



From My Perspective..

For better or worse, the world of trade and logistics has certainly changed. Customs security initiatives have now taken effect, therefore, ISL felt it was imperative that we bring these "Border Issues" to your attention.

In order to meet the new security and compliance measures, ISL has spent the past two years investing in and testing the technology required. This will ensure that we continue to provide you with logistical solutions that work, ensuring your shipments spend as little time as possible in the Customs process. Our upgrades as well as Governments readiness now enables ISL to fully interact with Customs and other Government Departments in a computerized electronic network.

Customs is moving to a fully electronic pre-clearance/pre-arrival notification system for all modes of transport. Their mandate is to have all shipments cleared at the port of arrival. The days of cargo moving "In-Bond" are quickly coming to a close. ISL is well placed to comply with these new challenges. Please take a moment to carefully read our newsletter and feel free to contact myself should you have specific concerns.

Brian O'Connell, Owner, ISL

Managing Customs issues has become a much more comprehensive, collaborative process, where everyone in the supply chain has to communicate and work together. Customs Brokers are the quarterbacks in the system—ensuring that the right information gets passed to the right people, making sure everyone knows the play in progress. (Courtesy Tom Mountain, Past Chairman, Canadian Society Of Customs Brokers)

Customs & Logistics Today

October 2004

Strategic Perspectives on Trade, Security and Canadian Importer Issues



A.M.P.S. Applied Monetary Penalty System

Thanks to the combined due diligence of ISL and your Customs compliance, we are happy to report that we have had only two instances whereby clients have been penalized by Customs for non-compliance. In both of these cases, it was document error by the foreign based supplier that caused the penalties.

Under the Customs Act, you the importer are deemed responsible for the omissions of others. A good risk reduction practice would be to include a phrase on correspondence to your suppliers stressing their responsibility to you as their customer to ensure all documents for Customs are accurate, true and complete.

ACI, Driver & Carrier Registration

In the Spring of 2005, Customs requires all carriers or importers who utilize their own trucks to;

- Possess their own unique Carrier Code
- Provide Electronic Pre-Arrival information two hours prior to arrival at the border
- Each company driver to be registered and have in their possession the driver registration card

If this information requirement is not complied with, a lengthy manual process will be involved in order to obtain release. In order to avoid costly delay's you may wish to ensure your selection of carriers complies with these regulations. If you use your own fleet, contact ISL who will be pleased to assist you with the registration process.

Advanced Carrier Information, Marine & Air

Canada now requires that all marine cargo containers must be reported to Customs twenty-four hours prior to loading. Only after the shipper receives "OK to load" message from Customs is the container cleared for export.

Customs Targeting & Examinations

On occasion, we receive the message from Customs "Goods Referred For Exam". In a highway or air mode, this usually means a short delay. In the marine environment, this can mean delays of up to seven days and hundreds of dollars in additional charges for trucking, warehousing etc. Here are some tips for documentation to assist border officials in making a better decision;

- Remind shippers to ensure your name is clearly shown on bills of lading and manifests. If not, then Customs will automatically target the cargo.
- Remind suppliers to provide accurate description, value and origin of the goods.

The relationship between international terrorism and trade has resulted in wide-sweeping changes for both trade and travelers with an overwhelming emphasis on security.

Canadian Food Inspection Agency Changes

CFIA, has introduced several changes and has begun strict enforcement of edible products for both animal or human consumption. Additionally, new regulations for wood packing materials apply. Highlights include;

- All food products for human consumption must comply with labeling information, which mandates English & French. There are no exceptions.
- Nutritional "Facts" are prohibited. Nutritional "Information" is permitted in Canada
- Products containing meat are subject to severe restrictions. A full ingredients list is required.

Wood packing materials including pallets, from other than the USA are required to come from approved manufacturers only and labeled accordingly OR a certificate of fumigation endorsed by the origin countries Agriculture department, not the certificate issuer.

Health Canada & Product Safety

Legislation is presently being drafted which will require cosmetics, shampoo's and conditioners to be registered with Health Canada. Nutritional supplements and Natural Health Products will have to be registered with the new Natural Health Drug Identification Numbers.

This legislation will hold all parties in the process jointly and severally liable for non-compliance. Hand held lighters require product safety testing and approval, prior to being imported. BBQ lighters will also require testing and approval early next year.

Industry Canada, Consumer Labeling

Just a quick reminder, all goods entering Canada must be labeled to clearly indicate country of origin. Clothing, personal use products, edible products require more detailed labeling information. Please contact ISL should you have any questions.

Customs Partners In Protection Program

In the spring of this year, ISL was approved by the Customs Border Services Agency as a Partner In Protection. This means that our operations and staff have met all the security requirements to receive this designation. Many have applied for this designation, only a few are chosen.

"As a Partner In Protection ISL is Contributing to safer homes, safer streets"

NAFTA Certificate's Of Origin

With 2005 approaching, please remind suppliers to provide these certificates to ISL so we may continue to apply NAFTA status for your products imported. If no certificate is provided, we will contact you for instructions. Should you instruct us to obtain the certificate for you, we can do that! (nominal charge may apply)

Used Vehicles Exported From U.S.A.

