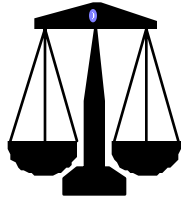


Trade Matters

A Newsletter on Customs & International Trade

No. 5 April 1999

Proposed Customs Penalties (AMPS)



Revenue Canada is in the process of formulating the Administrative Monetary Penalty System (AMPS). This will establish civil monetary penalties for contraventions of Customs legislation that correspond to the relative gravity of the violation. This program will make a distinction between non-compliant behavior and criminal activity. There will be penalties for Customs Brokers and Importers for everything from miss classification of goods even when there is no change of duty owing to undervaluation of goods and many other penalties.

Previously, Canada Customs relied on Forfeiture of goods as their primary method of enforcement of their rules and regulations. This means that your goods can be seized for the smallest infraction. As trade volume increases, more and more infractions are caused by human error. Customs has recognized that they should no longer seize goods for small errors and yet have recognized a greater need to enforce their rules and regulations in a manner that is fair and equitable and to ensure among other things that information contained in entry documents is accurate.

AMPS is expected to be implemented in late 1999 or early 2000. We will be providing further information including the outlined violations and dollar amounts in future memos and newsletters.

Transpacific Marine Import

1998 has been a year of unpredictability and tremendous freight cost increases for importers sourcing commodities from Asian

countries and 1999 will see further increases in these freight rates.

This situation continues due to an ever-increasing trade imbalance between

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North America and Asia, which is caused

primarily by the devaluation of Asian currencies. Container ship's are at 100% capacity on eastbound voyages and only 40% capacity on their return voyages. This trade imbalance is very costly for shipping lines. Carriers must reposition large volumes of empty containers to Asia, at a cost of \$500.00 to \$800.00 per container. Rates increases will be even larger for import shipments moving inland intact for this same reason. Major Rate increases announced so far for 1999:

Canada: \$750.00 per 20' container; \$1000.00 per 40' effective April 1, 1999.

U.S.A.: \$675.00 per 20' container; \$900.00 per 40' effective May 1, 1999.

Peak Season Surcharge: \$225.00 per 20'; \$300.00 per 40' from June 1st to November 30th for U.S.A. and Canada.

2ITN (PARS) BAR CODES

Many Importers, Exporters and carriers use the Pre-Arrival Review System (PARS) to facilitate the customs clearance of northbound cross-border truckload shipments. Until recently Canada Customs has printed and provided bar codes beginning with '2ITN' to the carriers or exporters using this system.

Beginning in January 1999, Customs discontinued printing and distributing these bar codes. They will continue to accept 2ITN bar codes during a period of administrative tolerance to allow carriers to adjust. At a yet to be determined date in 1999, Customs will start to disallow the use of 2ITN bar codes.

In order to assist Revenue Canada's Contraband Targeting in their efforts to expand their targeting capabilities to include highway traffic, they are requiring all 'regular' carriers register with Customs and arrange to print their own bar codes. Customs offices throughout Canada will be providing information to assist carriers with the change throughout 1999.

Carriers should contact the Release Policy Section of Revenue Canada at (613) 952-1074 for application forms.

At the date of this letter, Customs is reporting that registration is going smoothly and they are still accepting the old bar codes.

Solid Wood Packing and Dunnage Inspection Program

Due to the interception of the **Asian Long-Horned Beetle** entering Canada, as of January 4th, 1999, all shipments from China including the Hong Kong Administrative Region (HKSAR) with pallets, crating, dunnage or other packaging materials made from non-manufactured wood products must be treated in an approved manner and accompanied by a **Phytosanitary Certificate**.

All **other** shipments from China and Hong Kong will require the following statement on the bill of lading and the ship's manifest:

"This shipment, including its container, does not contain any non-manufactured wooden material, dunnage, bracing material, pallets, crating or other non-manufactured wooden packing material"

Furthermore, in order to combat this threat, the Canadian Food Inspection Agency (CFIA) has instituted an **examination program** for Ocean shipments. This program will run very similar to the drug interdiction program administered by Customs. Shipments will be brought to an off-dock location for examination. When the examination is completed the importer/broker will be responsible for paying the costs associated. The costs associated with these exams should be about one-half the cost of a drug interdiction examination.

Please educate all your suppliers and agents overseas accordingly to minimize delays and costs for you at time of import. All possible efforts are being made to educate all overseas government departments and trading groups involved. For specifics relating to your circumstances, please do not hesitate to call us for further details.

As of March 26th, CFIA reports that 95% of shipments are complying with documentation requirements but 10% of examined shipments have been ordered treated for presence or signs of living pests.

Interesting Web Sites

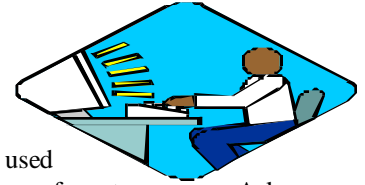
www.dfait-maeci.gc.ca - Department of Foreign Affairs and International Trade - The import

export portion of this site give you valuable information on goods controlled by this department.

www.tc.gc.ca - This web site has a list of automobiles that are admissible into Canada.

What's happening @ Courtney

See us at the **Lordco Auto Parts Tradeshow '99**. We are the exclusive Customs Broker for the show. Over 15000 people attend this show over 2 days.



Software Solutions

We have many of the frequently used **Customs forms** in MS Word forms format. Ask us for more details.

We are now **on-line** with the **Canadian Food Inspection Agency**. This allows us to electronically clear many shipments controlled by this government department at any port in Canada. This gives those customers better service and allows those customers to take advantage of other services available in an electronic environment.

Our Operations Software has been certified **Y2K compliant** by Revenue Canada.

Internet Addresses

Our new Web Page address is: www.courtney.bc.ca. A new and improved Web page is under construction.

Our new email address: info@courtney.bc.ca

If you have an E-Mail address, we would like to know:

Name: _____

Company: _____

E-Mail address: _____

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.

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