

Russell A. Farrow Limited Major Mover Behind First Ever Canadian-American Habitat For Humanity Jimmy Carter Work Project

Imagine the logistics of building six homes in a two-week period. That's what faced the Windsor-Essex affiliate of Habitat for Humanity this past summer during a Jimmy Carter Work Project.

Organized by Habitat for Humanity Windsor-Essex, the Windsor Ontario blitz build comprised six semi-detached homes being built between June 11th and 24th, and involved over 700 volunteers. The build culminated in a visit by former President Jimmy Carter on June 23rd. Windsor-Essex was the only Canadian partner for the 2005 project.

Escorted by Rick Farrow (Russell A. Farrow Limited) and David Hughes (President, Habitat for Humanity Canada) former U.S. president Carter and his wife Rosalyn toured the homes with the families and participated in a luncheon with volunteers, community leaders, corporate partners (one of which is Russell A. Farrow Limited) and friends of Habitat for Humanity.

Rick Farrow, President & C.E.O. of Russell A. Farrow Limited serves as President of the Habitat for Humanity Windsor-Essex affiliate, and served on the board of Habitat for Humanity Canada for a number of years. Rick, alongside his brother John Farrow (V.P. Sales & Human Resources), has been involved with Habitat for Humanity for ten years.

A lead role with Habitat for Humanity Windsor-Essex is one example of commitment to the



President & C.E.O. Rick Farrow with Jimmy Carter, as he tours the Jimmy Carter Work Project.



community by Russell A. Farrow Limited as an organization. The Farrow Employee Volunteer program, during which employees are able to donate up to two days paid leave per year toward eligible community service projects, is another. A Jimmy Carter Work Project (JCWP) is the largest annual Habitat for Humanity event that builds simple, decent and affordable homes for families in need. This particular blitz build was comprised of sites in Michigan (Detroit, Benton Harbor) and 50 other locations as well as the Windsor (Canada) site for a total of 238 new homes in two weeks. The 2005 build was the 22nd Annual JCWP.

During the JCWP, Farrow employees from Ontario regional centres and branch offices participated, especially on June 13th, one of the first days of the build, which was "Farrow Day" on the site. Despite extremely hot weather, Farrow managers and employees made a significant contribution to the success of the project – which was completed on time and within budget.

Habitat for Humanity is an independent, non-profit housing program dedicated to the elimination of sub-standard and poverty housing by building homes in partnership with families in need. Founded in 1976, Habitat for Humanity has built more than



200,000 homes in 100 countries around the world. Habitat for Humanity Canada was founded in 1985, and more than 30,000 volunteers have built more than 850 homes to date. There are 67 Canadian affiliates in all 10 provinces and the Yukon and Nunavut Territories, 11 campus chapters and 40 ReStores across Canada.

Since 1994, Habitat for Humanity Windsor-Essex has built 31 houses throughout the Windsor-Essex area.

Habitat for Humanity homeowner candidates are selected on the basis of their need for affordable housing; their ability to repay a Habitat for Humanity no-interest mortgage and carry the normal household expenses associated with home ownership; and their willingness to contribute 500 hours of volunteer labour towards building their home or that of another family.

The blitz build means six Windsor families will realize their dream of home ownership as a result of the first ever Canadian-American Habitat for Humanity Jimmy Carter Work Project. ▲

Shipment Tracking

Our TradeSmartweb® site has been updated to allow shipment tracking for both Canadian (*Carrier PARS/ACROSS Tracking*) and U.S. (*Carrier PAPS Tracking*) shipments.

PARS stands for Pre-Arrival Review System. **ACROSS** stands for Accelerated Commercial Release Operation Support System and **PAPS** stands for Pre-Arrival Processing System.

In both cases, there is a link at the bottom of our home page at www.farrow.com.

