



The Newsletter of Customs Issues / GHY International / Winter 2006

TRADE LINES

OUR MISSION...

GHY International is committed to the standards of excellence and integrity on which our company was founded in 1901. We are dedicated to providing the highest level of personalized professional international trade services to our customers. We view our clients as business partners whose needs shape all of our endeavours.

GHY International is PIP Approved (Canada) and C-TPAT Certified (USA)

GHY is Growing to Serve You Better.

2005 has been a year of growth and development for GHY International on all fronts.

Our customers set new records for imports and exports, we solidified our presence in Alberta, expanded our company into Ontario, established relationships with leading freight management firms in Canada and the US to broaden our product offerings to clients, were honored to be appointed as Canadian and US Customs Broker by over 100 new clients, and invested in state of the art technology to ensure we stay at the forefront of trade facilitation capability globally.

As a result, GHY has grown to become national and international in scope, with customer service offices in British Columbia, Alberta, Manitoba, Ontario, and North Dakota, where GHY USA, Inc., our nationally licensed US subsidiary, is headquartered.

Our expanded presence in key markets in Canada, together with our investments in technology that allow us to manage imports and exports at frontier, air, sea, and inland ports throughout North America, assures our clients that we can provide them with the best of all worlds as a trade partner, with the most important feature—attention to customer service—as our top priority.

And because the world of Customs and Trade is changing and dynamic, we are on the move as an industry leader to help our

clients adapt to the compliance and security challenges that the Customs regimes of Canada and the US are ramping up, which will form the foundation of international trade for the next generation.

In this edition, we are featuring the new developments we have undertaken over the past year, and most importantly, the increased capability we have to offer our clients as a result.

We are also focusing on the emerging options for Canadian importers and exporters: Advanced Commercial Information (ACI); Customs Self Assessment (CSA); and the cross border security passports that C-TPAT and PIP represent, as these programs will become the means by which the mechanics of trade will be conducted for many years to come.

With all the change comes challenge, but also opportunity, and we are committed to assisting our clients to adapt. To that end, we are rolling out a full in-house seminar menu on all the major Customs-related components of Canada/US trade, which we hope you will consider taking advantage of.

To all of our long-time and new clients, thank you for allowing Geo. H. Young & Co. Ltd. and GHY USA Inc. to serve you, and for the confidence you have placed in us to represent you as your Canadian and US Customs Broker and Trade Consultant.

GHY International wishes you a healthy & prosperous 2006.

In 2003, GHY Canada established a Licensed Customs presence in Calgary, Alberta in partnership with Mark Fortier of Absolute Global Logistics, and that relationship has grown significantly throughout 2005. As a result, GHY International is on-site to serve clients based in Alberta, or with branches in the province.

In May 2005, GHY Canada expanded into southern Ontario, on the strength of purchasing a well-established and highly respected company in Toronto, Highway Brokers. Beth Weir, Highway's former owner continues to manage the Ontario operation for GHY, supported by a capable and experienced staff led by Lora Mazzotta.

In September 2005, GHY International joined forces with Ship North America Transportation based in Toronto, a freight management company specializing in cross border shipping.
* See insert for more info.

In October 2005, GHY USA Inc. was appointed as the exclusive US Customs Broker partner for a door-to-door service container shipping service introduced by Midwest Motor Express of Fargo, North Dakota.
*See insert for more info.

In late 2005 and early 2006, GHY International transitioned to new state-of-the-art IBM server technology and Customs software, that has the capability to provide clients with access to historical information, electronic copies of documents via our imaging technology, and CSA.



In-House Training "Customized" For Your Company

There is no shortage of industry-sponsored seminars on the big trade issues of the day, but increasingly, they often fall short in connecting practically to the day-to-day challenges that importers and exporters are facing.

Over the past year, clients have expressed interest in a more customized, personal approach, geared to their specific concerns and training issues.

In response, GHY has developed training modules on a wide variety of customs and trade topics that can be presented to your staff, on your premises, at your convenience.

We use examples that are based on your unique import and export situation, and focus on delivering results that provide practical benefits to your company.

Some of the modules we have developed so far include:

- The New Trade Reality: An Overview For Importers & Exporters
- Understanding AMPS (Administrative Monetary Penalty System)
- Customs Self Assessment—Is It For You?
- Trade Documentation: Getting It Right
- Canadian and US Tariff Classification
- Valuation
- NAFTA / Origin Determination
- Customs—Trade Partnership Against Terrorism (C-TPAT)
- Closing The Loop: Internal Linkages That Satisfy CBSA
- Custom Made Seminars Just For You

Seminars are available in half day, or full day formats, and include course materials and one free hour of post seminar access to a senior GHY Trade Consultant. **For more information and pricing, please contact Cliff Tuck or Bob Cowie of GHY Consulting.**



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CSA: Is It For You?

Once almost exclusively utilized by the large players in the auto industry, Customs Self Assessment (CSA) is becoming an option for regular importers who want to take advantage of streamlined processing of shipments at the border, summary reporting of all imports on a single consolidated entry, and monthly settlement for duty and GST, with offsets for refunds and GST credits.

Qualifying importers must be able to demonstrate that they can accurately track and reconcile information on all imported shipments within their internal accounting systems, from purchase order, through receipt of goods, to vendor payment.

They may work with a Customs Broker to prepare a monthly Customs entry, which still requires accurate application of all tariff classifications, declaration of origin of goods, NAFTA status and verification, and application of the appropriate valuation method.

