

New Procedures at Ambassador Bridge

One of the busiest, if not the busiest, in Ontario. Effect of this policy applies only to Ambassador Bridge.

Unless one of the following exceptions apply, all commercial shipments must be accepted in Canada Border Services Agency's computer system prior to any truck drivers crossing the Ambassador Bridge. If they do not have a Pre-arrival Sheet, they will be returned.

The following types of shipments are exempted from this requirement:

- Other Government Department (OGD) Requirements – including the type or reason
- Shortages
- Temporary Imports e.g. E29B/CARNET
- B3s (Cash or B10-warehouse)
- Specified Courier Shipments
- Live Animals other than race horses
- Used Agricultural Equipment
- Used Tires
- Used Construction Equipment
- B4 Household Goods entering via commercial carrier

So what does this mean for you? It may mean delays, or it may mean that information must be entered into our system.

It is straightforward if a shipment consists of a one line invoice but that is a rarity. Also anytime there is a problem with the paperwork e.g. complete descriptions missing, no piece count or weights, no countries of origin, it may mean a further delay. Please encourage your vendors to complete their invoices correctly. Documentation requirements for commercial shipments are outlined in D1-4-1 which is available on Customs web site at: <http://www.cbsa-asfc.gc.ca/E/pub/cm/d1-4-1/d1-4-1-e.pdf> or feel free to contact your local Russell A. Farrow office. ▲

Vancouver Ports Merger in Progress and Other Developments

The port authorities of Vancouver, Fraser River and North Fraser are in the process of amalgamating their resources.

In an effort to address the continued growth of the Pacific Rim, the three ports are looking to streamline their operations. The immediate advantage is that the Port of Vancouver has financial resources but not enough space for any expansion and the Port of Fraser River has room but insufficient business opportunities and finances to support its growth.

With competition from Seattle, San Francisco and Los Angeles; it is vital for the continued success of the ports to find innovative ways of handling the increased business especially with the continued use of ultra large container vessels. In addition, the merger is possible without any amendments required to the Canada Marine Act.

The completion of the merger is expected to take place this year.

On a related topic, the Port of Vancouver is looking to expand Deltaport on Roberts Bank. The proposed Terminal 2 is intended

to be completely independent of the Deltaport Container Terminal. The Port is currently looking for a partner in the project.

As part of Canada's Asia-Pacific Gateway and Corridor Initiative, Canada and British Columbia are funding the construction of a new bridge across the Pitt River and a new interchange at the Lougheed Highway and Mary Hill Bypass.

The design of the seven lane bridge reduces the number of piers supporting the two existing swing bridges that it will replace. ▲



Special Import Measures Act (SIMA) - Invoice Descriptions

There are a number of current SIMA cases in various stages of the process and one aspect common to at least two of these cases is, in our experience, heavily impacted by inadequate, ambiguous and incomplete invoice descriptions.

It is important in the SIMA process to be able to clearly identify subject versus not subject goods. To illustrate this point, we see many invoices with the simple description - "Screws". That description is totally inadequate and requires further investigation. In many cases, we need to interrupt the release process and make time consuming and often invasive calls to fill in the blanks. The first question we need to ask is, "What material are the screws made from?". The answer to that question may lead to additional questions.

Description requirements vary depending on the product in issue. One case currently involves certain Solder Joint Pressure Pipe Fittings but invoice descriptions commonly do not identify whether fittings are solder joint type or not. In this example, additional information required includes:

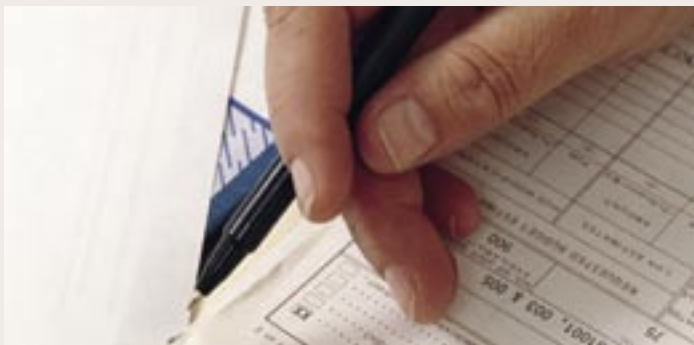
- Type of Fitting (45 Elbow; Tee; Adapter, etc.);
- Dimensions (1/2", 3/4" X 1/2", 1/2" X 3/4" X 1/2" etc.);
- Composition (Cast, Wrought etc.);
- Ends (C, M, F, Ftg, etc.);
- Distributor or Manufacturer Model No.

