



The Newsletter of Customs Issues / GHY International / Summer 2005

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.

Supply Chain Security Now We Can Help You Get Certified!

The US is our largest trading partner, and Canadian importers and exporters must realize that the President, Congress, and the Senate are united in their concern that they may become targets of another terrorist attack.

In response, they are implementing aggressive legislative, regulatory, and procedural changes to international supply chains designed to improve security and target unknown risk via the Customs -Trade Partnership Against Terrorism (C-TPAT) which is being mirrored in Canada under the Partners in Protection program (PIP).

Because of the impact of these initiatives on the commercial success of Canadian manufacturers, importers, and exporters, GHY International is pleased to announce the formation of **Supply Chain Security Canada Inc.**, to assist our clients in meeting the increasing demands of the US and Canada Customs Agencies to obtain security certification under the C-TPAT and PIP initiatives.

"Initially, we perform a security assessment of your facilities, practices, and procedures, and compare them to standards that we have developed using our proprietary **MAPS™** (Measurement and Assessment of Protection and

Standards) tool," says GHY's Barry Frain, who coordinates the Customs components of the assessment process together with Brian Evans, President of Evans Security, who's firm is also a partner in **Supply Chain Security Canada, Inc.**

"Based on our assessment, we will provide the company with a written assessment of their current practices, identifying areas where improvements are required, and providing suggestions where additional measures may elevate security and compliance levels to mutually agreed targeted levels."

"Once the organization determines their "targeted" security and compliance levels and commits to a plan, we assist by offering a full range of project management services, including preparation of C-TPAT and PIP applications for submission to CBP and CBSA, design and development of security programs designed to meet commercial and trade security demands, and periodic reviews and audits of programs once implemented, to ensure the C-TPAT and PIP standards are met," says Frain.

For more information, contact Barry Frain at (204) 947 6851, or email barry@ghy.com.

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

Import Permits Eliminated Except for TPL April 1, 2005

With the exception of TPL (Trade Preference Level) imports, permits for textiles and clothing under the Export and Import Permits Act are no longer required, effective April 1, 2005.

Clothing and textiles subject to TPL under NAFTA (US/Mexico), CCFTA (Chile) or CCRFTA (Costa Rica) will continue to require import permits to enter Canada.

Canada Imposes 15% Surtax in Retaliation to Byrd Amendment

Effective May 2, 2005, the Government of Canada began imposing a 15% surtax on imports from the US of live swine, cigarettes, oysters, and certain specialty fish, which will remain in effect until April 30, 2006. The surtax is retaliation against the US in light of its failure to comply with the World Trade Organization (WTO) ruling on the Byrd Amendment, which allows US producers to receive the proceeds of anti-umping and countervailing duties from foreign competitors. This is viewed as a double penalty by the WTO and Canada, as Canadian exporters are forced to pay high US duties, and those duties are distributed to their US competitors as a subsidy.

ACI To Be Implemented for Air Shipments December 2005

Customs Border Services Agency (CBSA) has been phasing in Automated Commercial Information (ACI), since April 2004, in phases by mode of transport, beginning with ocean in April 2004, and air expected to be implemented in late 2005. Truck and rail modes are expected to be implemented in spring 2006.

Under ACI, CBSA is reviewing all shipment information at a detail level in advance of the carrier's arrival at the port of entry, which requires GHY as your broker to collect and code all shipment data within a small time window in order to facilitate release and clearance.

It is very important that information provided from your vendors be complete and accurate in every respect, including product description, quantity, value, and origin. Our representatives may need to call you or your supplier where additional information is required at additional cost.





the border

Reason To Believe?

CBSA continues to apply provisions of the Administrative Monetary Penalty System (AMPS) which was implemented in 2002, and are paying particular attention to contraventions where the Importer is deemed to have “reason to believe” that corrective action was required, and failed to do so.

Examples of reason to believe scenarios include: information conveyed in a CBSA audit, Ruling, Detailed Adjustment Statement, Notice of Penalty, Customs Notice.

If CBSA determines that the Importer has failed to take appropriate action, additional AMPS penalties will apply, and retroactive corrections will need to be made dating back up to 4 years from the date that the Importer was made aware of the issue.

CBP Requires FAST Driver For BRASS Shipments

Exporters who have been registered under the Line Release or BRASS program have been exempted from having to provide information to US Customs Border Patrol (CBP) in advance of shipments arrival under the Pre Arrival Processing System (PAPS).

However, effective May 1, 2005, in order to continue to benefit under the streamlined release program, the truck must be operated by a FAST approved driver, or the truck will be turned back.

GHY suggests that clients who take advantage of the BRASS program confirm that their carriers are engaging FAST approved drivers to ensure shipments are not delayed or turned back upon arrival.

C-TPAT Security Criteria

Under provisions of the US C-TPAT program (Customs-Trade Partnership Against Terrorism), in order to qualify up to this point importers needed only to describe their current security practices absent of any minimum security requirements.

Effective March 25, 2005, new applicants are required to meet more extensive security protocols, and be in a position to withstand scrutiny by CBP’s audit and verification units.

Existing C-TPAT certified importers are allowed to ensure the necessary protocols are implemented over a 3 phase process and timeline covering 180 days from the effective date.

GHY can assist in outlining the nature of the changes to those already approved for C-TPAT, and in providing an assessment of readiness for clients who are considering C-TPAT certification.

See the article on page 1 for more information on Supply Chain Security Canada, Inc.





Pre-Arrival Processing (PAPS) Update

US Customs and Border Patrol implemented PAPS in November 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.

Over the past 8 months, the program has been implemented across the northern border, and GHY USA, Inc. has adapted our processing, technology, and staffing to meet the shift from release at time of entry to full processing prior to arrival, no small feat given the number of trucks carrying full and less than full truckload shipments for our client base daily.

Vicki DeLuca, Vice President of GHY USA, Inc, advises that the transition has generally been smooth, and that clients and carriers have worked together well to comply with the new requirements.

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 is complete, including accurate description, tariff classification, quantity, value, origin, and consignee EIN (Employer Identification Information) and that it is provided to our US office at least 4 hours prior to the shipment arrival, to allow adequate time for processing by GHY and review by CBP.



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Trade Documents You Need-Online and On-Demand...

GHY provides you with a number of convenient document solutions, including:

- Wide range of Canadian, US, and NAFTA Trade forms for print or download
- GHY Tradeforms software for stand-alone PC applications
- GHY Web Tradeforms for creation of most forms via the internet
- Exportdoc Worldwide, a complete solution for sophisticated traders

For more information go to www.ghy.com, click on Resources, and Documents, or call Nigel Fortlage, Vice President Information Technology for GHY International (204) 947 6851, Nigel@ghy.com.



GHY Receives IBM Innovation Award

▶ IBM has selected GHY International as the first recipient of the eServer Iseries Innovation Award for Infrastructure Simplification recognizing best practices that demonstrate cost-effective server management, application integration, and overall IT simplification.

GHY is one of only 5 companies recognized worldwide for this award, which affirms our commitment to providing our clients with the technology, tools, and connections to trade globally with confidence in our capability as their Canadian and US Customs Services provider.

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.
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- Gary Stempnick**
Account Manager
- Tony Gurniak**
Account Manager
- Neil Feir**
Account Manager
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Account Manager
- Ed Burnett**
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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

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