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SEPTEMBER 7, 2005

NOTICE REGARDING CUSTOMS RULES (U.S. AND CANADA)

Last Updated: September 7, 2005

U.S. Customs and Border Protection (CBP) and **Canada Border Services Agency** (CBSA) have each created rules¹ governing the submissions of cargo manifests to Customs.

This has been driven by a U.S. initiative to secure their borders against terrorism.

Certified in the **CTPAT** program since February 2003, Fednav was audited and validated by CBP as a CTPAT² carrier in April 2005. In addition to this, Fednav was certified into the **PIP**³ program in August 2004. This means that, beyond compliance with the reporting regulations, Fednav is also committed to remaining alert to the presence of suspicious activity within our trade chains and advising Customs whenever we detect anything that might be considered to be a security risk. We are further committed to bringing this fact to the attention of our partners within the trade chain and recommending to all those with whom we do business to consider joining the CTPAT and PIP initiatives or, at least, to assist us with our commitment to Customs. The benefit to be gained from CTPAT and PIP participation will be realized in the form of some leniency from Customs in their scrutiny of our manifest submissions and fewer cargo inspections. The level of benefit will, of course, increase as each member in a trade chain joins the program(s) thereby enhancing the security profile of the entire chain. Nevertheless, the manifest reporting rules are very strict, and Customs has made it very clear that CTPAT and PIP membership does not mean they will ignore non-compliance, and they will certainly reject our manifest submissions unless we conform to their rigid standards.

Below, you will find a summary of what Fednav requires from our trade chain partners to ensure that all our cargo manifests are submitted in proper format and within the proper time frame as stipulated by both U.S. and Canada Customs. Failure to meet these requirements may lead to penalties and delays to the cargo and to the vessel. It is Fednav's intention to claim any such damages from the party responsible for their failure to place Fednav in a position to meet our obligations.

¹ U.S. Customs: **19CFR** dated December 5, 2003 – Canada Customs: **CN-542** dated October 7, 2003

² C-TPAT: Customs-Trade Partnership Against Terrorism

³ PIP: Partners-In-Protection

Summary of new rules for Fednav cargoes

| Authority | U.S. Customs (CBP) | Canada Customs (CBSA) |
|--|--|---|
| Regulations | 19 CFR and 15 CFR | CN-542 and CN-608 |
| Electronic Manifest System | AMS ⁴ | ACI ⁵ |
| When Reports Required General Cargoes + Containers (Imports) | 24 hours prior to loading | 24 hours prior to loading ⁶ |
| General Cargoes + Containers (Exports) | within 4 days of departure ⁷ | within 3 business days of departure ⁸ |
| (Imports): Bulk Cargoes | 24 hours prior to arrival | 24 hours prior to arrival |
| Bulk Cargoes (Exports): [m1] | 4 days after departure if the exporter has Post Departure Reporting status ⁹ | within 3 business days of departure |
| Empty Containers (Imports) | 24 hours prior to arrival | 96 hours prior arrival |
| FROB ¹⁰ | as per above rules for Imports | as per above rules for Imports |
| Vessel Report inbound: | (a) 24 hours after departure foreign load port ¹¹ (b) "as soon as possible" after arrival at the 1st U.S. discharge port | 96 hours prior to arrival at first Canadian port of call |
| Exemptions | U.S. Exports to Canada | No exemptions ¹² |
| More information | http://www.cbp.gov Trade Act 2002 See also 24-Hour Rule / FAQs | http://www.cbsa.gc.ca/ Advance Commercial Information FAQs |
| Fednav Contacts | docs@fednav.com http://www.fednav.com | |

4 AMS: Automated Manifest System (U.S.)

5 ACI: Advanced Commercial Information (Canada)

6 Under Phase 2 of ACI, there is a special provision for cargoes loaded in the U.S.. As of December 5, 2005, all cargoes (including containers) loaded in the U.S. for Canada must be reported to ACI no later than 24 hours prior to arrival at the 1st Canadian port.

7 Under U.S. regulations, the carrier must have evidence of the USPP1's export permit. The regs will require that the USPP1 (exporter) is required to provide the carrier with the ITN, an Option 4 citation, or an exemption statement 24 hours prior to loading

8 Fednav's MOU (Memorandum of Understanding) with Canada Customs allows us to report the cargo data within three business days of departure from the load port. The exporter, however, is required to report the intended shipment to Customs 48 hours prior to export, and provide the carrier with evidence of that export report prior to loading (i.e. a copy of the Customs number stamped on a B13A form, a CAED number, a G7 EDI number, a Summary Report Number, or "NDR" reference (No Declaration Required). If the cargo to be loaded is In-transit, the carrier must report the Cargo Control number of the previous carrier for all in-bond shipments on the A6A or A8A at the port of exit.

