

# TradeMatters

A Newsletter on Customs & International Trade

No. 10 April 2003

## The Post 9/11 Cross-Border World

As we all know, the tragedy of September 11<sup>th</sup>, 2001 continues to have ongoing effects on our daily lives in many ways. This is even more so in regards to cross-border trade, especially trade with the U.S.A. Essentially both governments have strived to keep legitimate trade in goods flowing smoothly across the border. But as a direct consequence of 9/11, in the future, essentially those involved in international trade will have two choices: providing more data further ahead of time in an electronic manner on every shipment or become a pre-approved trader with the required security passes and internal systems to manage and account for trade data post-arrival.



Recently, the US has instituted the Container Security Initiative. This has and will require ports of the world that wish to trade with the US to have required security systems in place.

It also requires shippers and/or carriers to advise US Customs electronically 24 hours before loading. Currently there are negotiations going on to institute similar pre-arrival systems for all other modes of transport. Certainly there are much different time considerations depending on mode of transport.

The most contentious is some of the proposed timeframes for truck traffic from Canada to the USA such as a proposed four hours before loading. Again this is still in the consultation phase. At the same time, the Food and Drug Administration, concerned about bio-terrorism, is proposing their own pre-arrival rules.

Although industry in general agrees with objectives they have some major concerns about some of these proposals.

Of course the Canadian Government and CCRA have instituted and are planning many security initiatives of their own which have and will impact significantly on commercial trade. Many of the current Canadian initiatives were developed pre-9/11 but have been changed to incorporate security concerns and moved forward on the time-line. Probably the most challenging will be the Automated Commercial Initiative (ACI). This will require mandatory pre-arrival cargo and commercial information to be submitted electronically on every shipment for every 'client' that is not pre-approved under FAST (free and secure trade) and CSA (Customs Self Assessment). Again, how pre-arrival? Timeframes have not been finalized.



At Courtney Agencies Ltd., we have always taken pride in staying 'ahead of the curve'. The majority of transactions that we process on behalf of our client, we do electronically, and when the circumstances permit, the commercial data is provided pre-arrival. This does not mean that we will not have to make changes in the future to accommodate these initiatives but we believe we are ready for these changes. At the same time through involvement with our industry association, we are involved in the high level discussions that we hope will mold these initiatives to benefit our customers as much as possible.

## AMPS Update

As many are aware, the full commercial portion of the Administrative Monetary Penalty System was instituted on October 7, 2002. We are starting to get a picture of the full extent of this program. Many in the trading community are finding that many of the penalties are punitive, contrary to CCRA's stated objective of encouraging compliance. Many fines have been appealed but in general most of the decisions are pending. Here is a snap shot of the quantity and type of penalties issued:



- As of January 5, 2003, a total of 3,235 NPAs (Notice of Penalty Assessment) have been issued. These NPA's

cover 4,065 contraventions. (Some NPAs contain more than one contravention).

- 137 penalties were issued for contravention C274.
- Per region, or area, there were 125 contraventions in Atlantic; 519 in Quebec, 98 in Northern Ontario, 505 in Southern Ontario (GTA), 781 in Niagara Falls, 1004 in Southern Ontario (Windsor area), 508 in Prairie Region, and 525 in Pacific Highway.

For more information on the AMPS program, please visit:  
<http://www.ccr-a-drc.gc.ca/customs/general/amps/whatsnew-e.html>

**C**OURTNEY  
**A**GENCIES  
**L**TD.

Est. 1995

Suite 802 - 535 Thurlow Street, Vancouver, BC V6E 3L2  
T: 604.684.7505 F: 604.683.7004 W: [www.courtney.ca](http://www.courtney.ca) E: [info@courtney.ca](mailto:info@courtney.ca)

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# Certified Customs Specialist (CCS)

In September of 2002, the Canadian Society of Customs Brokers started the Certified Customs Specialist Program. This is a one-year program designed for individuals involved in the Customs process. The intention of this program is that:

- Importers and Exporters will recognize the CCS certificate as the new standard for customs expertise.
- Brokerage firms, logistics managers, Importers and Exporters hiring individuals will recognize the CCS qualified person as a valuable competitive asset.
- Individuals will earn not just a certificate, but also a solid foundation for career growth and development in

one of the most dynamic, fast changing industries of the future.

This is not just a one-time certificate program but will require annual renewal through an on-going training process.

The Canadian Society of Customs Brokers also offers many on-line training modules in many aspects of the Customs process from Harmonized System Classification to NAFTA rules of origin. At Courtney Agencies Ltd., we fully support these programs, not only by investment in our people through these programs, but also encouraging Customers to investigate these educational products. For more information, please check out [www.cscb.ca](http://www.cscb.ca).

## Crossing the Border

For those individuals that cross the border on a regular basis or even perhaps on a non-regular basis, there are several interesting web sites. Everything from the NEXUS program to cross border wait times as follows:

<http://www.ccradrc.gc.ca/customs/general/times/menu-e.html>. This includes links to other web sites that document wait times and other information.  
<http://www.customs.gov/xp/cgov/travel/inspections/nexus.xml>.  
– This gives information on the NEXUS program, an expedited clearance process for low risk travelers.

## Estimated Time of Arrival

The CCRA rules that currently govern the timing for submission of a release request are extremely complicated to administer given the current environment. On top of that, the monetary penalties associated with AMPS for submitting at the wrong time are strict (minimum \$1000.00 fine) for what could be just a clerical error. Without going into detail, these rules are causing delays in many clearances. Mostly in the Air, Ocean and Rail modes. Probably the most common scenario is Less-than-Container Load (LCL) shipments and Full Container Loads (FCL) that move inland. In previous times it was common for importers to expect that their shipments would be Customs cleared before they arrived at the warehouse or terminal. Now

many of these shipments cannot be cleared until the cargo is actually on the warehouse floor or arrived at the rail terminal. These are not new rules; just rules that have been 'clarified' and that now have monetary penalties for non-compliance. What we hope and encourage is for warehouses and other cargo terminals to improved their systems to enable them to electronically report arrival of cargo to Customs. Some warehouses are PARNs (pre-arrival notification system) enabled but most are not. This allows the Customs Broker to report the commercial data to Customs pre-arrival resulting in a smoother flow of cargo to the ultimate consignee.

## Duty Deferral and the Export Distribution Program

Duty Deferral

<http://www.ccradrc.gc.ca/customs/business/importing/dutydeferral-e.html>

Export Distribution Center Program

<http://www.ccradrc.gc.ca/E/pub/gm/b-088/README.html>

Please do not hesitate to contact us if you need more information.

For those importers that have significant exports, there are several programs available to reduce their up-front payment of duties and/or GST. For more information, please check out the following links:

*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, Gordon King, Bernie Lahmann, Serena Chan, Kelly Mills, Ben Vandenberghe.*

Suite 802 - 535 Thurlow Street, Vancouver, BC V6E 3L2  
T: 604.684.7505 F: 604.683.7004 W: [www.courtney.ca](http://www.courtney.ca) E: [info@courtney.ca](mailto:info@courtney.ca)

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