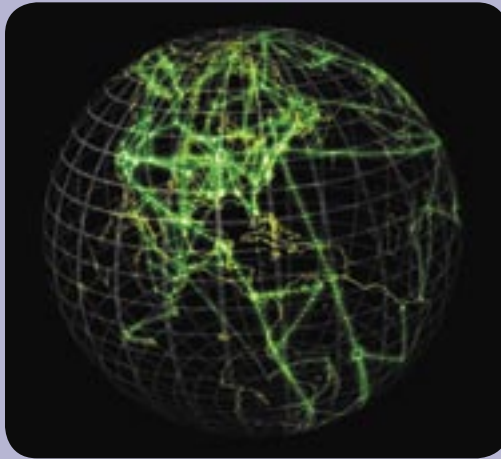
By choosing the PARS/ACROSS button, our clients and carriers will be able to determine the status of Canadian bound shipments. Inputting the cargo control number will generate the following information:

- The date and time the shipment was entered into the Russell A. Farrow system;
- The date and time the shipment information was transmitted to Customs;
- The date and time Customs accepted the shipment information (PARS Accepted);
- The date and time Customs released the shipment, available only after the arrival of the shipment.

Please note that a PARS acceptance does not guarantee the release of the goods, it merely means that the paperwork as received is in order. Customs reserves the right to examine any shipment when it actually reaches the border.

In accordance with Customs Notice N-333, we are now able to submit release requests on PARS shipments up to 30 days in advance. Any requests must be submitted at least one hour in advance for electronic releases and two hours in advance for paper releases.

By choosing the PAPS button, our clients and carriers will be able to determine the status of



U.S. bound shipments. Inputting the PAPS alpha/numeric shipment identifier, i.e.: SCAC (alpha)/ Bill of Lading (numeric), will generate the following information:

- When the documentation was completed;
- The date and time the shipment information was transmitted to Customs;
- The date and time Customs accepted the shipment information (the cargo can arrive in the U.S. one hour from this time);
- The date and time Customs released the shipment, available only after the arrival of the shipment.

In addition, for those shipments subject to Food & Drug Administration control, fields have been added to provide the FDA status and the FDA confirmation numbers.

The minimum filing time for PAPS is one hour in advance for general cargo and two hours in advance for goods subject to the FDA Bio-Terrorism Prior Notice requirements.

In both cases, there is a security alert pop-up that requires a response. ▲

Fee Increase For The Registrar Of Imported Vehicles Program

On November 1, 2005 an increase of fees came into effect for the Registrar of Imported Vehicles Program. Vehicles entering under the RIV program with a form 1 will be assessed a fee of \$224.00 through a port in Quebec, and \$209.00 through a port elsewhere in Canada. Vehicles entering with a form 3 (parts) will be assessed \$81.00 in Quebec and \$75.00 elsewhere in Canada.

Keep in mind that requirements in Canada differ from those in the United States. When purchasing a vehicle it may require modifications prior to being licensed.

For additional information regarding imported vehicles in Canada, please visit the Registrar of Imported Vehicles web site: www.riv.ca ▲



Canadian Clothes To Go Down In Price?

The CITT (Canadian International Trade Tribunal) recommended to the Minister of Finance that duty relief be implemented on certain textile inputs that are considered to be unavailable from within Canada.

The review that the CITT undertook involved 591 different tariff items and more than half of them have been recommended for relief. The Order-in-Council (PC2005-2115) was announced December 1, 2005 and the relief is retroactive to January 1, 2005. It will probably be 2006 before the proposed tariff changes will be in place and refund claims able to be filed.

Our Toronto office is already reviewing those clients who may be impacted by this information. Once we have all the details, we will be contacting the potentially affected clients to confirm that their imports qualify. ▲

CUSTOMS AUTOMATED INFORMATION SERVICE UNDERGOES A NAME CHANGE

Canada Border Services Agency recently announced that the **Automated Customs Information Service (ACIS)** has been renamed to **Border Information Service (BIS)**. This computerized, bilingual service is available 24 hours a day and addresses general information. Weekdays during regular business hours, agents are available to callers if more specific information is required.