Following are quotes extracted from two recent letters issued by the CBSA (Canada Border Services Agency) that clearly speak to this topic:

" Failure to provide a proper description of the goods may result in an incorrect assessment of anti-dumping duty. Please note that failure to provide this information may also result in the application of penalties to the importer, pursuant to the Administrative Monetary Penalty System (AMPS). "

" You must properly describe the imported goods for Customs and SIMA purposes regardless of whether the documentation is provided as paper or electronically (e.g. through the use of ACROSS). Failure to provide this information may result in an incorrect assessment of anti-dumping and countervailing duties and the application of penalties pursuant to the Administrative Monetary Penalty System (AMPS). "

As you can see, information requirements, particularly those relating to invoice descriptions, can be quite different when a product becomes subject to or might be included in a class of goods subject to SIMA. The specifics may vary depending on the product but it is essential that all the information requirements are identified and followed to eliminate the potential for incorrect SIMA assessment, failure to account for SIMA, and/or penalties under AMPS. ▲



Ayr Facility Expansion

In response to continued growth from existing Russell A. Farrow Limited clients as well as additional new clients, we are pleased to announce that we will be expanding our Ayr, Ontario facility.

The Ayr facility was opened 15 years ago with a total staff of 40. Today the facility houses 150 employees encompassing Canadian Brokerage Operations, Human Resources, Sales and IT Systems.

The addition includes new office space, storage capacity, increased parking and fleet maintenance spaces as well as reconfiguration of all work stations to provide a more efficient and ergonomic work space for all employees. As part of the expansion we will be relocating our Human Resources department to new offices to facilitate their abilities to service our growing employee base. This in turn will facilitate the expansion of the employee cafeteria space.

The contract for the addition has been awarded to Lohr Builders Ltd, a Kitchener based builder with 50 years experience in custom building projects. Site work is scheduled to commence in late April with completion set for late August this year.

This investment in our Ayr facility supports our ongoing commitment to meet the needs of our clients and our employees today and to facilitate these needs into the future. ▲

Security and Prosperity Partnership of North America Funding

It was announced on January 12, 2007, that Canada will commit \$431.6 million towards border security over a five year time frame.

The bulk of the money - \$396 million - is targeted to the eManifest phase of the Advance Commercial Information (ACI) program. eManifest mandates the pre-arrival transmission of cargo, crew and conveyance information for all modes of transportation. The information will be required from carriers, freight forwarders and importers/customs brokers. It will allow automated risk assessment in advance of the arrival of the goods and will assist in streamlining border processing.

Business Resumption is designated to receive \$24 million which will assist in establishing protocols to deal with emergencies whether natural, caused by terrorism or other insurgencies. The objective will be the safety and security of the public and the continued flow of legitimate travelers and trade.

The balance of the funding \$11.6 million will strengthen the Partners in Protection (PIP) initiative.

The PIP program goal is to enhance security by combating the activities of organized crime, terrorists, other insurgents or smugglers while increasing the awareness of customs compliance issues with private industry and facilitating the processing of shipments and travelers.

Our consulting department has periodically offered seminars on participation in PIP and is willing to present them in house as well. For additional information, please contact Jennifer Deans at 416-622-9327 ext. 216 or by e-mail at jennifer.deans@farrow.com. ▲

Anti-Dumping on Copper Pipe Fittings from U.S.A., Korea and People's Republic of China

The Canada Border Services Agency has made a final determination regarding dumping that is occurring on certain copper pipe fittings originating in or exported from the United States, Korea and the People's Republic of China. The goods consist of solder joint pressure pipe fittings and solder joint drainage, waste and vent pipe fittings made of cast copper alloy, wrought copper alloy or wrought copper for use in heating, plumbing, air conditioning and refrigeration. They include female/male adapters, other adapters, bushings, couplings, elbows, flanges, pressure tees, unions, P-traps, DWV T's, DWV Y's, caps and cleanouts. The tariff classifications involved are:

74.12	Copper tube or pipe fittings (for example, couplings, elbows, sleeves)
7412.10.00	of refilled copper
7412.10.00.11	Pressure type: Wrought
7412.10.00.19	Pressure type: Other
7412.10.00.20	Drainage type
7412.20.00	of copper alloys

7412.20.00.11	Pressure type: Forged
7412.20.00.12	Pressure type: Cast
7412.20.00.19	Pressure type: Other
7412.20.00.20	Drainage type

The original average margin of dumping found was 108% for the United States, 104% for Korea and 226% for China. The subsidy adjustment is currently equal to 17.73 Chinese Renminbi per kilogram. However, on March 12, 2007 the Canada Border Services Agency initiated a re-investigation of the normal values and export prices. The rates of dumping currently in place will be subject to change on July 16, 2007. Where an exporter does not cooperate or does not supply sufficient information the export prices will be advanced by 242%. The amounts of subsidy may be similarly affected.

