



THE NEWSLETTER OF CUSTOMS ISSUES / GHY INTERNATIONAL / WINTER 2007



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.

“There are few questions that are more pressing for manufacturers and exporters across Canada today than competing and winning in global markets.” Jason Myers, Chief Economist, Canadian Manufacturers and Exporters (CME)

In a recent survey of 986 Canadian CEOs conducted by CME, 6 of the top 20 strategic challenges over the next 3-5 years are trade-related, including:

- Stronger Canadian dollar
- Competition from China
- Increased competition from other countries
- Global sourcing by customers
- Business opportunities in other countries
- Business opportunities in China

This edition includes an article from *Manitoba Investment and Trade* on their services, which are centered around assisting new and experienced exporters to identify markets, develop business plans and strategies, and connect with contacts in foreign markets to partner directly with or appoint as agents.

Because China is now a leading factor for North American businesses to consider, the piece on *Smartrend* may be of particular interest, as this company's focus

is on being an “on the ground” resource and matchmaker to connect Chinese manufacturers, distributors, and potential manufacturing partners with Canadian and U.S. firms.

As a Canadian and U.S. Customs Broker, we generally work with our clients after the decisions to buy or sell internationally are made.

However, we can play a role in working on your behalf to scope out potential markets and purchasing scenarios, identifying gateways of information, and connecting you with our network of contacts in the transportation, logistics, Customs, and Trade sectors.

Call *Bob Cowie*, Vice President of Consulting, to obtain Customs-related information on goods you want to import from or export to a foreign country, and help you work through the regulations that may have a bearing on your business plan.

- > *How do our company's products and services stack up against the new global competitors?*
- > *Where can we find information about markets that might be a fit for my products?*
- > *Does our company have the necessary expertise to export internationally?*
- > *Should we be partnering with a foreign agent, distributor, or manufacturer?*

> **The importance of exporting and accessing new markets for Manitoba companies is undeniable – it has defined Manitoba in the past and continues to do so. As exporters, you recognize the value of new markets for your goods and are continually looking for new opportunities.**

As you explore new markets or ways to further penetrate your existing markets, consider the advantages Manitoba Trade and Investment (MTI) brings to your export development team:

- lead provincial agency for export development
- wide range of programs and services designed to give you the edge you need to capture a piece of the international market
- experienced staff with first-hand knowledge of sector-specific trade development support and key international markets

In addition to providing consulting assistance as you develop your plan, MTI can link you to potential partnerships with foreign companies seeking Manitoba suppliers through:

- incoming business missions and outgoing trade missions to key markets
- on-the-ground foreign trade representatives working for MTI in China and the European Union
- market research and in-market activities

MTI works closely with other public and private sector trade service providers and will provide the proper referral for your export needs.

To assist companies to promote themselves as they pursue new opportunities, Manitoba Trade and Investment offers the **Trade Assistance Program (TAP)**. This program cost-shares marketing activities with Manitoba companies for:

- trade show participation
- design of new marketing materials
- design/re-design of a corporate website



If you are interested in learning more about how Manitoba Trade and Investment can help your company to access export markets, contact us at:

Manitoba Trade and Investment

1100-259 Portage Avenue

Winnipeg, Manitoba R3B 3P4

Telephone – (204) 945-2466

Website – www.manitoba-canada.com

Red River College International Business Program



As exporting becomes a prime business focus, the need for internal resources to manage the nuances of trading internationally becomes increasingly important.

Red River College in Winnipeg has an exceptional international trade skills program, and places its graduates in companies of all sizes.

Courses include: international marketing, logistics, finance, sales and negotiations, culture and ethics, international law, marketing, and graduates must participate in a work practicum for a minimum of 6 weeks.

For more information on the program for your staff, to inquire about placing a student in your business on a trade-related project, or to set up interviews with successful grads for permanent placement in your company, call Joanne Vermette, Program Leader, (204) 949-8389.





WTO Updates 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.



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

The impact to importers and exporters will vary depending on volume and complexity of imported items, however, 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 U.S. or Canada.

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.



The China Connection.....

As western companies battle to be more competitive, many have expanded their search for cost-saving measures overseas. No country in the world has mastered the art of developing low cost products better than China.

Smartrend Canada Ltd. was founded to bridge the gap between Chinese manufacturers and North American businesses for sourcing parts, components and finished goods.

Over the past decade, China's economy has grown exponentially together with its population. Today, the cost of producing goods in China is often a fraction of the cost of producing the same goods here in North America.

With offices in Winnipeg, Canada and Ningbo City, China, Smartrend provides customers with a turnkey solution for sourcing, manufacturing, quality control, shipping, customs, duties, and delivery, and facilitates low-cost product transactions with ease for many North American businesses.

Because Smartrend staff speaks the dominant local Chinese dialects, they can seek out factories that meet clients' requirements, manage the relationship, schedule production runs, monitor quality control procedures, and coordinate shipping to Canada.

While many large companies have already discovered what China has to offer, many small and mid-sized companies may also benefit.