The process to become a CSA participant involves a three part application process, which includes: 1) a risk assessment review by CBSA of the importer based on their past record of compliance, 2) a review of the importer's business systems to ensure there is end to end audit capability, and 3) an undertaking signed by CBSA and the importer outlining the terms and conditions of the program.

GHY is able to work with clients at every step of the process, and has the capability to report to CBSA in a CSA approved format on our client's behalf.

For more information on CSA, please contact your Account Manager.

ACI –The Other Option To CSA...

Importers not on CSA, must continue to report detail on each shipment in advance of the carrier's arrival at the port of entry into Canada, and an individual entry must be processed for each transaction, as opposed to the advantages of monthly accrual and reporting under CSA.

Under ACI, CBSA demands electronic transmission of extensive shipment data by the carrier to the broker and Customs prior to release, in order to determine potential risk, and enhance their ability to detect contraband and threats to public health, safety, and national security.

Pre-arrival elements required include the identity of the importer, vendor, HS (Harmonized System) tariff codes for all products, description of the goods, country of export, and other information pertaining to other government departments such as CFIA and DFAIT.

The first phase of ACI was implemented in Spring 2004 for ocean imports, with other modes scheduled or pending as follows:

Mode	Date	Pre-arrival Notification to CBSA
Ocean	April 04	24 hours prior to vessel loading
Air	Spring 06	Flights under 4 hours: at time of take off Flights over 4 hours: 4 hours prior to arrival
Truck	TBA	1 hour prior to arrival at the border
Rail	TBA	TBA

The FAST Hybrid Option

At press time, CBSA is in the process of considering a hybrid option between the transaction by transaction reporting that ACI entails, and the expedited release and summary accounting benefits of CSA.

Under the proposal, importers may get access to FAST lanes for clearance provided that:

1. The driver is FAST registered.
2. The carrier is CSA and PIP approved.
3. The importer is deemed to be "low risk" and PIP approved.

Importers would be able to benefit from streamlined FAST release at the border, but it is anticipated that reporting and accounting timeframes would be the same as ACI.

We will keep our clients informed as this option develops further.

border



Pre-Arrival Processing (PAPS) Update

US Customs and Border Patrol (CBP) implemented PAPS across the northern border in late 2004, requiring all shipment information be provided for scrutiny and security risk assessment at least one hour prior to the carrier's arrival at the US port of entry.

GHY USA, Inc. has adapted our technology and staffing to meet the shift from release at time of entry to full processing prior to arrival under PAPS, no small feat given the number of trucks crossing daily, carrying full and less-than-truckload shipments for our client base.

Delays that occur are largely the result of insufficient information on the documents provided to GHY USA in advance, thus requiring clarification or pursuit of missing data in a compressed timeframe before the truck arrives at the border for clearance.

Clients can assist by ensuring the documentation you provide us or your carrier is complete and accurate, including accurate description, tariff classification, quantity, value, origin, and consignee EIN number(s).

It is imperative that clients or their carriers provide GHY USA with full shipment information at least 4 hours prior to shipment arrival, and that they check the PAPS status of shipments prior to arrival of the truck at the border, to ensure US Border Patrol has accepted the shipment information and authorized entry into the US. Fines for arrival prior to Customs review and acceptance begin at \$5000 for the first occurrence.

Our web site, www.ghy.com has a PAPS tracker tool that can be accessed to determine shipment status.



Security Update:

To Certify or Not To Certify?

That is the question that many Canadian and US importers are asking.

The Customs regimes of Canada and the US have been pressuring importers to voluntarily become certified under their Partners In Protection (PIP) and Customs-Trade Partnership Against Terrorism (C-TPAT) initiatives respectively, but there have been relatively few takers to this point.

The cost and time involved appears to be a deterrent, especially when the biggest incentive to participate, apart from CSA benefits noted in the previous article, is that it is like an insurance policy that provides the assurance of continued access to the US and Canadian markets in the event of another terror attack.

Should that type of event reoccur, it is anticipated that the border will be shut down as it was after September 11th, and access will be denied to non-certified companies.

That may all change, if the US decides to make C-TPAT certification mandatory for US importers and their supply chain partners, which is being considered, along with speculation that pieces of the necessary enabling legislation are ready to be pushed ahead quickly if another event triggers a continent-wide border lock down.

So the choices for Canadian and US importers are relatively simple:

Invest now and be ready for the likely inevitability that security certification will be the price of admission for cross border trade in North America, or wait and react to the need to certify if and when it actually arises.

We can assist in providing more information on C-TPAT and PIP, as GHY is certified under both designations, or in connecting you with our partner, Supply Chain Security Canada Inc., who can guide you through a comprehensive security assessment to support your application.





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GHY.com

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Our web site is updated daily with the latest international and national developments on trade-related matters.

We are linked directly to sources that feed updates on changes to legislation, trade procedures, border program updates, and breaking news from Canada and US Customs.

Our currency conversion tool allows you to view the current relative value of all world currencies against the Canadian and US dollar, and includes a calculator to input specific amounts so you can get an accurate conversion in the currency of your choice.

GHY is a proud member of:



Canadian Manufacturers & Exporters (CME)



IE Canada, (Canadian Association of Importers and Exporters)

Canadian Society of Customs Brokers

National Customs Brokers & Freight Forwarders Association of America

Northern Border Customs Brokers Association, Inc.