Forwarders, Carriers
What CBSA Wants You To Know

What Canada Customs (CBSA) wants of freight forwarders and carriers in the e-manifest program, mandatory for air and marine modes now but with enforcement coming in the fall for highway and rail modes, is pretty much known in the industry but bears repeating. CBSA has just repeated it.

As everyone knows or should know, the so-called “informed compliance period” is in effect presently for highway carriers, after long months of e-manifest being available to them for electronic reporting of cargo and conveyance data in advance of arrival at a border crossing point before entry into Canada. That means that carriers can choose to report this way, electronically and in advance according to the data elements required, and if they get anything wrong they get only a touch on the wrist and advice as to how to do better. Come the fall, the regulation will finally be in place, and enforced.

Housebill Data
On June 9

On June 9, as we have reported in The Bar-Code Border, the CBSA will have electronic systems available for freight forwarders in all modes of transportation to use to transmit house bill data to Customs.

Once again, there will be a voluntary compliance period, until regulations come into force in July, 2014. So forwarders have a year and a bit to prepare themselves and their clients. Until transmission of advance house bill data becomes mandatory, in the air and marine modes electronic supplemental reports will continue to be required but using an EDI (Electronic Data Interchange) method.

CBSA writes on its website that once transmission of advance electronic house bill data becomes mandatory, “freight forwarders, in the air and marine modes, will be required to transmit supplementary cargo data for consolidated Freight Remaining On Board (FROB) only.”

Single Vs Consolidated
How To Report Them

The CBSA has put out new/old information as well that tells the trade community what it says single shipments and consolidated shipments are for CBSA purposes.

For either single or consolidated shipments, of course, pre-arrival reporting is required.

For a single shipment, the CBSA wants to know from carriers: shipper name and address, consignee name and address; detailed description of goods; weight and number of pieces. “A single bill of lading represents one shipment, but may incorporate information from multiple invoices and therefore may contain multiple descriptions,” the CBSA says. “However, a bill of lading will have only one shipper and one consignee.”

A consolidated shipment is defined by CBSA as a number of separate shipments “grouped together by a consolidator or freight forwarder and shipped to an agent or freight forwarder as one shipment, under one bill of lading, and reported to Customs on one cargo control document (one shipper and one consignee).”

Carriers will provide the cargo details as they appear on their through bill of lading or ocean bill of lading: shipper name and address (foreign freight forwarder or consolidator name and address); consignee name and address (Canadian freight forwarder or consolidator name and address); general description of goods; weight and pieces.

(continued on next page)
Forwarders, Carriers (continued)

In The End, AMPS

Once e-manifest requirements become mandatory, there can be monetary fines for non-compliance under the Administrative Monetary Penalty System (AMPS). The CBSA says it may issue penalties for: “providing information that is incomplete, inaccurate or untrue; failing to send the prescribed information within the prescribed time or in the prescribed manner; failing to notify the CBSA that the data has changed.”

More Huff? Or A Little Puff? What Will Canada/Mexico Do About COOL?

Huffing and puffing won’t cut it. Canadian and Mexican shippers await their countries doing something real --- it’s called retaliation and is open to them --- to bring the U.S. Department of Agriculture into respect for a COOL rule by the World Trade Organization.

As The Bar-Code Border reported on March 18 (Page 5: That’s One Way To Fix COOL), the USDA chose a novel way to respond to a WTO ruling that it stop discriminating against Canadian and Mexican cattle and hog producers with its COOL (Country Of Origin Labelling) program. It revised the program, making it yet more onerous but extending it to American meatpackers and retailers as well. If we discriminate against our own Americans as well as against Canadians and Mexicans, then it isn’t discrimination any longer, was the apparent reasoning.

Huffing and Puffing Fails To Bring COOL House Down

Oh, we huffed! Canada’s Gerry Ritz, federal Agriculture Minister, said the proposed changes would actually increase the discrimination against exports of cattle and hogs from Canada. He added: “Our government will consider all options, including retaliatory measures, should the U.S. not achieve compliance by May 23, 2013, as mandated by the WTO.”

May 23 came and went. It was the date the WTO gave, by which the U.S. had to conform to the international body’s decision or be open to retaliation from the complainants, Canada and Mexico, in amounts equivalent to the losses claimed because of the COOL regulations. What the USDA did on May 23 was to make official and unchanged its hitherto proposed revisions to COOL, which had raised such private and government Canadian and Mexican anger.