- 9 Post-Departure Reporting (previously named, "Option 4 reporting") will be permitted by U.S. Customs for certain exporters (USPPI's or their agents) who have good records of compliance in shipping low risk cargoes such as bulk – this option is prohibited to certain **proscribed countries as listed by the State Department**.
- 10 FROB (Foreign Freight Remaining on Board) reporting applies to both authorities and is required whenever any cargo consigned to any other country (including U.S. and Canada) is on board the vessel when that vessel arrives in port...the only exception to FROB reporting is when a vessel is arriving in a U.S. port for bunkers and/or stores "only" and will be departing within 24 hours.
- 11 If the vessel is carrying only bulk and/or empty containers, then the date and time of departure from load port is not required until 24 hours prior to arrival –N.B. this data can only be transmitted to U.S. Customs after the cargo manifest has been submitted.
- 12 Canada has decided to revoke the original exemption on imports from the U.S. as of Dec.05.2005 per **CN-605**.

Shipper's and Charterer's Role in ACE + ACI Reporting

Cargo description:

For North American import cargoes, Fednav relies on the shipper and charterer to provide full and accurate details of the cargo description, as well as the full style of the shipper, consignee, and notify party for each Bill of Lading. It is important to identify the cargo commodity within the first 45 characters (for U.S. / ACE) and 50 characters (CANADA / ACI), as this is where the automated screening ends. Other commercial information about the cargo after the 45/50 character cutoff will be placed on the Bill of Lading, but it will not appear in the electronic manifest submitted. For the most part, the cargoes carried by Fednav are low-risk cargoes, so it is important to reveal this low-risk nature right at the beginning of the cargo description (e.g., **STEEL TRACK SHOES** rather than TRACK SHOES, Steel; or **STEEL Wire Rods in Coils** rather than Wire Rods in Coils). This will help to ensure that low-risk cargoes are not subjected to unnecessary inspection delays after the data has been scrutinized within the automated screening processes.

Shipper, consignee, and notify party

Customs is looking for the full-style of the shippers as well as of the consignee and notify party. For the purpose of "To Order" Bs/L, Customs will require the full style of the local party who will be taking possession of (or representing) the cargo at the discharge port (a U.S. entity for discharge in the U.S. or a Canadian entity for discharge in Canada). Thus, "To order" Bills of Lading are permitted as long as the full style of the representative of the cargo interests appears in the First Notify Party field so that Customs will know who to contact should they require further information¹³.

Time Sensitivity for Fednav's receipt of relevant data from the shipper

In order to ensure that Fednav has sufficient time to review, submit, and correct any errors which may be identified by Customs, Fednav requires the requisite manifest data as follows: **Containers and General Cargoes:** 96 hours or three business days prior to loading (whichever is greater).

Bulk: 96 hours or three full business days prior to arrival first U.S. or Canadian port of call as scheduled for the relevant voyage even if the cargo will not come off at that first port of call. **Dangerous Goods:**

N.B. Regardless of the destination, as of January 2004, all Dangerous Goods (whether bulk, packaged or containerized) must be manifested on the **IMO Dangerous Cargo Manifest** (or on the **U.S. DCM**¹⁴ if manifested to the U.S.). Because a Dangerous Cargo Manifest must be signed by both the master and the load port agents, it is necessary that this information be provided by the shipper to the agents prior to loading. When the Dangerous Cargoes are packaged or containerized, then the IMO Class and UN number (if any) must be supplied to Fednav 96 hours (or three full business days, whichever is greater) prior to loading, so that we can submit this data to ACE + ACI in accordance with the 24-hour rule.

- 13 Canada Customs has set the address information, city name, and the two-digit ISO 3166 Country Code as “mandatory” data elements for ACI submissions, and thus, CBSA would, ideally, expect to see the Shipper’s coordinates repeated under the consignee information when receiving data for a “To Order” b/l.. Furthermore, the cargo owner or the representative of the cargo owner would need to appear in the Notify Party field as the party who will take possession of the cargo at the Canadian discharge port even if they are not the ultimate consignee...this would normally be a Canadian entity.
- 14 The **U.S. DCM** must be accompanied by the **Shipping Paper** (see sheet two of the attachment).

Shipper's Role for Export Shipments

The regulations for both U.S. and Canadian exports are very similar. Fundamentally, both sets of regulations will require the exporter to procure an export permit, and to provide the permit reference number to the carrier as proof that export filing has been accomplished in accordance with the rules "prior" to loading the cargo. Fednav, in turn, will be required to submit this reference number to Customs on the usual outward report. Most of the Canadian and U.S. export cargoes carried by Fednav are low-risk cargoes and, as such, the exporters are probably eligible to apply to the authorities for "Post Departure Reporting" status in the U.S. (formerly known as "Option 4 reporting status") or "Summary Reporting Status" in Canada. Fednav encourages all our customers to apply, as appropriate, for this low-risk reporting status which will provide much greater flexibility in the export reporting procedures of both the exporter and the carrier.