In Canada, BIS is available by phoning **800-461-9999**, outside Canada, BIS is available by phoning **204-983-3500** or **506-636-5064** (long distance charges apply).

Alternatively, BIS can be accessed online at: www.cbsa-asfc.gc.ca/eservices/bis/bis-e.html. ▲

CAN-TRADE

International Trade Canada has announced the launch of CAN-Trade. This five-year, \$470 million initiative is designed to assist small to medium size businesses in International Trade with a focus on emerging markets especially China and India.

The action plan consists of four key points:

- 1. Communicating the Challenge** – ensuring businesses understand the risks and opportunities of international trade while having access to government departments to address those issues.
- 2. Showcasing Canada to the World** – raising Canada's profile in the global market.
- 3. Securing International Markets** – allowing businesses to engage in open, predictable and secure markets through avenues such as trade agreements, long term investments, defense of negotiated agreements, responding to or forestalling protectionism.
- 4. Winning in the Global Marketplace** – supporting business in a currently complex trade environment through funding of risk management and increasing the presence of the Trade Commissioner Service.

For more information on CAN-Trade visit: <http://www.dfait-maeci.gc.ca/tna-nac/why/mint-message-en.asp>. ▲

GOVERNMENT INNOVATION

While of limited impact, it is interesting to note that Canada Customs has introduced a program that allows reporting to Customs by telephone, when arriving in Canada by private boat at a location which is non-commercial.

Clearly, Customs is making every effort to encourage travellers to be compliant. The regulations involved are outlined in D-Memorandum D2-5-12, which can be viewed at the Canada Border Services web site at <http://www.cbsa.gc.ca>.

We often think that government agencies and departments take a long time to respond to various needs but in fact, the Canada Border Services Agency was recently awarded five gold medals at GTEC Week 2005. This Government

Technology Exhibition originated in 1993 and recognizes leadership, innovation and excellence in information technology.

The awards were given in the following categories:

- **Innovative Service Delivery to Citizens and Businesses** – for the NEXUS Highway program;
- **Implementing Medium to Large IT Projects** – for the TITAN project;
- **Career Achievement for Leadership in E-Government** – for Albert Malo, Director General, IT Strategy;
- **Supporting IM/IT Operations** – for Innovative Shared Services-From Theory to Reality;
- **Enabling E-Government in Canada** – for Government On-Line (GOL) Initiative.

The award winners are selected by a Judging Committee consisting of over 35 members of SCOAP (Society of Collaborative Opportunities and Advancement of Professionals). This non-profit association is a division of the Canadian Advanced Technology Alliance.

For additional information regarding these Distinction Awards, please visit the GTEC Week web site at:

<http://gtecweek.com/ottawa2005/english> ▲



FREIGHT AND INSURANCE DEDUCTIONS FROM THE PRICE PAID OR PAYABLE

Section 48(5) of the Customs Act imposes an obligation on the importer to adjust the value for duty by deducting transportation costs incurred from the place of direct shipment to Canada. These costs are outlined in section 48(5)(b). However, this deduction is subject to the importer's ability to substantiate the actual costs.

As shown in the example in Customs Notice N-585, if an importer can not provide documentation to support a freight amount supplied by a vendor, then the deduction does not have to be made. By the same token, if in response to a request by Customs to provide

proof of deductions claimed an importer is unable to supply it, then a self correction would be in order to increase the value by the amount of the declared transportation costs.

Importers are not required to file adjustments that result in a refund of duty. Therefore, if an importer received an actual freight bill from the vendor and it was more than was originally deducted, provided duty was paid on the goods, an adjustment is not required under Customs Act Section 32.2. However, if the goods were duty free then the adjustment is considered to be a non-revenue adjustment and as such the importer is obligated to amend the entry. ▲



SARBANES-OXLEY ACT

What does it mean to Canadian business?