With the passing of the deadline for the USDA, Canada was entitled to impose about $1 billion in retaliatory tariffs on American imports into Canada. Canada’s federal Minister of International Trade, Ed Fast, and Agriculture Minister Ritz, said “Canada is extremely disappointed,” but that was about all. Canada would consider all its options, including retaliation, but, more likely, a return to the WTO.

(continued on page 4)
Air Freight: No Growth
Rally Stalled But Perhaps Demand Has Stabilized

For 18 months now, there has been basically no growth in air freight markets globally. Maybe the situation is beginning to stabilize, but it is a regional thing. “Growth in emerging markets was strong enough to counterbalance weaknesses in the major aviation regions, but overall growth remains feeble,” the International Air Transport Association (IATA) reported last week. For North American airlines, the suggestion is that “markets have broadly stabilized.”

IATA’s data for air freight markets in April showed modest growth of 1.4% compared with April a year ago, only half-way offsetting the 2.6% decline year-over-year recorded in March.

“We saw a brief rally in cargo markets at the end of 2012, but that has clearly stalled,” says Tony Tyler, Director General of IATA. The small April improvement meant that a market contraction is not happening, and Latin American and Middle eastern markets are showing encouraging signs of growth, he said.

Internationally, air freight in the April-to-April period dropped 0.4% among Asia-Pacific carriers. IATA said Chinese business confidence had softened. “Japan, by contrast, is more optimistic. Export growth drove Japanese business confidence to a 13-month high in April, but the impact hasn’t yet effected freight growth,” IATA said.

In North America, airlines saw their freight volumes drop by 0.1% in April compared with April a year ago. There was a much worse contraction in March, of 6.5%, and this improvement may suggest that markets have stabilized overall, IATA said.

European carriers’ increase in air freight demand was just 0.9% in April, where regional business confidence levels are low but air freight volumes “are holding up better than other regions when compared to the previous year.”

Middle East airlines’ freight business grew by a strong 8.6% compared with April, 2012. This is a slowdown from year-to-date growth of 11.2% but still is the second highest of any region. IATA says “the opening of new routes to developing economies will drive growth for the foreseeable future.”

The highest growth was experienced by Latin American airlines, 12.2%, “the result of strong domestic demand as well as a sustained growth in exports of perishable goods.” And African airlines saw year-over-year growth of 1.4%, following previous months of strong growth “reflecting robust expansion in regional trade volumes compared to the world trend.”

Haven’t We Heard?
Canada’s Next Top Markets Are In Emerging Countries

Somewhat in line with the trend seen by global air freight, look to countries outside of the U.S. and Europe for the better places Canadian shippers should increasingly explore for their goods --- places with high growth potential and with Canadian business potential. The Conference Board of Canada says these will be found in emerging countries.

It has become an increasing refrain, led by the Bank of Canada, the federal government itself, many analysts, that Canada’s sluggish export trade picture is because most of it remains with the advanced economies, which are struggling, and not much is with the emerging markets which are growing.

The Conference Board of Canada’s Danielle Goldfarb, an international trade, investment, and development analyst and author, has produced a report saying that Canada’s export volumes flatlined while global trade was expanding so sharply over the past decade. Canadian companies indeed have been venturing into fast-growth economies, but not nearly fast enough or deeply enough, she says. To help Canadian companies get a window on which markets represent the best potential for them, Goldfarb has produced two indexes.

The Goldfarb Guide
Two Top Indexes

One is called “Country Growth Potential Index” and the other “Canadian Business Potential Index.” Ms. Goldfarb has put through computer models tremendous economic data, data on economic stability and conditions, past economic growth, shares of global investment, economic size, and much else. The second index is based on countries that already have some dealings with Canada in trade and/or investment and so on, as they should represent higher future potential.

Out of all that number-crunching, Goldfarb’s research identifies the next top markets as the usual BRIC countries---Brazil, India and China, with Russia a lesser light. However, she is particularly big on “smaller, rapidly growing emerging markets in Latin America, Eastern Europe, the Middle East, Africa, and South East Asia. It is to the latter, Southeast Asia, that she especially turns, as offering “much stronger growth potential than Canada’s traditional trade partners, if Canadian companies can successfully navigate the challenges of doing business there.”

(continued on next page)
More Huff? (continued)

Minister Ritz said to media that Canada would first go back to the WTO. That would take months for any resolution to be achieved.

