

TradeMatters

A Newsletter on Customs & International Trade

No. 12 March 2007

Update on Border Security

In previous additions, we have discussed the various measures that Governments (particularly in the U.S.A. and Canada) around the world have implemented and are implementing to 'secure' the international supply chain of goods. Governments continue down this path but up until recently most small to medium international traders have not been interested or effected in any significant way. In this editors opinion, that is about to change and by the end of 2007 there is going to be a lot more interest in these security programs (Partners in Protection [PIP]: <http://www.cbsa-asfc.gc.ca/general/enforcement/partners/menu-e.html> in Canada; http://www.customs.gov/xp/cgov/import/commercial_enforcement/ctpat/ in the U.S.A.). Essentially, these programs designate security measures that traders need to implement to be certified and to take advantage of benefits such as reduced Customs exams (the benefits have so far been a subject of debate). The World Customs Organization through the Framework of Standards to Secure and Facilitate Global Trade, is promoting a common set of security standards and principles, in effect, a security template which will promote mutual recognition of each countries' standards (very much driven and based on the C-TPAT program). The PIP program (Canada) will

expand to maximize benefits for members and become harmonized with a similar program in the United States called the Customs-Trade Partnership Against Terrorism. U.S. Customs has indicated that they want to pursue mutual recognition with many countries (including Canada) in 2007. In other words if a Canadian company is 'PIP' approved it may become very easy or even automatic to become C-TPAT approved. This will especially help companies that are importing into Canada and exporting to the U.S. In this writer's opinion, the PIP program has a long way to go to become C-TPAT equivalent but the Canadian Federal government has announced a substantial increase in funding towards this goal. We believe that the combination of ever increasing Customs examinations of 'non-recognized traders' and mutual recognition of security programs will increase the interest in these programs in the coming year. Customs Brokers and Freight Forwarders are an integral part of the supply chain and need to become certified to remain relevant. At the time of this writing, Courtney Agencies has signed a Memorandum of Understanding and applied to the Partners in Protection program.

E-Manifest

In January 2007, U.S. Customs required the mandatory electronic transmission of truck cargo data at many of their northern borders, including those in Washington state (i.e.: Blaine). At the time of this writing, U.S. Customs is applying 'informed compliance' at these ports. In other words, during the next 60 days, those drivers that show up at the border without having filed their 'e-manifest' will be 'educated' to do so in the future. By April 2007, this will become absolutely mandatory whereby drivers will be denied entry and in some cases fined if they arrive at the border without having filed. For the most part, the trucking community has been 'on-board' and complying with deadlines. However this has been more

difficult for the importer and exporter who carry their own goods. For those 'carriers' it becomes one more obstacle to transporting their own goods. We are working with those customers to come up with solutions that meet their needs. This could mean facilitating to file the e-manifest or providing other transportation avenues.

In Canada, Customs have also announced a similar and provided funding for the development of a similar e-manifest program. This will be a bigger adjustment as most of this information is not provided to Canada Customs currently whereby a cargo manifest was always a requirement to U.S. Customs. At the time of writing, an implementation date has not been announced.

Vancouver Port

The winter of 2006-2007 was a challenging one for the Port of Vancouver, especially in regards to containerized cargo. Record winds, rain and snow in November and December caused havoc at the Vancouver container terminals causing stockpiles of containers, vessel delays and terminal closures. Just as the terminals were beginning to get back to normal, February brought a 2 week strike

at Canada's largest railway and extreme weather conditions in the Prairies and further east which caused further delays on the rail which in turn caused further problems for the container terminals in Vancouver. At the time of writing (Feb. 26/07), the rail strike has just been settled and with hope of better weather coming, we are hoping that things will return to normal soon.