The goods are dependent on size and whether they are threaded or not. A list of the subject goods is available at the following web site: www.cbsa-asfc.gc.ca/sima/anti-dumping/ad1358-i-pi-e.html. ▲

Canada Border Services Agency's Reassessment Policy

Canada Customs recently issued a new reassessment policy outlining the requirements for corrections to origin, tariff and value when errors have been uncovered. The policy distinguishes between correction that are required as the result of a CBSA post-release verification and similar corrections to errors not found as the result of a post-release verification.

Generally speaking, once an importer has "reason to believe" that an error has been made they must correct entries up to four years after accounting. The term "reason to believe" is found in the Customs Act, Section 32.2 and is defined as occurring "when the importer has specific information regarding the origin, tariff classification, value for duty or diversion of the imported goods that gives the importer reason to believe that a declaration is incorrect." Specific information relative to "reason to believe" is further clarified in D11-6-6 as:

- legislative provisions that are evident and transparent;
- formal assessment documents (e.g. detailed adjustment statements);
- tribunal or court decisions;
- information received from exporters, suppliers, vendors;
- written communications from the CBSA (e.g. National Customs Rulings, Advance Rulings, post-release verification reports etc.);
- final reports from importer-initiated internal audits or reviews or external company audits or reviews; or
- knowledge of diversions to non-qualified end-use or end-users.

However, having said that Customs recognizes that if an importer voluntarily conducts a formal internal audit or review either in house or using a third party service provider, that they are making a real effort to be compliant.

If during the course of the audit it is determined that the importer did have specific knowledge of an error then corrections are required dating back to the date of that knowledge onwards, to a maximum of four years. If the audit discovers errors that were not evident before then, Customs is prepared to allow an importer to correct any importations from the date of the report onwards provided certain conditions are met.

Customs may then conduct a post-release verification audit to confirm the results of the report and the following provisions would apply.

1. Customs finds the importer-initiated report to be correct and:
 - (a) The importer followed the report recommendations – no further corrections required.

- (b) The importer did not follow the report recommendations – corrections required back to the date of the report ("reason to believe") and onwards.

2. Customs finds the importer-initiated report to be incorrect and:

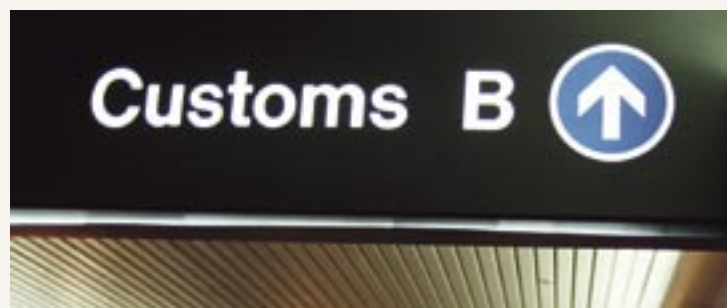
- a) The importer followed the report recommendations – no corrections required but records must be amended on any future importations from the date of the final verification report.
- b) The importer did not follow the report recommendations – corrections required back to the company's most recently completed 12-month fiscal period before the notice of the post-release verification visit until the date of the final verification report and onwards.

Should Customs conduct a post-release verification audit without an importer-initiated report in place, then the following would apply:

1. Customs finds that the importer had specific information regarding incorrect declarations – corrections are required on all imports dating back to the date of the specific information (maximum 4 years) and onwards.
2. Customs finds errors that were not evident to the importer – corrections are required from the date of the most recently completed fiscal period before the date of the notice of the verification visit up to the date of the final verification report and onwards.

To put it bluntly, it is generally less onerous for an importer to correct errors that are found as a result of an audit either initiated by themselves or by Customs.

Complete details may be found in Customs D-memorandum D11-6-10, available on the Internet at <http://www.cbsa-asfc.gc.ca/E/pub/cm/d11-6-10/README.html>, or feel free to contact your nearest Russell A. Farrow Limited Trade Compliance department. ▲



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Russell A. Farrow Limited Update



On The Move

Our RAF US office in Champlain recently moved to new quarters. We are now located in the new Customs and broker building complex at the border crossing in Champlain, New York. The phone (518-298-5545) and fax (518-298-5592) numbers have remained the same however, the new address is: Room 111B Broker Area, 237 West Service Road, Champlain, NY 12919.

And while it hasn't happened yet, our Edmonton, Alberta office will be moving as well. The scheduled date for the move has not been determined yet but we anticipate that our phone and fax numbers will remain the same. We will keep you posted. ▲

Return Undeliverable Canadian Addresses to:
Suite 1450 Scotia Place
10060 Jasper Avenue, Edmonton, AB T5J 3R8



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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