, better sources for products and services, new innovations and potential customers. More than 500 exhibitors from all over the world will be waiting for you. So don't miss it! Double your potential and reap the benefits of these two events.



Malaysia External Trade Development Corporation

Trade Commissioner Consulate of Malaysia (Trade Office)

First Canadian Place, Suite 3700, 100 King Street West

Toronto, M5X 1E2, Canada

T: +1-416-504 6111 F: +1-416-504 8315

E: toronto@matrade.gov.my W: www.matrade.gov.my

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the drivers of success in our global economy. It is these people and businesses that set the standard, define best practices and contribute to business success," said Mary Anderson, president, I.E.Canada.

Often, these people are overlooked simply because the processes that allow trade to happen are rarely a core competency for a business. The practitioners and processes that keep parts and products flowing are the unsung heroes. These are the people and processes the CATIE Awards recognize.

This year's nominees and winners are outstanding examples of the reasons Canada is a world trade leader. The Awards cover four categories:

The Best Practices in Trade Processes Award recognizes the implementation of a new process to improve trade processes, create efficiencies and to reduce costs. The award was presented to Zack Vojvodic, Customs and Traffic, Mercedes Benz Canada Inc. Vojvodic handles imports, exports, international freight and all customs compliance activities for Mercedes-Benz Canada. His successes include capitalizing on opportunities to reduce import costs and improve efficiency without compromising customs compliance.

The Trade Leadership Award recognizes an individual who has demonstrated leadership and vision in the process of compliance and the culture of professionalism in trade. This year's winner was Carol West, president, Canadian Society of Customs Brokers. West has been influential, providing leadership and innovation in policy and international trade. West led the launch of the Certified Customs Specialist (CCS) program in Canada, a designation that is now a highly recognized professional certification in the trade community. There are more than

3500 CCS designates in Canada and in 2008, in partnership with NCBFAA, the U.S. CCS program was launched.

The Greening of the Supply Chain Award recognizes a corporation that, through its own internal processes, has set a new standard for suppliers and vendors to meet in terms of environmental sustainability. Lakeside Logistics, a non-asset based supply chain and transportation management company, was awarded this honour. In June 2007, the company committed to greening the supply chain by creating the position of Director of Sustainability to drive environmental initiatives. Through their "Vision Green" program, Lakeside Logistics' green initiatives focus on reducing their carbon footprint through the efforts of the company, its carriers and customers, creating cost savings and increasing efficiency.

The I.E.Canada Beth Travis Memorial 'Member of the Year' Award is a special honour presented to a member who has demonstrated a passion and commitment to the development of Canadian trade and to I.E. Canada's mission to be the voice of trade. This year's recipient was Carol Buckton, senior director, Trade Logistics, Siemens Canada Limited. Buckton is a member of I.E.Canada's board of directors, co-chairs the Exports Committee, is the importer representative on the External Stakeholder Partnership Network, a consultative forum created by CBSA, and a frequent host for various association and government meetings.

I.E.Canada's CATIE Awards are open to any Canadian company, with the exception of the Beth Travis Memorial 'Member of the Year' Award, which is given to an I.E.Canada member. Nominees may be entered in more than one award category. I.E.Canada gratefully acknowledges the awards sponsors: HSBC Bank

Canada title sponsor, UPS Best Practices in Trade Processes Award sponsor, Heenan Blaikie, Trade Leadership Award sponsor and Ernst & Young, Greening of the Supply Chain Award sponsor.

Rienas, cont'd from pg. 1

lack of Canadian will to promote border programs, particularly NEXUS and the Western Hemisphere Travel Initiative (WHTI). With regards to commercial traffic, Rienas believes that programs such as FAST, PIP, and CTPAT are not perceived by businesses to be delivering benefits, and therefore, many companies are not sure registration in these security programs is a worth the time and effort required.

Rienas called for coordination and information sharing between the two border partners, saying security is being over-emphasized to the detriment of trade. Rienas said that the work of groups, such as I.E.Canada, is important in communicating business needs to government official and for encouraging a resolution.

New Members

I.E.Canada welcomes the following new members:

Bell Helicopter Textron Canada Ltée.

Julie Lemire, Global Trade Compliance Analyst

Enersul Limited Partnership

Bob Cross, Manager, SCM

Genimax Inc.

Jerome Samson, President

Throat Threads Apparel

Cathy Anchor, International Trade & Logistics Specialist

White Rock Courier Ltd.

Hanif Hamir, President

Going Global

I.E.Canada is offering a slate of seminars that will address all your global trade questions. For more information, or to register, please visit www.iecanada.com.

Doing Business in Brazil, November 17, Vancouver

Brazil is one of the world's most vibrant countries and economies. Opportunities abound for businesses that do their homework and approach the market with proper contacts and knowledge. I.E.Canada has assembled a group of policy makers, service providers and business leaders who can address all your concerns. Whether you are exporting a product or service, investing in an overseas manufacturing plant or seeking R&D partnerships with foreign institutions, I.E.Canada's Doing Business in Brazil seminar will have the answers you need to succeed in this exciting market.

Customs Duty and International Trade Course, November 23-25, Toronto

I.E.Canada's Customs Duty and International Trade Course is a practical, hands-on tool providing importers and exporters with the day-to-day knowledge they need to navigate and succeed in the global trade arena. Our group of top trade and customs experts will outline the main rules that govern the international trade of goods and services and what companies must do to comply, and address the key programs used by importers and exporters. Give yourself the edge that comes from critical knowledge. Register today to guarantee your place at I.E.Canada's Customs Duty and International Trade Course.

Doing Business in Mexico, November 24, Edmonton

Interested in doing business in Mexico? This seminar will provide an overview of business investment opportunities in Mexico. Hear from Alberta companies who are gaining a competitive advantage by sourcing goods from Mexico or locating manufacturing processes in Mexico to take advantage of lower labour costs and duty relief or deferral. Other topics covered include trade finance solutions, opportunities and challenges within the air cargo sector, and basic customs import and export processes.

Global Trade 2010: What's Ahead? December 7, Toronto

If your company is involved in global business development this day-long program can give you a jump on your competition! Learn key strategies for capitalizing on emerging global trade opportunities and decision making tools to ensure you're employing the best practices in export strategy.

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documented the negative affect the economic crisis has had on trade.

Park said that there has been a geographic shift in trade, with emerging markets being the best places to set up manufacturing operations. Park's statistics showed that 60 per cent of Chinese exports are coming from multi-nationals who have set up shop in China. Park referred to this as triangular trade, where R&D is being done in one country, manufacturing is being done somewhere

else and consolidation and distribution is located in a third country.

Other changes are occurring as well. Park said that credit is tightening, with more collateral being required. There is also an increase in compliance and regulatory requirements, which drive up costs. This can be particularly challenging for small businesses, particularly as SMEs continue to play a larger role in international trade. Park says that large companies are increasingly outsourcing to SMEs as suppliers.

These changes have implications for foreign exchange risk. Costs are rising, primarily due to higher security demands made by exporters. Companies are putting more stress on risk management and mitigation strategies.

Park recommended that businesses keep the foreign exchange approach basic. He said that there is no room for loose credit in a tight market. When it comes to the payment and/or settlement tool, Park said that businesses should know and be comfortable with the terms. Typically, importers want to hold on to their cash as long as possible while exporters want payment or access to receivables immediately in order to pay for manufacturing inputs. Park also recommended that businesses discuss options with a qualified foreign exchange advisor. There are many customised trade solutions that can be tailored to the specific needs of the importer, who is required to finance many operations, or to the exporter, who must be competitive in order to make a sale.

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

Editor: Andrea MacDonald
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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