Load Port Agents Role for Cargoes consigned to the U.S. or Canada

Cargo Data:

Very often, the Load Port agents coordinating the port and vessel operations at load ports outside the U.S. and Canada will be the prime liaison between Fednav and the shipper for the purpose of procuring the requisite data for the electronic manifest. Ultimately, it is Fednav's intention to provide our load port agents access to our website so that they will be able to submit manifest data to Fednav in an electronic format which we can screen and upload to Customs.

Vessel Data for vessels bound to the U.S. and/or to Canada:

Departure from Load Port: Customs also requires the date and time of the vessel's departure from the foreign load port to be reported to ACE and ACI as follows:

- (A) Vessels loaded with containers and general cargoes: (i) within 24 hours of departure from "each" foreign load port when proceeding to the U.S.¹⁵, and (ii) within 96 hours of arrival at the first port in Canada in reference to the "last foreign port prior to arrival".
- (B) Vessels loaded with exclusively bulk cargoes: no later than 24 hours prior to arrival at the first discharge port.
- (C) Canada Customs also requires additional data (i.e. "A6" data regarding crew, vessel certification, capacities, etc.). This item is unique to ACI. CBP has access to the passenger list which vessels or agents are sending to the U.S.CG via the e-NOA/D

Arrival Discharge Port: U.S. Customs requires that the vessel's arrival date and time must also be submitted to AMS "as soon as possible" after arrival at each U.S. discharge port. This is not a requirement for Canada Customs in ACI.

Discharge port agents role in U.S. and Canadian ports

Discharge port agents

Fednav is ACE + ACI capable, and we are, thus, able to submit our own cargo manifests and conveyance reports electronically to both U.S. and Canada Customs directly. Because the majority of the cargo data will, eventually, be submitted to Fednav's website by the load port agents, there will be limited need for the discharge port agents to be involved in the process of ACE+ACI submissions. Nevertheless, if we ever do require the discharge port agent's assistance to submit cargo manifest or conveyance data into ACE and/or ACI on behalf of Fednav, we will so advise on a case by case basis, at which point we will provide the requisite data (with user name and password) with as much lead-time as possible.¹⁶ Furthermore, those

U.S. and Canadian discharge agents with user-names and passwords are able to log into Fednav's website to check the Customs status (ACE/ACI) of the cargo at their port for the purpose of coordinating steamship release with the terminals.

¹⁵ AMS coding makes it mandatory for the cargo manifest report (309) to be submitted before the vessel's departure report (353). This sequencing restriction does not apply to ACI.

¹⁶ U.S. Customs have stipulated in 19 CFR that they may request from time to time a paper copy of the cargo manifest. Thus, we may ask you to print and pass a copy of the cargo manifest to Customs if they demand same. Customs will provide a reasonable amount of time to comply with such a request.

Vessel arrival report at U.S. ports

Most of our U.S. discharge port agents are provided with a user-name and password for the purpose of submitting the vessel's arrival report to ACE "as soon as possible" after the vessel's arrival at the berth (or "within" the port). This report includes the vessel's name, the port, the date and time of arrival, and a manifest reference number. This data entry will trigger an event within Fednav's ACE program which will, automatically, send the arrival message to ACE from Fednav's server in the proper format. On March 5, 2004, Customs advised that they will extend a little tolerance in cases where the (original) two-hour limit is impossible, but they stress that they will not tolerate overly delinquent arrival reports.

Canadian Discharge Port Agents

If ever Fednav requires assistance from our agents at Canadian discharge ports to submit the A6A information to ACI, we will provide the access to our website with appropriate permissions to do so.

Agents' role for cargoes to be exported from U.S. and Canadian ports

The Export Reporting paradigm is much less complex for the carriers and their agents. The exporter¹⁷ will be required to provide the carrier with an export reference number. The carrier will, in turn, report that reference number on the vessel's outward manifest.

The agents' role in both the U.S. and Canada will be to procure that export reference number from the exporter and to report that same number on the outward manifest report¹⁸.

U.S. Exports:

19CFR makes it the exporter's responsibility to provide the carrier with an export reference 24 hours prior to "loading," and the carrier, in turn, will repeat this reference on the vessel's outward report¹⁹. U.S. exports to Canada are exempt. Procedures and time frames for export reporting are expected to be published by CBP in September, 2005. In the meantime, CBP have advised that they do not anticipate mandatory electronic export filing by the marine carrier before 2009.

