



TRADE LINES

AMPS The Meter Is Running

AMPS (Administrative Monetary Penalty System) has been in effect for just over one year, and already CCRA has issued over **13000 AMPS Penalties** totaling in excess of **\$7 Million**, and ramped up its audit and compliance verification efforts significantly in all regions across Canada.

If you have not reviewed your import practices and the integrity of the information in your supply chain yet, you may be in the target zone for an AMPS penalty, and the higher scrutiny from CCRA that comes with that.

“Although the message is getting out there, it is still a common misconception that it is our responsibility as the Customs Broker to ensure the Importer is not in a position to be penalized under AMPS,” says **Reynold Martens, Executive Vice President of GHY**.

“The reality is that we are involved somewhere in the middle of the supply chain information process, and as such are often working with sketchy, incomplete, or missing data, all of which is usually in the hands of the foreign vendor, or the Importer. That is why it is so important that the Importer review the information we have worked from to create the Customs entries, and ensure it is

accurate and complete when compared to the purchasing, receiving, and payable records.”

As always, it is always better to be **proactive** than **reactive**. Our message to clients has been consistent from the outset. **Look at your import processes carefully to isolate any gaps that could expose your company to the risk of AMPS penalties.**

At a minimum, have your top vendors and products evaluated at a more forensic level to validate tariff classifications and NAFTA eligibility, and ensure that you have internal checks and balances in place to review what is presented to CCRA against the audit trail from purchasing through accounts payable. Ideally, have all elements of your supply chain checked from top to bottom to cover off the contingency of AMPS penalties.

We can assist in providing you with information we have in our system as a starting point, and work on your behalf forensically on a consulting basis as you direct. Talk to your Account Manager, or call **Clifford Tuck, Vice President of Regulatory Compliance** for more information on how we can help.



ACI coming in 2004



CCRA expects ACI, or Advanced Commercial Information, to be implemented at marine ports in April 2004, with rail and air modes to follow in 2005, and highway shipments slated for 2006.



Under ACI, CCRA will demand electronic transmission of extensive shipment data prior to arrival at ocean, air, and border ports, in order to screen incoming shipments to determine potential risk, and enhance their ability to detect contraband and threats to public health, safety, and national security.

Elements including 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, will have to be provided prior to arrival of the shipment.



Eventually as ACI becomes applicable to all transportation modes and ports over the next 2 years, there will be a significant impact on your carriers, and GHY as your Canadian Customs Broker, as we will be required to collect and submit significantly more information well in advance of the physical arrival of the goods in order to secure release.



ACI will become the alternative clearance option for importers who are **not** approved under FAST or CSA, once these programs are fully implemented.

We will continue to monitor progress of this initiative in order to help our clients prepare for changes in flow, timing, and integrity of the information that your vendors will be required to provide in order to avoid costly delays and supply chain interruptions.

AMPS

Companies that export product in shipments valued at **\$2000** and more to consignees other than the US, who export products on the **Export Control List** regardless of value, or who sell to countries other than the US but transship via the US, are required to file **B13A Export Declarations** in an accurate and timely manner, or face stiff AMPS penalties.

first offence, and upward to **40%** of value for the second, and **60%** of value for third and subsequent infractions.

Your best protection against Export AMPS penalties is to understand your risk profile clearly, review your obligations and put processes and accountabilities into place within your company to comply, and ensure there is a clear audit trail so that the appropriate declarations are filed within CCRA guidelines consistently.

Did you know that there are AMPS penalties that apply to EXPORTS?

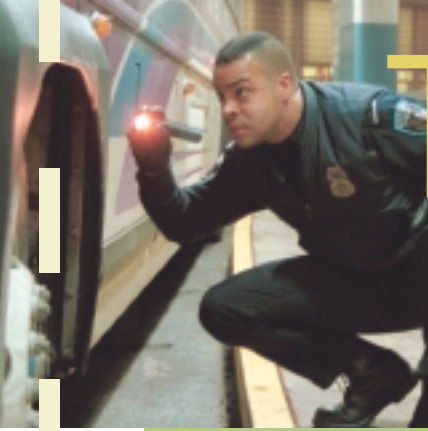
PS

Those who fail to report an export will face a warning on first offence, **\$1000** on the second offence, and graduated penalties of **\$2000** and **\$3000** on subsequent offences respectively. Goods not reported that are subject to Export Controls will attract even stiffer fines, ranging from a minimum fine of **\$2000** or **20%** of shipment value for the

For more information, check out CCRA's AMPS web site listed on the back page, or call **Bob Cowie**, Vice President of GHY Consulting.

for exporters





Think FAST!

Don't Be Left In The Slow Lane...

What Is FAST?

The **Free and Secure Trade initiative (FAST)** is designed by the governments of Canada and the US to enhance border security by creating streamlined access programs for qualified importers, carriers, drivers, customs brokers, and importers.

Under FAST, importers and their supporting service providers including customs brokers and carriers are required to establish detailed security policies. The US program is **C-TPAT (Customs-Trade Partnership Against Terrorism)** and its counterpart in Canada is **PIP (Partners In Protection)**.

Both programs are in the developmental stages, with details in the process of being worked out at press time. Initial roll out phases are expected to begin in early 2004.