With the high Canadian dollar, we are seeing more imports of used automobiles, rolling stock equipment and RV trailers. U.S. Customs requires that the exporter or exporting carrier file proper notice with US Customs not less than 72 hours prior to export.

This applies to any used self propelled vehicle, including heavy equipment

We strongly recommend that your supplier be reminded of their Government regulations which they must comply with. In accordance with a joint Canada / US Customs memorandum, Canada will deny entry to any vehicle not properly exported and US Customs a) will immediately seize the vehicle b) levy a fine up to US\$500, prior to release of the vehicle. Shipments destined for Western Canada may only be presented at US Customs, Vehicle Export Team, Blaine Washington. Monday to Friday 8am to 3:30pm.

Import Clothing Quota's & Permits

As of January 2005, all previous quota's and restriction on the import of clothing and textiles will be removed. Traditionally, clothing from many parts of Asia and the Far East have been subject to restrictions and export licenses. This will no longer apply. Foreign Affairs Canada will continue to require the application of normal import permits and will monitor any major increases in the levels of imports. A permit to import is not required for shipments containing less than 14 items or under Five Hundred Canadian dollars in value, regardless of origin.

The privacy policy of ISL is

Unless compelled by Federal, Provincial or Municipal Legislation and this demand is provided to ISL in the proper manner, we do not disclose any information to any entity concerning our clients. All information respecting the client is stored in a safe and secure manner with internal back up. We do not store any information with third party providers. Further, we require our sub-agents to comply with our policy concerning all business they transact on our behalf.

Personal Information & Electronic Documents Act

This is new Federal/Provincial Legislation that covers information that companies must comply with regarding their privacy policy and disclosure of information stored about clients, either corporate or individual. While many firms have developed lengthy policies, ours is simple and straightforward.

ISL Customs Brokers, Who are we?

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At ISL, we provide solutions...not excuses

Our Description of Fees & Services Defined

Customs Clearance Fees:

The basic service of receiving documents from a carrier or exporter, reviewing the documents for trade compliance and presenting the documents either in hard copy or electronic format. These fees are generally established on a sliding scale according to shipment value and classification/invoice complexity. However in some cases fees may be "capped", flat rates, and monthly retainers or otherwise mutually agreed upon for high volume importers.

Duty Disbursement Fee:

This is levied by the Customs Broker to cover the cost of financing the clients' liability to Government for outstanding amounts owing. As goods are released, the broker is automatically liable for payment to Customs whether the client pays the broker or not. This fee can be reduced or eliminated by the client placing the broker in funds, facilitating automatic payment by credit card or establishing direct GST settlement with Government.

Communications Fee:

The cost levied for phone, fax and electronic format charges in communicating with suppliers, clients, carriers, Customs or other third parties.

R.M.D./ Non-EDI (Release on minimum documents): This is a extra charge levied in some cases whereby Customs rejects the electronic package or where beyond the brokers control, a carrier does not provide the broker with documents in advance or arrives un-announced at a border crossing.

Obtain N.A.F.T.A.:

When goods that are manufactured in the USA and qualify for preferential rates of duty, but not accompanied by the required certificate. The broker will produce the certificate, contact the exporter and have the certificate processed, so that the preferential rate of duty can be applied. (ISL Customs Brokers will verify with the client before proceeding this extra service).

After Hours Release:

When ISL is not pre-advised by the carrier, exporter or importer and the transport firm arrives at a border crossing with the driver waiting, a member of our staff is contacted at home by Customs to receive instructions on what action is to be taken. This is also the case when documents presented by the carrier lack the required information to process the release. ISL fees are less than the costs associated with making the driver wait, checking the goods into the carriers warehouse or moving "in bond" to their destination.

Permits:

In the event that import or export permits are required for a shipment, ISL Customs Brokers is an authorized Department of Foreign Affairs permit issuer. The user fees levied by the Department are included in this fee.

Vehicle Form 1:

Transport Canada requires the declaration of compliance form be accurately completed and presented at the time of import for any vehicle, truck, trailer or off-road vehicle. ISL charges a fee for completion of this requirement. Should Transport Canada ever reach the capability to receive this information electronically, we would no longer charge for this service.

Freight/O.B.L.:

In cases of ocean or air shipments, the Customs Broker if requested by the client, will remit the amounts owing to the freight carrier, surrender required bills of lading, advice notices and manages the process for the client.

Pay Freight:

When requested by the client to advance funds to transport carriers, where ISL is not provided funds in advance or guaranteed payment by credit card, this finance charge is applied to cover the anticipated cost of financing the transaction.

Canada Food Inspection Agency (CFIA): For shipments under the jurisdiction of the Canadian Food Inspection Agency, a user fee is levied. Our fees charged for interacting with these classes of shipments include the user fees billed to our account by CFIA.