¹⁷ 19CFR will no longer make reference to the "exporter" per se, but rather to the "United States Principal Party of Interest" (USPPI) or their agent.

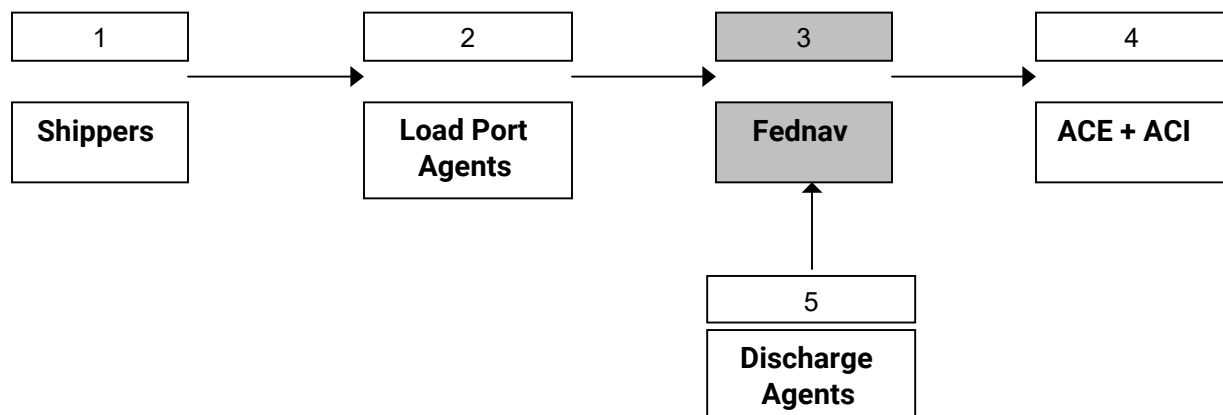
¹⁸ Outward Manifest Report in Canada will be the A6A.

¹⁹ The Export Reference required by CBP/CENSU.S. must be in the form of an Internal Transaction Number (ITN), an Option 4 (low risk) citation, or an exemption statement. For the majority of U.S. export cargoes carried by Fednav, the USPPI will most likely be eligible for "Post-Departure Reporting" (formerly Option 4 reporting) status as defined by the Bureau of Census in 15CFR. Generally, this "post-departure reporting" status applies to low risk exporters with a good record.

Canadian exports

The majority of Canadian export cargoes carried by Fednav will be eligible for Summary Reporting which is a special status for all bulk cargoes that are not controlled by DFAIT²⁰. Summary Reporting allows the exporter to report all accomplished export shipments once per month rather than prior to each shipment. Beside the Summary Report number, alternate **proof of export** may be supplied to Fednav in the form of the B13A, the CAED number²¹, the G7 EDI number, or NDR (no declaration required for certain exempt cargoes). With the exception of bulk cargoes, in the absence of summary reporting status, the exporter will be required to submit the export declaration at least 48 hours prior to export and the carrier, in turn, will be required to report the A6A outward prior to departure from the port. When Fednav signs the MOU with Customs, however, we will be entitled to submit the A6A outward report no later than three business days after departure. Canadian Exports to the U.S. are exempt from the Canadian export reporting regulations.

Summary of Reporting Paradigm for Cargoes Destined to U.S. and Canada

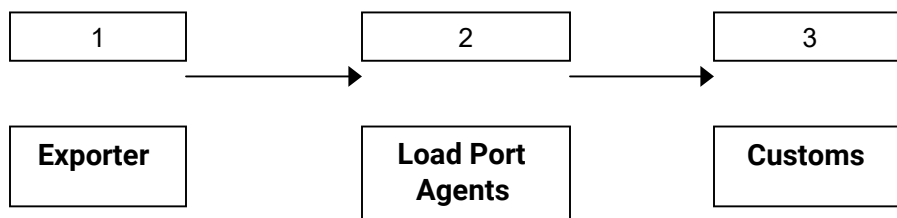


1. Shippers Provide Full Manifest Data to the Load Port Agents²²
2. Load Port Agents submit the Manifest Data in electronic format to Fednav Limited²³
3. Fednav ensures the manifest data is compatible with ACE standards and submits to Customs. For General cargoes and containers, Fednav must wait 24 hours from the time of submission to ACE/ACI for Customs to reject the manifest data prior to commencing load operations. When NVOCC's or Freight Forwarders are submitting the supplemental data (identifying the ultimate shipper and ultimate consignee), then ACI requires the 24 hour clock to count backwards from the estimated time of loading (ie not 24 hours from the carrier's submission), thus it is very important to ensure that NVOCC's and Freight Forwarders submit their data as early as possible.