What Are The Benefits?

Registered importers and exporters will be given special status by Canada and US Customs as low risk traders, qualifying them for streamlined access

to dedicated FAST lanes at border points. Non-registered importers or carriers will be channeled to the standard clearance lanes, be subject to greater scrutiny by Customs that could result in potential delays and costly searches, and face the possibility of denied access should border security levels be ratcheted up to code orange or red status.

How Will FAST Work?

For low risk goods being exported from Canada into the US by a C-TPAT authorized importer using a C-TPAT registered carrier, driver, and Customs Broker, the carrier will provide US Customs with limited shipment information electronically in advance of arrival. Upon arrival the shipment will be processed at a dedicated FAST lane where the driver will present his/her registration identification, and using transponder technology, identify the importer(s) and carrier.

Low risk goods being imported from the US into Canada by a PIP authorized importer using a PIP registered carrier, driver, and Customs Broker, will be processed at a dedicated lane where the driver will provide Canada Customs with his/her registration card and using transponder technology, identify the shipment.

Who Can Participate in FAST?

The benefits of FAST are available to carriers, drivers, customs brokers, and importers who have been pre-authorized

by Canada and US Customs based on a demonstrated history of complying with Customs regulations, and who have made the necessary investments in security-enhancing practices as required by the C-TPAT program in the US, and PIP program in Canada. At this point it appears that Canadian importers will be required to be participating in Customs Self Assessment, (CSA) as a pre-requisite to FAST access.

What Should I Do Next?

Exporters of high volume low-risk goods, especially those using line release, should consider registering for C-TPAT immediately, and engaging C-TPAT carriers whose drivers are also pre-authorized. GHY USA is C-TPAT approved, and can assist in assessing your eligibility for C-TPAT, and with the application process.

Importers of high volume low-risk goods may want to review the CSA and PIP programs as options for achieving expedited access of your shipments into Canada. GHY Canada is PIP approved and can assist in coaching you on the PIP or CSA application process.



Slow or FAST?

For more information, see web pages for FAST, C-TPAT, and PIP on the back page.





@ the border

GHY USA, Inc. has been granted C-TPAT approved status by US Customs. Vicki DeLuca, Vice President of US Operations, spearheaded the process, and is available to assist clients to understand the benefits and complete the necessary applications. GHY USA is positioned to work with C-TPAT approved carriers, drivers, and clients in partnership.

GHY Canada has been recognized by CCRA as a Partner in Protection (PIP), and is also positioned to work with clients who successfully qualify for **CSA (Customs Self Assessment)** as noted in our lead article. **Al Dewar, Canadian Operations Manager** led this important initiative, and can assist clients who may want more information on PIP or CSA .

GHY USA, Inc. has been granted a Bonded Warehouse License for our Pembina, North Dakota location. "We can assist clients or their carriers who want to place stock into bond in the US to support their client service or inventory management priorities," says **Vicki DeLuca, US VP.** With the new border initiatives taking center stage over the coming months, exporters may want to warehouse product in the US in larger batches and ship to their clients on a just in time basis, thus taking the border clearance out of the process, and taking advantage of lower US domestic freight rates by shipping out of a US address. **Call for more details to see if this may be an advantage to your company.**

GHY USA is pleased to announce the appointment of Iran Johnson to the position of Consultant, effective October 6, 2003. Mr. Johnson spent his 36 year career with the US Customs Service at Pembina, and is recognized as a compliance and technical expert in the region. He is available to provide consulting advise to exporters, and assist with navigating through the regulations respecting tariff classification, NAFTA, valuation, and C-TPAT.

GHY International is pleased to announce its appointment as exclusive Canadian and US Customs Broker for Motor Coach Industries, based in Winnipeg, Manitoba. MCI is recognized as a world-class leader in the bus and custom coach manufacturing sector.

GHY International has been recognized by IBM as a lead partner in the development and testing of several new Linux technology applications. GHY has been profiled at conferences in New York and most recently San Francisco.

Nigel Fortlage, GHY's Vice-President of IT, has been interviewed in several publications including The Globe and Mail and Canadian Business, highlighting GHY as a leader in integrating emerging technology for practical business applications.

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GHY Trade and Consulting Services

GHY Cross Border Logistics

GHY Warehousing and Distribution Services

GHY Non-Resident Services

GHY Trade Technology Services

Links & Information For Importers & Exporters



Fast (Free and Secure Trade)

www.cca-adrc.gc.ca/customs/business/importing/fast/menu-e.html



Exporting Goods From Canada-A Handy Customs Guide

www.cca-adrc.gc.ca/E.pub/cp/rc4116/rc4116-e.html



AMPS (Administrative Monetary Penalty System)

www.cca-adrc.gc.ca/customs/general/amps/menu-e.html



PIP (Partners In Protection) CSA (Customs Self Assessment)

www.cca-adrc.gc.ca/customs/general/enforcement/partners/menu-e.html
www.cca-adrc.gc.ca/customs/business/importing/csa/menu-e.html



C-TPAT (Customs-Trade Partnership Against Terrorism)

www.customs.gov/xp/cgov/import/commercial_enforcement/ctpat/fact_sheet.xml