At $1 billion A Year Lost For Cattle/Hogs Alone Industry Awaits More Delay

There has been a sharp decline in exports of cattle and hogs from Canada since the COOL system was introduced in March of 2009. The industry in Canada claims the amount lost had climbed to $5 billion last year. The losses are said to be about $500 million a year for cattle and the same for hogs.

The first COOL requirements were that label information about cuts of meat --- and of about other products such as fish, shellfish, fruits and vegetables --- had to specify made in Canada or the U.S. or wherever. Animals at packing plants had to be segregated so that the origins of products made from them would not be confused. U.S. importers and slaughterers and processors inurred extra costs on these imported animals, as a result, and slowed down their buying.

The new COOL requirement goes well beyond the original one which stated a roast or a package of steaks came from Canada. Now a label must “specify the production steps of birth, raising and slaughter of the animal from which the meat is derived that took place in each country listed in the origin designation.”

Born In The USA Now Born, Raised, Slaughtered. In USA

For instance, a label must say “Born and Raised In Canada, Slaughtered In The U.S.” If, as often happens, an animal is born in Canada, taken to the United States to be raised in feedlots, and then slaughtered, all that has to be accounted for in the label for consumers to read:

“Born In Canada, Raised and Slaughtered in U.S.” An all-American animal once simply would have had its products described as “Product of the U.S.” Not any longer. The label must now say: “Born, Raised and Slaughtered in the U.S.”

All told, the new COOL will raise huge costs of chucking out old labels and getting new ones in hundreds of thousands of stores across the land. There will be large costs to further changes in segregation of animals before and after they are slaughtered, and a more detailed documentation needed to describe the different paths taken.

The industry in America is against COOL, old and new, on the side of Canadian and Mexican producers, because COOL limits their sources of supply and raises their costs. The Canadians and Mexicans lament the loss of exports. Carriers in both countries and forwarders in Canada or Mexico have less work to do.

Next Markets (continued)

The Sweet Spot And High Potential

Without going into further detail about her indexes, Goldfarb finds that China is in the top “Sweet Spot” and Brazil and Hong Kong are high up in a “high growth potential” section. After these, South Korea is best. Then, it is Mexico, Chile, Hungary and Peru, followed by Russia and Singapore.

Goldfarb’s work is part of a “Toolkit For Growth Markets” and it is available at the Conference Board of Canada online.
Some Real Business For The Senate
Second Look At Fair Rail Freight Bill

The Coalition sought an amendment clarifying railway obligations in terms of delivering railcars, the big bone of contention, in timely manners and in sufficient numbers. Other suggested amendments were to set out clearly how it is determined whether a service failure has occurred, how damages are to be assessed and paid to a shipper. A single shipper would be allowed to go to arbitration and not groups of shippers as in the present bill.

Shippers’ Coalition Wants Amendments

The Coalition of Rail Shippers, which had welcomed the introduction of Bill C52 last December, now wants the definition of “service obligations” on the part of railways to be firmed up in legislation.

The Coalition represents associations of various agricultural producers, as well as those for automobile manufacturers, steel producers, forest products producers, mining, grain elevators and inland terminals, chemical and fertilizer producers. It says that under the present bill an arbitrator in a dispute between railway and shipper would have a hard time deciding whether the rail company was in fact providing or should provide a particular service and at what times and levels.

The government sees Commons passage of the Act as a key move toward a more effective and reliable rail freight service because it would “contribute positively to relations between shippers and railway companies.”

The railway companies do not agree. Both Canadian National and Canadian Pacific have lobbied against the legislation, saying that service agreements they have now on a commercial basis with shippers are the best way to go, without government interference. They decry what Canadian National called “new rail regulation that threatens to chill supply chain innovation.” There was no elaboration as to how innovation would be threatened.

The Senate is beset now and probably until Parliament shuts down for the summer in about three weeks with a mixture of scandals about false expenses claimed and paid and allegations of influence levelled on a key committee by the Prime Minister’s Office.. It is unclear when and for how long the bill will be studied in committee and then passed, or not, by the full Senate.
Moroun & Hail Mary: In Court Again

Manuel Moroun, owner of the venerable Ambassador Bridge between Detroit and Windsor, has gone again to the courts in a last-ditch attempt to prevent the creation of the New International Trade Crossing a couple of miles from his span. Moroun’s years of opposition to the new crossing, a project of the Canadian government, Ontario and Michigan, seemed finally to have failed when the U.S. State Department issued a presidential permit for it on April 12. He asked a U.S. District judge in Washington, DC, last week to rule that the State Department permit should be revoked as unconstitutional and, also, because he says the Canadian Parliament and U.S. Congress in the 1920s gave Ambassador Bridge owners perpetual rights to operate a Detroit-Windsor crossing. Lawyers said the court filing, which had been expected, is a long shot to win.

