

# Take the right Route

News and Views for the clients of Universal Logistics • Summer 2004

## AMPS penalties continue to rise

The risk of receiving a fine under the Administrative Monetary Penalty System (AMPS) is expected to rise sharply as the program moves into the post-audit stage. Already, the Canada Border Services Agency (CBSA) has issued 19,421 Notice of Penalty Assessments (NPAs) and collected \$15,515,293 in AMPS penalties.

Reduce your risk by implementing a compliance plan with the following elements:

### ✓ *Ensure every step of a transaction is linked*

Your information system must have a common data element (e.g. purchase order number) that links every step of a transaction from purchase order to final supplier payment, a necessary feature to identify and report discrepancies.

### ✓ *Report overages/shortages within 90 days*

We will prepare and submit the adjustments to CBSA on your behalf.

### ✓ *Compare the value on the import entry to the value paid to your supplier*

Discrepancies must be voluntarily reported to Customs within 90 days to avoid penalty. In addition, check vendor contracts to see if import values should contain adjustments for royalty payments, commissions, etc.

### ✓ *Ensure the proper country of origin is stated on import documents*

Errors could lead to border delays and penalties for misdeclaration.

### ✓ *Ensure foreign vendors are aware of penalties*

Proper descriptions must be indicated on shipping documents to avoid penalty for incorrect classification. For example, an XB-24CA does not tell Customs what it needs to know. The proper description is XB-24CA Steel Wood Screw.

### ✓ *Identify all non-inventory receipts*

Adding a gift to a shipment, a common practice during the Christmas season, could put your entire shipment at risk if it is found. Worse still, you could be penalized for "smuggling" and marked for increased examinations of future shipments.

### ✓ *Conduct a NAFTA Certificate review*

Do you have completed Certificates from all USA/Mexico suppliers? If you need help, Universal Logistics offers a complete NAFTA Management Service and can obtain valid Certificates directly from your suppliers to ensure compliance with NAFTA regulations. "As AMPS penalties for improper Certificates range from \$1,000 to \$25,000, it is crucial that all Certificates are scrutinized for accuracy", says Betty Lee, Customs Consulting Services, Universal Logistics.

### ✓ *Review your Client Tariff Resume*

This is a comprehensive listing of your suppliers, products, tariff classifications and duty rates, developed by

See "Compliance help" on page 2



## Trucking industry warns of pending shortages

The trucking industry is finding it increasingly difficult to deal with rising costs and expected shortages of capacity and drivers – problems that have prompted the Freight Carriers Association (FCA) to call for a freight rate increase of 5.8%, effective July 5, 2004. Additional increases are expected later this summer.

The FCA claims trucking companies need more profit to meet the following challenges:

- labour costs have increased 5.8% on an annual basis and non-labour costs (excluding fuel) are increasing at an annual rate of 1.4%
- environmental, regulatory and counter-terrorism measures have led to significant insurance premium increases despite investments in security, training and safety
- new rules have been introduced by the U.S. Department of Transportation that require drivers to take a longer break between road trips, a step the trucking industry says will increase costs

Another key concern is the looming shortage of drivers. An in-depth study of the Canadian trucking industry produced by the CTHRC (<http://www.cthrc.com>) found:

- Based on economic forecasts, between 2002 and 2008 the demand for qualified commercial drivers in Canada will increase by approximately 22% from 282,100 to 343,600 drivers. (Ontario's demand for drivers will increase by 24,600 over the same period or 4,100 qualified drivers will be needed each year).

## In this issue...

### Page 1

- \* AMPS penalties continue to rise
- \* Truck industry warns of pending shortages

### Page 2

#### \* *Industry Roundup*

- Tighter wood packaging enforcement
- Full enforcement of Bio-Terrorism Act
- Anti-Dumping Duty may apply
- ACI for air and rail modes
- New fuel surcharge by Air Canada
- Container backlog at Port of Vancouver
- Asia to Canada Peak Season Surcharge
- CP Rail introduces fuel surcharge
- 10 countries lose tariff benefits
- New AMPS penalty
- CN raises storage costs – again

#### \* *Company Corner*

- New Manager Truck Services
- Register now for Freight ED



# Industry Roundup

## Tighter wood packaging enforcement

Strict enforcement of new wood packaging regulations is targeted for implementation April 1, 2005. The phase-in period will continue until April 1, 2005, when shipments containing non-compliant wood packaging materials will be ordered returned to the country of origin. All associated costs will be the responsibility of the importer or entity in care and control of the shipment. Phase-in procedures for the new regulations (D-98-08 3rd revision) can be found at: [www.inspection.gc.ca/english/plaveg/for/noted98-08e.shtml](http://www.inspection.gc.ca/english/plaveg/for/noted98-08e.shtml). Contact: Brian Rowe.

## Full enforcement of Bio-Terrorism Act

On June 4, 2004, the U.S. Customs and Border Protection (CBP) began enforcement of Phase III of the FDA's Bio-Terrorism Act. This phase of the regulations includes "refusal of shipment and/or assessment of penalty" for failure to provide Prior Notice of food products imported into the USA. Instances of inadequate or incomplete Prior Notice are still being processed by CBP.

Effective August 12, 2004, the legislation will be fully enforced, which means merchandise will not be allowed to enter the USA if the data supplied is inadequate. For more information, visit the FDA's web site (<http://www.cfsan.fda.gov/~pn/pnqagui2.html>) or contact Brian Rowe.

## Anti-Dumping Duty may apply

Some goods imported into Canada are subject to additional duties called Anti-Dumping Duty and levied by the CBSA under the Special Import Measures Act (SIMA). These duties are applied, after extensive investigations, where goods are found to be "dumped", or sold at less than home market value, in Canada.