- ²⁰ DFAIT: Department of Foreign Affairs and International Trade. Although wheat and barley are controlled commodities, special exemptions will be granted upon the exporter's request to the Canadian Wheat Board to the extent that Summary Reporting will be permitted for these two controlled commodities.
- ²¹ **N.B.** When using the CAED number as proof of export reporting prior to loading, please be sure to include the following three components from the CAED report: The Authorization ID, the Form ID, and the Export License Permit Number (new as of January 7, 2004)
- ²² Time Frames for Submission of Manifest Data to Fednav:
General cargoes and containers: 96 hours or three full business days (whichever is greater) prior to loading
Bulk and Other Cargoes Exempt from the 24 hour Pre-Load Rule: 96 hours or three business days (whichever is greater) prior to arrival at the first Port even if the first port is not the port at which the cargo will be discharged.
- ²³ Electronic Data can be submitted to Fednav in SEAGHA or BDX format as EDI or directly to our website via the Internet.

4. Customs will reject the submission if the data is incomplete at which point we will return to the agents to request further details from the shipper. Customs will issue an ACE alert message if their risk assessment of the data reveals anything threatening U.S. security. Messages for such high interest cargoes might be “Do Not Load,” “Do Not Discharge,” “Hold for Inspection” as a few examples.
5. Discharge Agents may be asked to submit cargo and/or vessel arrival data to ACE or ACI via Fednav’s website.²⁴

Summary of the Reporting Paradigm for Cargoes Exported From U.S. and Canada



1. The exporter provides the agent with an export permit reference as proof that the cargo has been reported for export prior to loading.²⁵
2. The agent will incorporate that export reference on the vessel’s outward report.²⁶
3. The agent will submit the annotated outward report to Customs²⁷.

²⁴ Until further notice, the submission of Vessel Arrival details within 2 hours of the vessel’s arrival applies only to U.S. Port Agents.

²⁵ Export Reference: In the U.S., proof that the exporter has submitted the export report will be an ITN, an Option 4 (low-risk) citation, or an exemption statement. In Canada, the proof of export reporting will be Customs Stamp on the B13A, the CAED number (must include the Authorization ID, the Form ID, and the Export Permit Number), the G& EDI report number, the Summary Report Number, or “NDR” (no declaration required) with an appropriate explanation or NDR reference code.

²⁶ Vessel Outward Report: in Canada this will continue to be the A6A.

²⁷ In Canada, the agent must submit the A6A with the export reference number to Customs within 3 business days of departure from the load port if the carrier has signed an MOU with CBSA. Fednav has signed such an MOU.

February 1, 2015

Certified in the Customs-Trade Partnership Against Terrorism (C-TPAT) program since February 2003, Fednav was audited and validated by Customs and Border Protection (CBP) as a C-TPAT carrier in April 2005. In addition to this, Fednav was certified into the Partners-In-Protection (PIP) program in August 2004. This means that, beyond compliance with the reporting regulations, Fednav is also committed to remaining alert to the presence of suspicious activity within our trade chains and advising Customs whenever we detect anything unusual which might be construed as a threat to security. We are further committed to bringing this to the attention of our partners within the trade chain and recommending to all those with whom we do business to consider joining the C-TPAT and PIP initiatives or, at least, to assist us with our commitment to Customs.

The benefit to be gained from C-TPAT and PIP participation will be realized in the form of some leniency from Customs in their scrutiny of our manifest submissions and fewer cargo inspections. The level of benefit will, of course, increase as each member in a trade chain joins the program(s) thereby enhancing the security profile of the entire chain. Nevertheless, the manifest reporting rules are very strict, and Customs has made it very clear that C-TPAT and PIP membership does not mean they will ignore noncompliance, and they will certainly reject our manifest submissions unless we conform to their rigid standards.

Thus, as part of our commitment, we are required to seek your cooperation in verifying if you are presently participating in these programs.

(A) If your company is participating in the C-TPAT and/or PIP program(s) please send, for our records, your C-TPAT SVI number (through the C-TPAT portal) and/or your PIP Membership number.

(B) If you are unable to participate at this time in these programs, would you please review the security procedures described below and confirm your understanding and agreement to comply with the requirements when booking cargo/space with FIL.

- ≡ Providing FIL with an accurate and detailed description of the goods to be loaded.
- ≡ Advising FIL at the commencement of negotiation when the proposed cargo is classified as dangerous goods under the IMDG Code or the IMSBC Code.
- ≡ Reporting immediately to FIL whenever any concern regarding the nature or the description of the cargo is discovered.
- ≡ Where appropriate, ensuring that all requested manifest information is obtained and transmitted to the relevant authorities in good time.

We thank you for your prompt attention to the above. If you require any further explanation, please do not hesitate to contact security@fednav.com.

