

# TradeMatters

A Newsletter on Customs & International Trade

No. 12 March 2005

## New Canada Customs Export Procedures

The Canada Border Services Agency will fully implement the new Exported Goods Regulations effective May 16, 2005. AMPS penalties will apply to exports that have not been reported within the required time frames. The time frames are listed below and apply to most goods (except export to the U.S.A.)

- Marine mode - 48 hours in advance of goods being loaded on a ship
- Air and rail - 2 hours in advance of the goods being loaded on a plane or 2 hours before the railcar on which the goods have been

loaded is assembled to form part of a train to be exported

- Postal - 2 hours before the goods are mailed
- Highway - immediately prior to export

Exporters will need to work closely with their service providers (i.e.: Customs Brokers and Forwarders) and their carriers to ensure that these time frames are complied with. Please contact us to see how these rules affect you and to explore the best solution to your situation.

## New US Customs Import Procedures

### What is PAPS?

The Pre-Arrival Processing System (PAPS) is a U.S. Customs (CBP) border cargo release mechanism that utilizes barcode technology to expedite the release of commercial shipments.

Each PAPS shipment requires a unique barcode label, which the carrier attaches to the invoice and the truck manifest while the merchandise is still in Canada. The barcode consists of the U.S. Standard Carrier Alpha Code (SCAC) and Pro-Bill number. This information is then faxed ahead to the Customs broker, who prepares an entry and transmits to Customs. Upon the truck's arrival at the border, the Customs Inspector scans the barcode, which automatically retrieves the entry information. If no examination is required, the Inspector then releases the truck from the primary booth, reducing the carrier's wait time and easing congestion at the U.S. border.

The PAPS system is similar to and appears to be modeled after the Canadian PARS system.

### Exporter's vehicles and PAPS

Effective November 15, 2004, US Customs (CBP) began requiring Advanced Electronic Cargo Information for shipments imported into the US by trucker carriers. This essentially meant that PAPS (see above) became mandatory. This has had many ramifications.

One of the less obvious was the disruptions to those exporters that use their own vehicles to transport their goods across the border. Many of these exporters, who may only cross the border once every couple months in their own vehicles, were now faced with obtaining a SCAC code, bar codes and the onerous prior notice rules. Generally, and as expected, regular commercial carriers were prepared for this. Exporters generally were not and in many cases were faced with delays of up to 2 weeks before they could cross the border.

Making application for PAPS bar codes is a multiple step process.

1. Get your Standard Carrier Alpha Code (SCAC) - contact the National Motor Freight Traffic Association <http://www.nmfta.org/scac2.htm> or phone (703) 838-1868
2. Fax a copy of your acceptance letter with SCAC code to Mr. Charles Bennett, Office of Applications Development, US Customs and Border Protection fax (703) 927-7173
3. Obtain your Bar Codes. Please contact our office to order your bar codes.

Please keep in mind that as a carrier of your own goods, this system is mandatory and making application could take up to a couple weeks.

## Health Canada and "Natural Health Products"

The new Natural Health Products Regulations came into effect January 2004. They cover all health products based on natural

ingredients, including herbs and their extracts, homeopathic medicines, vitamins, minerals, and traditional medicines. The

regulations include licensing requirements to help promote good manufacturing practices. Packaging and labeling rules require any health claims, ingredients, instructions for use and warnings to be

clearly displayed. These regulations apply equally to importers and care must be taken to ensure your products comply.

## Importing Used Vehicles from the U.S.A.

Importing vehicles can be a complex process and full investigation is required to ensure your vehicle is allowed entry and if so, all the costs, possible modifications and documentation requirements are investigated. In addition, US Customs (CBP) has instituted mandatory export reporting for all used self-propelled vehicles.

A fax must be sent to US Customs 72 hours before goods are scheduled to cross into Canada. Failure to do so could result in a \$400.00 USD fine. When the vehicle arrives at the border it must be reported in to US Customs before they cross into Canada - only during regular office hours from Monday to Friday, 8 to 4.

## SIMA Duties and China

As trade with China grows, Canadian manufacturers are facing tough competition from Chinese competitors. One of the results is that many Canadian manufacturers are seeking relief and many are receiving it through the complaint mechanisms of the Special Import Measures Act. The investigations by Canada Customs (CBSA) and the Canadian International Trade Tribunal (CITT) essentially determine if the Canadian import prices are lower than the domestic prices in the countries (i.e.: China) of export; and/or if the industry is subsidized in the country of export and if it is damaging Canadian industry. If so, Canada Customs can impose Anti-dumping duties and/or a subsidy duty. We have recently seen

two very high profile cases with substantial consequences for some of our import clients. CBSA has imposed dumping duties and subsidy duties on Laminate Flooring and Carbon steel fasteners (i.e.: screws). The duties can be very high ranging from 28.8% on Laminate Flooring to 170% on some Fasteners. From an administrative standpoint the application can also be very technical and complicated (i.e.: some fasteners apply and some don't). This is where the skill of a Customs Broker shines. This is where effective communication with our clients and Customs and our technical knowledge come together to make sure that things are done correctly to the best advantage of our clients.

## Whats happening @ Courtney

### Getting your goods from A to Z

We are continually expanding and improving our freight network. Customizing logistics solutions that meets your needs is something that we feel we do better than anyone. Providing a better solution that gets your goods from A to Z, including all the services in between, at a competitive rate is something we pride ourselves on. We would welcome the opportunity to talk to you about your transportation requirements.

### The LORDCO Tradeshow

Once again Courtney Agencies Ltd., has been appointed the official Customs Broker for the LORDCO Tradeshow ([www.lordco.com](http://www.lordco.com)) at the Pacific Coliseum in Vancouver. This is a premier show for the aftermarket automobile industry attended by over 300 manufacturers and suppliers and over 15000 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.

### A significant milestone

We congratulate *Gordon King* on his recent retirement. Gordon has been dedicated to the Courtney cause for over 32 years. Gordon has been our controller, ship's agent and an early foundation for our company. We will certainly miss him.

### We are pleased to welcome a couple new additions to our team:

Laurence Lovett - [accounting@courtney.ca](mailto:accounting@courtney.ca)

Laurence is taking over the Gordon's accounting responsibilities. Laurence has over 40 years experience in Accounting, Customs Brokerage and I.T. We enthusiastically welcome him as a more integral part of our team.

Behzad (Bert) Abedirad - [bert@courtney.ca](mailto:bert@courtney.ca)

With the addition of Bert, we add another Customs specialist to our team. Bert is currently enrolled in the Customs Certified Specialist Program and just completing the first year of the Canadian International Freight Forwarders program. Bert also owned his own Customs Brokerage firm in Tehran, Iran.

*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, Serrena Chan, Sanja Tang.*

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