These additional duties are assessed to protect Canadian industry by making it cost-detrimental to import the subject goods.

To review the SIMA Monthly Index go to <http://www.cbsa-asfc.gc.ca/sima/monthly-e.html> or contact Betty Lee, Customs Consulting Services.

## ACI for air and rail modes

The next phase of Advance Commercial Information (ACI), to be implemented May 9, 2005, will cover the Air and Rail modes of cargo transportation into Canada.

For air freight, the cargo and conveyance data must be transmitted electronically to the CBSA at least 4 hours before the arrival of the plane at the airport in Canada, or by "wheels up" to Canada, if the flight is less than four hours.

For rail freight, the cargo and conveyance data must be transmitted at least two hours before the arrival of the train in Canada. Contact: Carlos Torres, Manager - Transportation Consulting Services.

## New fuel surcharge by Air Canada

Air Canada has just published an update of its various surcharges: NAVCAN, Fuel and Aviation Insurance. The new fuel surcharge came into effect on June 16, 2004. Check this web site for details: [http://www.ciffa.com/news/2004\\_06\\_09-01.asp](http://www.ciffa.com/news/2004_06_09-01.asp).

## Container backlog at Port of Vancouver

Containers from Asia continue to pile up at Canada's Port of Vancouver due to an ongoing shortage of intermodal railroad cars. The railcar shortage is compounded by a bottleneck on CP Rail's busy single-track line through the Shuswap area of British Columbia, where the railroad still is recovering from snow slides and other severe winter weather.

The Port of Vancouver has unveiled expansion plans that will increase port capacity 30 percent at two terminals in the downtown harbour next year and add four new berths outside the city in the coming years.

## Asia to Canada Peak Season Surcharge

Container lines of the Canada Transpacific Stabilization Agreement (CTSA), serving the trade lane from Asia to Canada, have announced implementation of the Peak Season Surcharge (PSS), effective June 2, 2004: **Full Container Load:** US \$320 per 20 ft Container; US \$400 per 40 ft Container; US \$450 per 40 ft High Cube Container; US \$505 per 45 ft Container. **Less than Container Load:** US \$15 per metric ton, US \$8 per cubic meter.

## CP Rail introduces fuel surcharge

Canadian Pacific Railway introduced a new fuel surcharge program June 1, 2004, to adjust its rates more quickly as fuel prices change. The fuel surcharge will be two percent of the freight charge when the West Texas Intermediate (WTI) crude oil monthly average price reaches US\$24 per barrel, and four percent of the freight charge when the WTI reaches \$27 per barrel.

## 10 countries lose tariff benefits

As new members of the European Union, the following countries no longer have General Preferential Tariff (GPT) benefits: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovak Republic and Slovenia.

## New AMPS penalty

Effective June 21, 2004, AMPS legislation includes a new export penalty, C362, applied when the General Export Permit (where required) is not stated on export declarations. The penalty ranges from \$100 (per export declaration) for a first offence to \$300 for third and subsequent offences.

## CN raises storage costs - again

In an effort to reduce the dwell times of import containers at the Brampton Intermodal Terminal (BIT), CN is once again increasing charges for storage and reducing free time, effective July 19, 2004: storage - \$200 per day (\$50 increase); Free Time - two days if traffic deramped between 04:00 Monday and 03:59 Friday; three days if traffic deramped between 04:00 Friday and 03:59 Monday. The charges at all other Canadian facilities will remain unchanged: three free days with additional days being charged at \$75 per day. A "Day" will continue to be 07:00 to 06:59. All charges will be reflected in CN's tariff 7589.

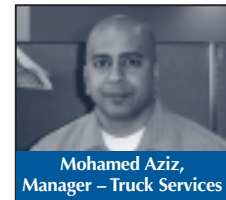
## Compliance help

(Cont'd from page 1)

bringing together your product knowledge and our customs expertise (available on-line through *Inside Trac* at [www.universallogistics.ca](http://www.universallogistics.ca)).

Accuracy is a must because the listing is used by Universal Logistics to request release of import shipments from CBSA and prepare final customs entry accounting data.

## Company Corner



Mohamed Aziz,  
Manager - Truck Services

Mohamed Aziz is our new Manager - Truck Services. His first -

and most important - priority is to earn your trust by being approachable and helpful whether you have a routine request or a high priority, high-pressure shipment...

Don't forget to register for our second ED Seminar - *101 ways to cut freight costs and reduce transit times*. For your convenience, the *Early Bird* date has been extended to **July 30**. Use the enclosed form to register or sign up on-line by going to the *Clients Only* section of our web site.

Thanks to everyone who contributed ideas for our *Freight ED* Seminar - and congratulations to the winners of the draw for a free gift basket, Mark Tinkler of Coretec and Kevin Deonarain of Indigo.

## Route

*Route* is produced quarterly for the clients of Universal Logistics. Reader comment and story ideas are welcome. Comments of general interest to all *Route* readers will, with the permission of the writer, be published. Copyright © 2004 by Universal Logistics Inc. All rights reserved. Reproduction for any commercial use is strictly prohibited.

*Route* is produced for Universal Logistics by Words at Work Adv. (Tel: 905-940-6610). Editor: Bettina Scharnberg (Email: [bschamberg@universallogistics.ca](mailto:bschamberg@universallogistics.ca)). While every effort has been made to ensure the accuracy of information contained herein, Universal Logistics accepts no responsibility or liability for errors or omissions.

For more information on the company's services, contact:

Universal Logistics Inc.,  
125 Commerce Valley Drive West,  
Suite 750, Thornhill, Ontario L3T 7W4  
Telephone: 905-882-4880 Fax: 905-882-2250  
[www.universallogistics.ca](http://www.universallogistics.ca)