Fednav Operations

CUSTOMS - TRADE PARTNERSHIP AGAINST TERRORISM



*In recognition of your commitment to partnership,
and in appreciation for joining with us to secure
the international supply chain and protect our country's security,*

The U.S. Customs Service

is pleased to certify your membership in the

C-TTPAT
*Customs - Trade
Partnership Against Terrorism*

and to present this certificate to

Fednav International Limited


*Dated this 28th day of February, 2003
at Washington, D.C.*

Alvin C. Bowers
Commissioner, U.S. Customs Service

**THE CANADA BORDER SERVICES
AGENCY WELCOMES**

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**AS A PARTNER IN PROTECTION
CONTRIBUTING TO SAFER HOMES, SAFER
STREETS**



President

Canada Border Services Agency



Canada Border
Services Agency

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CANADA



Ottawa, October 7, 2003

CUSTOMS NOTICE N-542

Advance Commercial Information & Electronic Data Interchange (EDI) Cargo and Conveyance Reporting

reporting will not be mandatory for vessels bound for Canada that contain only goods that were laden in the United States until a future phase of ACI. Current conveyance and cargo reporting requirements will continue to be acceptable for these vessels and their cargo.

1. This notice announces the planned implementation of the Advance Commercial Information (ACI) initiative, and provides information on the effective date and details of the initiative, including the 24-hour advance cargo notification rule announced in April 2003 by the Honourable Elinor Caplan, Minister of National Revenue.
2. Extensive consultations with the business and trade communities were undertaken throughout the conception and development of this initiative to ensure that we were proceeding in a direction that is not only acceptable to but also endorsed by Canadian business.
3. ACI will be implemented in phases, beginning with the marine mode on April 19, 2004. The implementation schedule for other modes rail, air and highway will be announced in a future Customs Notice. There will be no changes to secondary cargo reporting procedures for marine shipments (e.g., house-bills, re-manifests, abstracts) during this phase of ACI implementation. Implementation of mandatory electronic secondary cargo reporting procedures will be phased in, subsequent to or concurrent with the implementation of other modes.
4. Under ACI, carriers and freight forwarders will report cargo and conveyance data electronically within established timeframes in advance of the arrival of the cargo and conveyance in Canada to enable CCRA to identify goods of unknown or high risk. The requirement for presentation of paper marine primary cargo and conveyance reporting documents for imports and in-transit shipments will be eliminated.
5. Advance electronic conveyance and cargo

Marine Cargo Reporting

6. Marine carriers or their agents will transmit cargo and conveyance data in accordance with the specifications set out in a Participants Requirements Document for that purpose. Freight forwarders will also be permitted to transmit certain electronic cargo information to CCRA. The Participants Requirements Document and information about it can be obtained from:

Manager

Electronic Commerce
Unit 15th Floor

Sir Richard Scott
Building 191 Laurier
Ave. W. Ottawa ON
K1A 0L5

Telephone: 1-888-957-7224

7. If a carrier or freight forwarder is unable to comply with the requirement to transmit the information electronically, that carrier or freight forwarder must arrange for the information to be transmitted electronically to CCRA by another party.

8. The cargo data will include complete and accurate shipment descriptions. General descriptions such as – freight of all kinds,” -general merchandise,” -shipper’s load and count,” -said to contain,” and similar such terms will require more specific descriptions to be provided.

9. For goods in a cargo container to be loaded on board a vessel bound for Canada, the data pertaining to those goods must be transmitted electronically to CCRA at least 24 hours prior to lading the goods on board the vessel that transports those goods to Canada.

10. For bulk goods on board a vessel bound for Canada, the required information must be transmitted electronically

to CCRA at least 24 hours prior to arrival in Canada. Generally, bulk goods means goods that are loose or in mass, such that they are confined only by the permanent structures of a large container or a transport unit, without intermediate containment or intermediate packaging. This definition is harmonized with the meaning of bulk goods given by United States Customs and Border Protection.



Ottawa, February 10, 2005

CUSTOMS NOTICE N-605

Advance Commercial Information – Updates on Cargo and Conveyance Electronic Reporting for Air Mode and for Marine Shipments Loaded in the United States

requested to transmit electronically the information on the vessel stowage (bay plan data) at the same time as the conveyance report data is transmitted. Detailed requirements will be available in the PRD.

