



The Newsletter of Customs Issues / GHY International / Summer 2006

TRADELINES

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.

Shifting Global Trade Winds

It makes news daily, causes some to wince at real or perceived threats, while others see a world of opportunity.

“It” of course, is globalization, and it encompasses a wide range of diverse but interconnected variables of our shrinking planet, including:

- shift of manufacturing to low cost regions
- China and India are now the world’s new manufacturing centers
- growing populations and consumer bases in Far East and developing countries
- geopolitical forces propelling regional instability, economic uncertainty, conflict
- savvy, aggressive offshore competitors selling directly into North America
- liberalized trade policies and agreements
- harmonization of rules governing the global movement of goods, services, and people
- emergence of global supply chains and networks of suppliers and customers
- multi-location manufacturing processes that mix domestic and international inputs
- international supply chain security in an era of global terrorism
- currency fluctuations as capital seeks safe and optimal rates of return

These are only a sampling of the many issues that have a bearing on international trade, and that impact North American manufacturers, distributors, and retailers, directly or indirectly.

While the variables at a macro level are not controllable, there are questions that the contemporary global trader must ask and answer in the quest to find and sustain competitive advantage in these most challenging times.

...continued inside.

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

Business Questions...

- Are we aware of the pressures impacting our business as a result of globalization?
- How does our price-value-service proposition stack up against the new global competitors?
- Which existing and new markets should we invest more energy on?
- Is our mix of domestic and international vendors giving us optimal value?
- Should we be partnering with a foreign agent, distributor, or manufacturer?

Trade, Customs and Compliance Questions...

- What is the cost of importing components or finished goods, versus making them?
- Do we understand the compliance frameworks in the markets we buy from, and sell into?
- Are we prepared for a globally enforced security framework as the entry point to buy and sell internationally?
- Do we have risk management strategies in place to protect ourselves as global traders?

Only you can answer the business specific questions, but we can help you with Trade and Customs issues that you will want to consider when evaluating your global sourcing and marketing strategy.

Your Account Manager (Canada, US) and our Consulting Group is available to help you evaluate the costs of sourcing product globally or selling your goods into the US or Mexico, identify regulatory issues to be aware of, assess potential benefits of regional and country specific trade agreements, work with you to develop a compliance strategy to protect your business from unwelcome Canada or US Customs fines and penalties, and introduce you to our network of resources that can assist you with questions on supply chain security, insurance, currency hedging, transportation options, and market research.

We have invested in technology and innovative tools to help your company adapt to the new global trading environment, and this edition of Tradelines includes our latest brochure, "World Class Solutions For Global Traders", summarizing those capabilities.



AMPS Update

The Administrative Penalty System has been in affect for nearly four years since October 2002, and during that time CBSA (Canada Border Services Agency) has levied over 30,000 penalties to small and large companies totaling over 25 million dollars.

In light of the business risk that AMPS presents, we have suggested that regular importers take a proactive approach to either validating core vendor and product information on your own, or in collaboration with us as your trade partner, to minimize the probability of a notice of penalty assessment or retroactive adjustments.

Further, as your Customs Broker, given the severity of the penalties applied under AMPS, our customs specialists are stepping up our efforts to contact you by phone, fax, or email where information provided by the foreign vendor or carrier is incomplete or insufficient for us to make an adequate representation of tariff classification, origin, or shipment value on your behalf.



What If You Find An Error Before Customs?

It is recommended that companies develop and maintain an internal monitoring system to verify the integrity of the information that is being reported to Customs. Special attention should be given to verifying that the values, quantities, and descriptions on the Customs entries match the information on the vendor's paperwork, and that the accounts payable records match the vendor's invoice.

If discrepancies are discovered, it is important to report them proactively to GHY, so we can make an appropriate amendment on your behalf. Customs will waive penalties if timely disclosure, including all necessary information, is made before an audit or other enforcement action.

C-TPAT Changes Become Mandatory July 1, 2006

US Customs and Border Patrol will be contacting all existing C-TPAT certified parties regarding the implementation of a new C-TPAT Internet Application and Communications Portal which will significantly improve processing and communication for all C-TPAT certified importers.

All current C-TPAT certified importers are required to create and update their Security Link Portal Account by July 1, 2006 to validate their present C-TPAT application on-line, and update it annually to reflect any changes since the original application along with other business profile information.