The Sarbanes-Oxley Act (SOX) became law on July 30, 2002. The requirements of SOX continue to impact business today as the full potential of the Act is identified. It was created following the well-publicized series of U.S. corporate financial scandals (e.g. Enron; Tyco; Worldcom). It is designed to protect investors by improving the accuracy and reliability of corporate disclosures. SOX represents the most significant change to U.S. federal securities laws in over 60 years and incorporates criminal and civil penalties for securities violations. Included are provisions for longer jail sentences and larger fines against executives who are held responsible for issuing false financial reports.

SOX also established a public company accounting oversight board. Rules provide for the independence of auditors and feature bans and/or controls on certain services (eg: Consulting) previously performed by auditors. Requirements for corporate responsibility and financial disclosure have been enhanced.

As a result of SOX, financial reports must now be certified by Executive and Financial Officers. Personal loans to Officers and Directors are prohibited; accelerated reporting of so-called "insider trading" is required; and a ban on insider trades during pension fund blackout periods was also included. CEO and CFO compensation and profits must be publicly reported.

Since SOX is U.S. legislation you may well ask what it means to business in Canada. Any company or organization, registered with the U.S. Securities & Exchange Commission, including subsidiary companies or organizations, are also required to comply with SOX, regardless of their location. This obviously includes such companies and organizations located within Canada.

This article is not in any way a complete analysis of SOX. It is included to draw your attention to a topic that may require your attention and action. With the forgoing information in mind, we recommend that our clients consult with their legal representative to make sure they are compliant with these newer provisions of United States law. ▲

Russell A. Farrow Limited Announces Winners of Huntley James Farrow Scholarship



Five children of Farrow employees received Huntley James Farrow Scholarship awards for the 2005/06 scholastic year. The scholarship is named for Huntley James Farrow, son of founder Russell Alexander Farrow. Huntley recognized early on in his business, and political career; that post secondary education for family and employees, was the surest way of ensuring a prosperous and productive future. Huntley also recognized that post-secondary education benefits the community as a whole. In support of this, the HJF Scholarship Program was inaugurated, and is awarded annually. Since its inception just three years ago, fifteen students have received the HJF Scholarship award. ▲

UPDATE ON WOOD PACKAGING MATERIALS

Further to our last article on wood packaging in the Spring 2004 issue of the Customs Reporter, on February 1, 2006 enforcement of the international phytosanitary standard (ISPM #15) for regulated wood packaging material, including dunnage, pallets or crating will be initiated.

The regulated wood must be either heat-treated to a minimum core temperature of 56° C for at least 30 minutes or by fumigation with methyl bromide according to the following chart (Canada):

Temperature	Dosage Rate g/m3	Minimum Concentration (g/m3)			
		0.5 Hours	2 Hours	4 Hours	16 Hours
21°C or above	48	36	24	17	14
16°C or above	56	42	28	20	17
11°C or above	64	48	42	22	19

The treated wood must then be permanently marked in accordance with the IPPC (International Plant Protection Convention) protocols.

As a general rule, wood packaging material from manufactured products is exempt but additional information may be obtained at the following web sites:

Canada – <http://www.inspection.gc.ca/english/plaveg/protect/dir/d-98-08e.shtml#4.1>

U.S. – http://www.cbp.gov/xp/cgov/import/commercial_enforcement/wpm ▲

REMINDERS

NAFTA Renewals

If you haven't already renewed your NAFTA certificate for 2006, please do so. Clients who have not requested NAFTA service options 3 or 4 are required to contact their suppliers to obtain NAFTA certificates, which should then be faxed to the Russell A. Farrow Limited NAFTA desk, at 1-416- 622-9775. ▲

Farrow Seminars

Each Spring and Fall, Russell A. Farrow Limited provides seminars aimed at keeping clients up to date on issues facing the import/export community. Visit www.farrow.com/seminars for information regarding upcoming seminars in your community. ▲

AYR REGIONAL CENTRE RE-ENGINEERING

On October 3rd, the Ayr Regional Centre switched to a team based environment, building on similar processes currently employed in the Windsor and Edmonton regional centres.