Importing Used Cars from Japan

Used cars from Japan are an attractive option for many consumers. They are very reasonably priced, have low mileage and are generally in excellent condition. Many are also good environmental choices with small fuel efficient engines. Some consumers also like the novelty of owning vehicles not normally available in North America. Of course there are some challenges to importing and licensing these vehicles. Apart from the cost of shipping from Japan and the import costs, the provincial licensing can be difficult for the cars especially those that are MADE in Japan. The provincial licensing authorities are fully enforcing their regulations in regards to these vehicles and importers should consult with their provincial licensing

body before buying. The costs for modifications can be prohibitive. However, even with full knowledge of the requirements, importers and consumers are still finding this to be an attractive option.

And there is an additional wrinkle that may curtail this business substantially. To be allowed entry into Canada these vehicles need to be more than 15 years old. However Transport Canada is discussing changing the restriction to 25 years. This would be in line with other similar countries such as the U.S.A. and Australia. There is still a lot of discussion around this change and a substantial lobbying on both sides of this issue. As things stand this rule could be implemented by the end of 2007.

What's Happening @ Courtney

Our China Network

Courtney Agencies continue our venture into China. It started 6 years ago, when we purchased a small freight forwarding company and Paul Courtney traveled to China with our new partners to solidify our agency network. In May 2006, Paul traveled to Beijing to attend the IFCBA (the International Federation of Customs Brokers Association) conference and to Tianjin to further solidify our network. In January 2007, Don Courtney was invited to Shanghai to attend the Annual General Meeting of our main China partner.

Our International Network

In March 2007, Courtney Agencies joined the Atlas Network (www.atlas-network.com). The Atlas network gives us an agency network of 160 members in 95 countries. It also provides us with many other essential services that are important in serving our customers.

Trade Security

In February 2007, Courtney Agencies signed a Memorandum of Understanding with CBSA (Canada Customs) to become a member of its Partner in Protection program. As previously discussed in this email, this is essential for us as we are an important part of our customers' supply chains.

EDI

Through our chosen supplier, we are now able to receive true EDI from our customers, their suppliers and other parties to the trade chain.

The LORDCO Tradeshow

Once again Courtney Agencies Ltd., has been appointed the official Customs Broker for the LORDCO Tradeshow (www.lordco.com) April 1st and 2nd at the Pacific Coliseum in Vancouver. This is the premier Western Canada show for the aftermarket automobile industry attended by over 300 manufacturers and suppliers and over 16000 attendees from the automotive industry. As an official supplier we provide the logistical services required for the American exhibitors to get their exhibit into the country, to the show and back.

New Additions to Our Team:

Mary Yee – mary@courtney.ca

Mary is our newest Customs specialist. She has over 20 years experience in the Customs Brokerage and Freight forwarding industry.

James Buchan – accounting@courtney.ca

James is our new Accounts Receivable and Credit Administrator. He has a Bachelor of Arts degree from UBC and recently completed a Diploma of Accounting on his way to the CGA program.

Melissa Saint Martin – melissa@courtney.ca

Melissa recently completed an International Business program in Mexico with an ambition to receive a Bachelor in International business. Melissa is our new administrative assistant in our freight department.

After Hours Contact

Our regular office hours are: Monday 7:30 am to 10:00 pm, Tuesday to Friday 7:30 am to midnight, Saturday 10:30 am to 6:00 pm. Outside these hours, please call the following numbers:

Customs Brokerage: (604) 787-0619 • Ship's Agency: (604) 787-0620 • Freight Forwarding: (604) 787-0369

If any of these are unavailable, please contact the other numbers. If it is not urgent and we can contact you during regular business hours, please leave a message at (604) 684-7505.

While we have made every effort to ensure accuracy, the materials contained in "Trade Matters" are necessarily brief and general in nature and should not be construed as legal opinion or advice. For further information, please contact our trade specialists. We publish Trade Matters on an occasional basis as a service to our customers. Editor and writer: Paul Courtney; Contributors: Don Courtney, Laurence Lovett, Bernie Lahmann, Serena Chan, Sonja Tang, Sandi Thomas, Behzad (Bert) Abedirad, Mary Yee, James Buchan, and Melissa Saint Martin

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2