1. This notice replaces the Customs Notice N-574 *Advance Commercial Information-Cargo and Conveyance Electronic Reporting for Air and Rail Modes and for Marine Shipments Loaded in the United States*, which was issued on May 27, 2004 and announced the planned implementation of Phase 2 of the Advance Commercial Information (ACI) initiative and provided the requirements.
2. Phase 2 of ACI will be implemented on December 5, 2005 instead of May 9, 2005 as previously announced in Customs Notice N-574.
3. Phase 2 of ACI will not require the electronic transmission of cargo and conveyance data from rail carriers as previously announced. The requirement will be deferred to a later phase of ACI.
4. Phase 2 of ACI will require the electronic transmission of cargo and conveyance data within designated advance timeframes for all air mode shipments and will remove the ACI exemption for marine shipments loaded in the United States. The provision of this data will enable the Canada Border Services Agency (CBSA) to more effectively assess health, safety and security risks for shipments arriving in Canada.
5. Phase 2 of ACI will also require the transmission of supplementary data (actual consignee(s), shipper(s) and description of the goods) from the air carrier or freight forwarders when this data is not provided on the master air waybill. Detailed requirements will be available in the Participants' Requirements Document (PRD).
6. Under this phase of ACI, the requirement for presentation of paper primary cargo and conveyance reporting documents for imports and in-transit shipments will be eliminated. The secondary cargo reporting procedures will not change.
7. Under this phase, the marine carrier will be



CUSTOMS NOTICE N-605

Ottawa, February 10, 2005

8. The requirements and implementation schedule for mandatory advance electronic transmission of highway and rail cargo/conveyance data and secondary cargo data for all modes as well as mandatory electronic release data transmission for all modes will be announced in a future Customs Notice.

Manager

Carrier and Cargo Policy
Commercial Policy
Division Admissibility
Branch

Canada Border Services Agency

15th Floor, Sir Richard Scott
Building 191 Laurier Ave

Ottawa ON K1A 0L8

Detailed instructions are available by visiting the
Web site at www.cbsa.gc.ca/carrier/

Air Mode Requirements

9. Air carriers will transmit cargo and conveyance data in accordance with the specifications set out in the PRD for that purpose.

10. Supplementary data (if applicable) will be required to be transmitted electronically by the air carrier or the freight forwarder.

11. Low Value Shipments (LVS) under the Courier Program will be exempt from EDI ACI processing until a future phase of ACI.

12. As of December 5, 2005, the generic ITN- carrier code will be eliminated for commercial cargo shipments. The CBSA will require all commercial cargo air carriers to use a valid carrier code to electronically report cargo. For air carriers who need to obtain a bonded or a non-bonded carrier code, a request should be forwarded to:

13. Cargo, conveyance and supplementary 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 voyage is less than 4 hours.

14. The CBSA will build electronic message maps using the EDIFACT protocol for air carriers.

15. Upon receipt of a transmission that meets system edit rules, the CBSA will issue an acknowledgement message. If the transmission does not meet system edit rules, the CBSA will issue a reject validation message.



Ottawa, February 25,

CUSTOMS NOTICE N-608

“New” Reporting of Exported Goods Regulations

1. This notice supersedes Customs Notice N-587, *Reporting of Exported Goods Regulations* under the *Customs Act*, dated September 3, 2004.

2. The Regulations have been revised and were published on February 23, 2005, in the *Canada Gazette*, Part II, Volume 139, No. 4. The Regulations are found on the Canada Gazette Web site at:

<http://canadagazette.gc.ca/partII/2005/20050223/html/sor23-e.html>.

3. As a result of these Regulations, the Form B13A, *Export Declaration*, Canadian Automated Export Declaration (CAED) and the G7 Electronic Data Interchange (EDI) *Export Reporting* were revised. Customs Notice N-595, *Modifications to Form B13A, Export Declaration* states that a 30-day grace period would be offered from the date of Canada Gazette, Part II, before Administrative Monetary Penalties (AMPS) would be levied. This date has been extended to March 31, 2005 at which time penalties may be issued to exporters reporting via the B13A, CAED or G7 EDI Export Reporting who do not use the current version.

4. Additionally Memoranda of Understanding (MOU) for Carriers and /or Customs Service Providers have been signed with the Canada Border Services Agency (CBSA) and will come into force on March 31, 2005. Customs Notice N-598, *Memorandum of Understanding Between the Canada Border Services Agency and Carriers and Customs Service Providers for Export Reporting* is found on the CBSA Web site at: www.cbsa.gc.ca/E/pub/cm/cn598/README.html.

5. The main highlights of the new Regulations are the following:

- Section 1 – definition of exporter
- Section 3 – where and when exports must be reported
- Section 5 – how to report restricted goods, i.e., goods which are controlled, regulated or prohibited

- Section 9 – responsibility of the carrier to report the conveyance
- Section 10 – reporting the cargo of a carrier who has not signed an MOU with the CBSA
- Section 11 – responsibility of the carrier to report in-transit goods
- Section 13 – reporting the cargo of a carrier who has signed an MOU with the CBSA
- Section 14 – reporting by Customs Service Providers
- Section 19 – exporter’s responsibility to report the export of conveyances

6. The export brochure entitled *Exporting Goods from Canada – A Handy Customs Guide for Exporters*, RC4116, will be revised and available on the CBSA Web site at:

www.cbsa.gc.ca/E/pub/cp/rc4116/rc4116-e.html.