This change is one of the first steps towards ensuring our longer term goal of encompassing a single set of operating processes at all the regional centres.

It is anticipated that the team environment will encourage increased cooperation and communication among our employees thereby allowing each of the teams to become more familiar with, and therefore better able to serve our clients. ▲



Large Rivals Merge – Impact On Clients Unknown

All of us, importers and brokers alike, have had to respond to a sea of change in technology and regulation as it affects the import of goods and services into Canada. In the customs brokerage industry in particular, the acquisition of smaller brokers by conglomerates has rivaled that of other industries. The most recent manifestation of this shifting landscape is the acquisition of PBB Global Logistics by Livingston International.

Shifting Landscape

On the 19th of October 2005, Livingston International announced an offer to acquire all outstanding trust units of PBB Global Logistics, and a formal offer was filed on the 21st. Initially skeptical, the Board of Directors for PBB Global Logistics Income Fund retained financial advisors, and sought to thwart the plan.

Ultimately the two sides agreed on an enhanced offer, and the Board of Directors for both Livingston and PBB recommended acceptance of a negotiated settlement on the 21st of December. The merger was confirmed by unitholders of each income trust fund, and Livingston International completed the acquisition on the 11th of January.

Now that this merger is completed, the two largest Canadian brokers have become a single entity.

RAFL Remains Committed to an Independent Future

By contrast, Russell A. Farrow Limited remains committed to our proven course of action,

which is to grow organically, and strategically, in response to the needs and plans of our clients. This growth, averaging 20% per year for the last three, directly corresponds to the growing volume of imports we clear on behalf of our customers. Furthermore, we plan to celebrate 100 years of continuous service a few short years from now in 2011, with the continued personal involvement of ownership in day-to-day operations.

Our Competitive Edge: Personalized Service

Customs brokerage remains our forte. As an industry leader among brokerage firms, Russell A. Farrow Limited is among the top five largest in Canada and the largest independent and privately held – which means we're not beholden to banks, trust funds, or conglomerates. Our clients have access to ownership on a day-to-day basis. Fundamentally, we're large enough to provide leading edge services and are still caring enough to know our clients intimately and able to customize our offerings for them.

Hand in hand with this personalized service is the extensive knowledge and expertise of our employees. Our staff has an average tenure of 14 years. Over 40% of our staff has recognized industry designations. In short, the continuity of our staff and client relationships is a significant part of our success.

Anticipating the Needs of Importers!

From time to time, it's necessary to take bold action. To this end, we continue to look for acquisitions

which compliment our current infrastructures, and at the same time invest in technology. These are the type of investments which have produced innovations like our web based track & trace software (TradeSmart Web), CSA software, and our TradeMaster import/export software.

One-Stop Shopping

Many of our clients make use of one or more of our services, which include:

- Canadian Brokerage
- U.S. Brokerage
- Consulting
- Freight Forwarding
- International Parcel Logistics
- Software Solutions

Personalized Service and Industry Knowledge

While change is a constant in our industry, what won't change is our commitment to service excellence and our vision of becoming the professional service firm of choice dedicated to the facilitation of international trade. ▲

Canadian Publication
Agreement Number
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GRACE PERIOD EXPIRED

The grace period regarding the implementation of the new Reporting of Exported Goods Regulations has been eliminated. The regulations are available at the Canada Gazette web site at: www.canadagazette.gc.ca or at the Canada Border Services web site at: www.cbsa.gc.ca.

Exporters should note that their new reporting times are not the same as those for carriers. In addition, only the following documents are acceptable for reporting purposes:

- B13A – 04 version;
- CAED (Canadian Automated Export Declaration)– version 5; or
- G7EDI (G7 Electronic Data Interchange) – version with updated data elements. ▲

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reporter

CUSTOMS

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This publication is not intended to provide legal or other professional advice. Readers are asked to contact their local RAF office for advice specific to their needs.



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