Failure to register on-line by July 1 will result in their C-TPAT benefits being withdrawn, with the resulting loss of FAST lane access, and the need to re-apply for certification.

ACI / CSA Update

Automated Commercial Information (ACI) requires importers to report extensive shipment information hours in advance of arrival at the port of entry into Canada, and has been implemented for air, sea, and rail modes. Truck mode is pending at press time, but it is expected in fall 2006 or spring 2007.

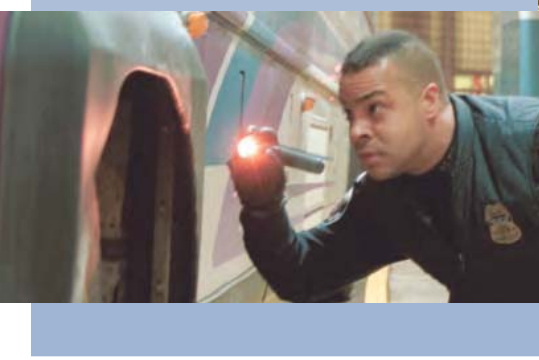
This is an important issue for importers to be aware of because we, as your Canadian Customs Broker need to have accurate information from you or your carriers at least 4 hours before arrival at the border, so we can prepare a fully detailed entry document for CBSA to do a risk assessment on.

Unclear or missing information will require us to contact you for clarification within a very compressed time period before the truck arrives, and any delays in that process could result in the shipment being held or turned back, or fines and penalties if incorrect information is cited on the clearance documents.

CSA or Customs Self Assessment is the alternative to ACI, and allows PIP (Partners In Protection) approved importers to bypass ACI's cumbersome border clearance process, and instead report all imports into Canada on a single, monthly entry, plus access to FAST lanes at the border if the carrier is also FAST and CSA approved.

GHY has invested in state of the art software that has been designed to accommodate a fully equipped CSA module that links with the client's internal accounting systems, and summarizes, reconciles, and reports the information on the importer's behalf in compliance with CBSA requirements.

For more information on ACI or CSA, contact your Account Manager, or Al Dewar, VP of GHY's Canadian Operation at (204) 947-6700 ext 215 or dewar@ghy.com.





CBP Implements Wood Packing Regulations

Effective July 5, 2006, US Customs and Border Patrol will begin full enforcement of new US Department of Agriculture Animal and Plant Health Inspection Service's (APHIS) regulations designed to eliminate the entry of harmful insects by restricting the importation of many types of wood articles, including wooden packaging materials such as pallets, crates, boxes, and pieces of wood used inside containers to support or brace cargo.

Notable exceptions to the new rule are wood packaging materials made from wood of US origin, Canadian origin, or a combination of Canadian and US origin; and manufactured wood such as fiberboard, plywood, polywood, strand wood, and veneers.

Wood packaging materials originating offshore must be heat or methyl bromide treated, and appropriately marked without exception, and will be subject to re-export without appeal if not in compliance with the new regulations.



US Customs Steps Up ACE Implementation and Enforcement

US Customs and Border Protection (CBP) will begin phase 4 enforcement of new regulations regarding the transmission and processing of advance information under the Automated Commercial Environment (ACE) e-manifest program for truck shipments at key ports in North Dakota as the prime entry point for US exports originating in Manitoba.

Effective May 15, 2006, if the information has not been received and processed by CPB prior to the arrival of the truck, the truck will be turned back unless the carrier is an e-manifest participant, and the information has been transmitted electronically in advance.

It is important that you review present procedures regarding the movement of your goods into the US with your carrier and GHY USA, Inc. to ensure the new e-manifest reporting requirements can be complied with.

At GHY USA, we continue to require complete export documentation 3 hours in advance of arrival for most shipments, and 4 or more hours for consolidated shipments containing multiple lines of commercial product information.

Contact Vicki DeLuca, VP GHY USA, Inc. for more information at (204) 947-6700 ext 226 or vicki@ghy.com.





EDC

EDC Announces C-TPAT Loan Program

On May 1, 2006, Export Development Canada (EDC) launched a program designed to help Canadian companies meet the requirements of C-TPAT.

EDC's Security Compliance Loan helps Canadian exporters to the US by providing loans of up to \$150,000 to finance upgrades to property, personnel, systems, and procedures, required to meet C-TPAT security standards.