Hazardous Traffic Idea Upsets Windsor

The city of Windsor is upset with the state of Michigan’s plan to allow trucks carrying hazardous goods to cross the Ambassador Bridge. It took Windsor a long time to provide a written response to state officials in the capital, Lansing, last Monday, the final day for public feedback to recommendations made months ago by the Michigan Department of Transportation (MDOT). The department in a report had agreed with a request by the Ambassador Bridge owners to waive the longstanding ban on carriage of hazardous materials over the bridge. Trucks carrying hazardous goods must now use the Windsor-Detroit truck ferry or the Blue Water Bridge 60 miles off, which has safety equipment that the Ambassador Bridge lacks to deal with a spill or accident, Windsor says. Officials say they were not consulted about possible effects on the Canadian side should there be such a bridge accident. MDOT has until July, 2014, to make a final decision on its own recommendation.

Port Of Montreal A Very Good Year

The Port of Montreal reports traffic in 2012 was just about even with traffic in record-setting 2011—28.4 million tonnes in 2012, down 0.4% from 28.5 million tonnes in 2011. Containerized cargo traffic was not quite so strong, down 3.5% to 12 million tonnes from 12.4 million in 2011. Dry bulk traffic was up 26% to 6.5 million tonnes, largely on a 76% increase in grain traffic from the previous year. Liquid bulk traffic decreased from 2011, by 9.7% to 9.7 million tonnes, but still was the port’s second-best year ever for liquid bulk activity.

Where’s The Beef? Going To Chile

Canadian beef producers now have full market access to Chile for their exports, worth about $5 million now and up to $10 million in three years, the two countries announced last week. The announcement was made during a visit to Canada by Sebastian Pinera, Chile’s president. The two countries, which have had a free trade agreement since 1997, exchanged about $2.5 billion in trade in 2012.

On The U.S. Side Lakes Traffic Down

The Lake Carriers’ Association of Cleveland reports that cargo traffic on the Great Lakes in U.S.-flag vessels was well down year-to-date at the end of April from 2012, but down only slightly from the five-year average. The LCA said iron ore, coal and limestone, key components of industrial activity, were all down in the early stages of 2013 navigation from the 2012 period. Overall, cargo carried was 12.5 million U.S. tons to the end of April this year compared with 14.6 million in the 2012 period, but compared with 12.8 million for the five-year average.

Six New Ships For Fednav On Lakes

Six new ships for its Great Lakes fleet have been ordered in Japan by Fednav Limited, ocean-going 34,000-tonne bulk carriers that can transit the St. Lawrence Seaway and are built for navigating in ice. Fednav announced last week that the six vessels, upgraded from six ships built for Fednav by the same Japanese shipyard 10 years ago, will be delivered between May and November, 2015. They are part of 27 new ships, 14 of them Lakers, added to the Fednav fleet since January 1, 2012, the company said. Fednav operates more than 80 vessels, half of them owned.

Meanwhile, Canada Steamship Lines reports that a self-unloading Laker, the Thunder Bay, has sailed from China on her maiden voyage to arrive in Montreal in late July for operation in the Great Lakes and St. Lawrence Seaway. The Thunder Bay is the third of four new self-unloading vessels for Canada Steamship Lines that have arrived in Canada or are enroute. One more self-unloader and two new bulk carriers will join the CSL fleet this year and next.
Container Line
To Double Rates

Cargonews Asia reports that Maersk Line, the Danish shipping line that commands about 15% of world container shipping capacity, has decided to double its freight rates in July. The online publication reports CEO Nils Smedegaard of A.P. Moller-Maersk, the line’s owner company, as saying he has no doubt that the doubled rate would be successful, despite a bleak present and a bleak outlook for container shipping that has seen falling prices for many months. The Maersk plan is to raise its rates to US$1,481 per TEU (20-foot equivalent unit) from $731 currently, starting July 1.

These rates, it must be noted, are normally only a basis for negotiations with clients.

Duluth Port Chief
Adolph Ojard, To Retire

Adolph Ojard, executive director of the Duluth Seaway Port Authority, for the past decade, has said he will retire this year. A search is underway for a new executive director with the choice expected to be hired at end summer/early fall. After a period of transition, Ojard will leave to enjoy, he says, grandchildren and golf.

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