

January 8, 2003

Mr. Ken McCarthy  
Canada Customs and Revenue Agency  
AMPS Division  
171 Slater Street, Room 260  
Vanguard Building  
Ottawa, Ontario K1A 0L5

Dear Mr. McCarthy:

Thank you for the opportunity to further comment on the Proposal for Resolution of Issues Relating to Contravention C274.

The Canadian Association of Importers and Exporters (CAIE) feels that the removal of the percentage calculation of the value for duty in the context of the "whichever is greater" amount is good news and supports the CCRA in this change. However, concerns still remain with the fact that LTL shipments can consist of low value products where the first level penalty of \$1,000 may be in excess of the actual value of the goods.

There needs to be a reasonableness factor incorporated into this contravention, otherwise C274 will be clearly punitive in nature. What the CAIE would therefore propose is to exclude LVS shipments from contravention C274 and establish a separate contravention where the penalty amounts would begin in the range of \$100 for the first level. The CAIE also encourages the CCRA to look at possible changes to other contraventions and create a unique range of penalties for LVS shipments as a whole.

Another option for C274 could be to keep the percentage of the value for duty and assess for example, a penalty amount of \$1,000 or 5% of the value for duty, whichever is lesser. The CAIE realizes that this approach would significantly vary from the approach that has been taken with the other AMPS penalties; however, the overall intent of this is to ensure the AMPS program is corrective rather than punitive in nature.

Since the application of contravention C274 began, importers have had considerable disruptions in the flow of their goods across the Canadian border. Demurrage and other charges are being assessed repeatedly by carriers, warehouse operators, etc. and, combined with the AMPS penalties is a significant hindrance to trade. Also, since AMPS penalties are to be corrective in nature an acceptable amount of time should be allowed by the CCRA between the application of the first and second level penalties in order to allow the importer and others to correct the problem and/or process, which caused the error(s) to occur.

The CAIE looks forward to continued discussion on this and other contraventions and participating in the CTACC AMPS working group.

Sincerely,

John Bescec  
Vice President, International Trade and Government Relations