

February 18, 2003

Mr. Robert C. Bonner, Commissioner
United States Customs Service
1300 Pennsylvania Avenue N.W.
Washington, D.C., U.S.A.
20229

Dear Commissioner Bonner:

This letter is respectfully submitted on behalf of the Canadian Association of Importers and Exporters Inc. (CAIE), a national, private, non-profit organization. The Association was founded in 1932 to promote Canada's international trade and to provide services for its membership. The Association has a membership base of over 640 corporations whose annual trade volumes are valued at over \$190 billion U.S.

The CAIE welcomes the opportunity to comment on the U.S. Customs' "Strawman" Proposals. Smooth and efficient trade between Canada and the U.S. is critical to thousands of Canadian and U.S. companies. Hundreds of thousands of jobs depend upon the timely movement of goods across the Canada/U.S. border. Canadian companies and Canadians in general have the same security concerns as the U.S. Canadian companies continue to make significant investments in securing their supply chains. Industry is more than willing to work with U.S. Customs to arrive at solutions that address security needs but do not jeopardize the trade flows between our two countries.

We believe the USCS proposal to have advanced electronic cargo manifest information supplied four hours prior to lading for all U.S. inbound truck shipments will not meet the USCS objective for accurate data for targeting purposes. In addition, the proposed requirement will significantly harm the Just-In-Time processes that so many U.S. and Canadian companies rely on. Additionally, many companies do not currently have the systems in place to be able to transmit the requested data by the October 2003 timeframe. This poses a very significant challenge to exporters and carriers. If the USCS proposal is not modified then U.S. importers will be adversely impacted. The USCS should ensure the processes it establishes to protect the nation's security do not undermine the economy of the U.S. in the process.

The Trade Act of 2002 makes reference to transmitting information prior to importation and not prior to lading of a trailer or conveyance. Once a trailer has been loaded and the doors have been shut only then can true and accurate data be provided. We recommend the provision of manifest data at a point in time after lading has been completed and prior to the arrival of the truck at the border. There should also be flexibility in the reporting time frame as a result of factors such as proximity to the border and flexibility should be given to those companies that participate in security programs such as C-TPAT, FAST and Partners in Protection (PIP).

Companies that participate in programs such as FAST, C-TPAT and PIP are known companies to the USCS. They have been already risk assessed and have been deemed as low risk. If the purpose of obtaining advanced manifest cargo data is to assess risk, then participants in these approved programs have already met the security requirements and should not be subject to the same requirements as those that are high or unknown risk. Companies have expressed concerns about the logic for participating in programs such as C-TPAT, etc., if they will be subject to the same requirements as everyone else who has not made an investment in becoming low risk.

The “Strawman” Proposal needs to be modified to enable the fulfillment of security requirements and for trade to remain unhampered. A one-size-fits-all solution will not work and it will be a detriment to both the U.S. and Canadian economies. This is exactly what the terrorists hoped to accomplish. We should not allow that to happen. We should not allow for the creation of non-tariff trade barriers between our two countries but work together on enhancing security and facilitating trade for the betterment of both our nations. On behalf of our members, we are asking you to reconsider this course of action. By working with industry and the Canadian government, the supply chain can be secured in a manner that is beneficial to all parties.

We, along with a number of our members, would be pleased to meet with you to discuss this matter further. If you have any questions please do not hesitate to get in touch with me at (416) 595-5333 ext. 24 or via E-Mail at barmstrong@caie.ca.

Yours sincerely,

R.J. (Bob) Armstrong
President
Canadian Association of Importers & Exporters Inc.

cc. Mr. John Simpson, President, AAEP