For more information about Smartrend, contact Kevin Smith, President at (204) 489-7237, or visit www.smartrend.ca

AT THE BORDER

C-TPAT: Cross Border Insurance Policy

September 11, 2001: Canada/U.S. trade is halted as U.S. Customs locks down the border.

August 2006: A bomb threat on flights out of England pushed U.S. Customs to a "code orange" alert, slowing commercial traffic at the border to a crawl, except for a small group of certified companies and carriers.

Why were these shipments allowed to proceed? The companies or their carriers were approved under C-TPAT, thus representing a low and known risk to U.S. Customs.

According to an article in the November 2006 edition of Profit Magazine, C-TPAT's most significant benefit can be an uninterrupted journey for Canadian exporters' goods heading to U.S. customers in times of crisis or uncertainty. Beyond that, the article continues, some U.S. firms are insisting their Canadian suppliers be C-TPAT certified as part of the commercial contract, in order to avoid delays or in the worst case, production shut downs if the U.S. firm is working on a JIT supply chain model.

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

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



U.S. Customs Enforces ACE / E-Manifest At Pembina, North Dakota

If you are a shipper who manages your own fleet of trucks and drivers, or if you work with smaller carriers who are not yet prepared, your US exports will be affected by this significant change.

It is no longer acceptable to prepare and fax paper manifests to US Customs prior to arrival of your truck and driver at the border. Effective January 25th all manifests must be electronically produced and sent to ACE, or the shipments will not be allowed access into the US.

We can help...Introducing GHY ACE-Manifest!

GHY has contracted with a leading US software developer to provide a web-based offering to shippers and carriers, that fulfills all the requirements of the new e-manifest regulations, is easy to learn, quick to implement, and affordable:

- Comply with new US Customs e-manifest regulations
- Ensure exports to the US are not delayed
- Increase efficiency and save time in producing your export manifests
- Reduce time checking on status of your shipments prior to arrival at the border
- Automatic notification to GHY USA, carriers,
- Access US Customs to verify status of your shipments prior to arrival of your trucks
- Reduce costs to produce faxes and to transmit
- Be prepared for the future ACE requirements as the US Customs portal of the future

We can get you trained and up and running on this software within hours, and can provide the ongoing support and training that you may need.

We can provide a demonstration of GHY ACE-Manifest software and give you an overview of its capabilities and time-saving features—just give us a call.

Making the adjustment to the new e-manifesting regulations doesn't have to be difficult or expensive.

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

CBSA Increasing Enforcement of Administrative Monetary Penalty System (AMPS)

GHY is endeavoring to be diligent in contacting you where information provided from your supplier is vague or insufficient to determine the Harmonized tariff code, origin of the goods, or valuation.

Given the severity of financial penalties, importers are encouraged to review your responsibilities as “owners” in the eyes of CBSA for

the accuracy of all declarations made by vendors and used by GHY has your Canadian Customs Broker.

Please contact your Account Manager, Bob Cowie or Cliff Tuck of GHY Consulting, or Al Dewar, VP of Canadian Operations to learn more about how we can help your company develop and maintain a compliance plan that matches your risk management approach.

Changes In Your Business We Should Know About?

Please remember to advise GHY of any changes to your business ownership or structure that may affect your Importer of Record status with Canada or U.S. Customs. This includes name changes, acquisition by a third party, restructuring of company divisions and corporate identities, and acquisitions you may make of other companies that become integrated into yours.

Claim NAFTA or Don't Claim NAFTA?



> It always makes sense to pursue a NAFTA certificate to ensure your imports from the U.S. or Mexico, and exports to either of those countries receive the benefits of duty free treatment, right?

Actually, in some cases, if the goods are duty free under Most Favored Nation (MFN) tariff treatment, you may be better off NOT getting a NAFTA, and in the process avoiding the need to obtain or generate a certificate of origin, and update that certificate annually.

This needs to be looked at on a case-by-case basis, as there are risks of proceeding without a NAFTA even if it is not needed at the present time, in the event the tariff classification number changes in the future, and with it MFN duty free status.

Call your Account Manager to find out more about which route makes sense for your company.



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GHY.com

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

GHY Canada Now Offers Online Document Retrieval.....

GHY has invested in imaging technology that provides clients with online access to your Canadian entries and the scanned images of all documents relating to each shipment. You can query the system by a variety of search criteria, download and print documents as required, and view supporting information used to create the Customs entries on your behalf.

Automatic Release Notification

We can now provide you with notification of release of shipments by Canada Customs by email or fax. Once set up with the appropriate contact person in our company, the release notification is sent as soon as we are advised electronically by CBSA.



Electronic Invoices

Our Canadian imaging technology enables us to provide you with a disc of your invoices, entries, and backup information to allow for more efficient archiving, storage, and retrieval of your Canadian import records. We can send it to you via e-mail, regular mail, or courier.

U.S. Pre-Arrival Processing Status

Want to know if U.S. Customs has received and approved your export shipment for clearance before you or your carrier arrives at the border?

Simply log into www.ghy.com, enter your PAPS number into the box provided, and its status will pop up.

For more information on any of the above, contact your Canadian or U.S. Account Manager.

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.