EDC cites the business benefits of C-TPAT certification as:

- Providing exporters with the financial capability to address the cost of upgrading security across their enterprise
- Helping exporters to compete and secure US opportunities that now require suppliers to have obtain certified security clearance
- Reducing border clearance times by enabling access to FAST lanes at the Canada/US border
- Improving security at the exporter's facilities as a by-product of being C-TPAT compliant

EDC has appointed Supply Chain Security Canada Inc., which GHY is a partner in, as an approved advisory service provider to assist with the process.

For more information on the Security Loan Program, call Brian Evans of Supply Chain Security Canada Inc. at (204) 233-8267, baevans@mts.net, or visit www.edc.ca/CTPAT.



WTO To Update Harmonized Tariff System January 1, 2007

Every five years the World Trade Organization (WTO) updates the Harmonized Tariff System (HTS) nomenclature at the international (6 digit) level, in order to simplify product description and eliminate confusing language. It is expected that this round of updates will impact virtually all chapters of the global HTS, (83 of 97 chapters, 240 headings), and result in the creation of many new sub-headings.

Accurate HTS classification is critical as it determines the duty and tax treatments of products when shipped across borders, and while the changes are meant to be rate neutral overall, there will be changes to individual item duty rates, and thus the potential to affect product costings and duty liability for individual companies.

The impact to importers and exporters will vary depending on volume and complexity of imported items. At worst, if the HTS revisions are not amended prior to 2007, shipments may be delayed if an obsolete or incorrect classification is reported prior to clearance into the US or Canada, and there may be unforeseen costs if the pricing for the products affected has not been factored to reflect any applicable change in duty rate.

The new HTS changes are expected to be available in the fall of 2006, and we expect that many will be manageable with no intervention or consultation with you. However based on our past experiences with such changes, we know it will be necessary to contact specific clients for clarification of product description at a detailed level, so the appropriate new classification is assigned, and reflected on annually renewed NAFTA Certificates of Origin for 2007.

Bookmark and visit daily for the latest trade news, useful tools for currency comparison, weights and measures conversion, all Canada / US trade forms, and directory of our Canada and US offices, and contact information.



Corporate Head Office:

809-167 Lombard Avenue

Winnipeg, Manitoba R3B 3H8

Phone: (204) 947-6851

Fax: (204) 947-3306

Richard Riess

President & General Manager

Reynold Martens

Executive Vice-President

Clifford Tuck

Vice-President, Regulatory Affairs

Carol-Ann Kjartanson

Vice-President, Finance

Bob Cowie

Vice-President, Consulting

Nigel Fortlage

Vice-President, Information Technology

Vicki DeLuca

Vice-President, GHY USA, Inc.

Al Dewar

Vice-President, Canadian Operations

Gary Stempnick

Account Manager

Tony Gurniak

Account Manager

Neil Feir

Account Manager

Andy Szutiak

Account Manager

Ed Burnett

Account Manager

Ken Nord

Account Manager - Vancouver

Lora Mazzotta

Account Manager - Toronto

Joan Studney

US Account Manager

In our continuing effort to deliver cost-effective, value added services for our clients, GHY has entered into a strategic partnership with Ship North America Transportation for shipments between 1000 and 20000 lbs, moving between Canada and the US.

- Direct city-to-city service
- High level of personalized service
- Less freight handling
- Modern air-ride equipped trailer
- Proactive shipment tracing
- Fast transit times

Go to www.ghy.com and click Online Freight Quotation or contact Duane Gula at GHY International at 800-947-6851.



Midwest Motor Express Direct Asia Pacific Rim & Europe



GHY USA Inc. has partnered with Midwest Motor Express to offer full and less than container load service to and from Asia and Europe to the US and Canada, based on faster and more economical inland Customs clearance processing versus long wait times and expensive handling at US ocean ports.

- One call or email to set up and arrange US Customs clearance via GHY USA, Inc.
- Single invoicing for all charges door to door
- On-line tracking and enroute visibility
- Inland warehousing & distribution upon arrival
- Delivery to all US and Canadian locations

Visit www.mmeinc.com and click International Logistics, or call Ron Martin at 800-437-4705 for more information or a quotation.

GHY International Group Services

Geo. H. Young & Co. Ltd.
Canadian Customs Brokerage

GHY USA, Inc.
US Customs Brokerage

GHY Trade and Consulting Services

GHY Cross Border Logistics

GHY Warehousing and Distribution Services

GHY Non-Resident Services

GHY Trade Technology Services

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.