7. The customs D20 and D3 memoranda providing in-depth details on export reporting requirements will be available shortly.

8. A letter issued by the CBSA on October 29, 2004, to the exporting community, outlines the reporting requirements under the changes to the Regulations: This letter is found at:

www.cbsa.gc.ca/export/letter-e.html.

9. For additional information

contact: Export Process

Admissibility Branch

Canada Border Services Agency

15th floor, Sir Richard Scott
Building 191 Laurier Avenue West

Ottawa ON K1A 0L8

Telephone: (613) 954-7160

Facsimile: (613) 946-0241

Email: exports@cbsa-asfc.gc.ca



Canada Border
Services Agency

Agence des services
frontaliers du Canada

Ottawa, February 25,

CUSTOMS NOTICE N-608

Think Recycle!



Printed in Canada

Canada

16. If a reject validation message is received, the carrier or the freight forwarder must immediately resubmit corrected data for the conveyance and cargo before the arrival in Canada.

17. Containers and shipments may be held for more information or for examination at the first point of operational intervention.

Marine Shipments Loaded in the United States Requirements

18. The ACI exemption for marine shipments loaded in the United States, specified in Customs Notice N-542 and Customs Notice N-565, will be removed effective December 5, 2005. Carriers will transmit cargo and conveyance data for shipments loaded in the United States in accordance with the specifications set out in a PRD for that purpose. Marine carriers and freight forwarders will be permitted to electronically transmit supplementary data to the CBSA.

19. For marine shipments loaded in the United States, the cargo and conveyance data must be transmitted electronically to the CBSA at least 24 hours before the arrival of the vessel at the first port in Canada. If the length of the voyage is less than 24 hours, the transmission would be required at the time of departure.

20. Electronic message maps using ANSI and EDIFACT protocols are currently available for marine carriers and freight forwarders.

21. Upon receipt of a transmission that meets system edit rules, the CBSA will issue an acknowledgement message. If the transmission does not meet system edit rules, the CBSA will issue a reject validation message.

22. If a reject validation message is received, the carrier or freight forwarder must immediately resubmit corrected data for the conveyance and cargo before the arrival in Canada.

23. Containers and shipments may be held for more information or for examination at the first port of arrival. The CBSA may issue a "Do not Unload" message pending the submission of additional data or if there is a threat to health and safety or security.

Other information

24. If a carrier or freight forwarder is unable to comply with the requirement to transmit the information electronically, that carrier or freight forwarder must arrange for the information to be transmitted electronically to the CBSA by another approved party. A list of service providers is available by contacting the Electronic Commerce Unit mentioned in paragraph 27.

25. Corrections to cargo data should be made electronically as soon as they are known and until the liability for the payment of duties on the goods transfers from the carrier. Once the liability has transferred, any subsequent corrections should be made in paper form to the CBSA.

26. Failure to comply with advance notification requirements under ACI may result in the application of penalties and sanctions under the *Customs Act*.

27. The Participants' Requirements Document will be issued in advance of implementation and can be obtained from:

Manager

Electronic Commerce Unit

Innovation, Science and Technology Branch Canada
Border Services Agency

15th Floor, Sir Richard Scott Building 191 Laurier
Ave. W.

Ottawa ON K1A 0L8 Telephone: 1-888-957-7224

28. Inquiries and written comments about the ACI initiative should be directed to:

Manager

ACI Program and Policy Development Advance
Commercial Information Division Innovation,
Science and Technology Branch Canada Border
Services Agency

2nd Floor, 171 Slater Street Ottawa, ON K1A 0L8

Telephone: (613) 954-7077

Facsimile: (613) 957-9562 Email:
aci@cbsa-asfc.gc.ca

Customs Notice N-605



February 10, 2005

11. For goods other than described in sections 9 and 10, data must be transmitted electronically to CCRA at least 24 hours prior to lading the goods on board the vessel that transports those goods to Canada, unless otherwise authorized

by CCRA. Where authorization is granted, the cargo data pertaining to those goods must be transmitted electronically to CCRA at least 24 hours prior to arrival in Canada.

Requests for this authorization should be forwarded to:

Manager

Carrier and Cargo Policy

Operational Policy and Coordination
Directorate 8th Floor

Sir Richard Scott
Building 191 Laurier
Ave

Ottawa ON K1A 0L5

Information to be provided in the request for authorization includes carrier name and carrier code; the source, identity and means of the packaging or bundling of the commodities being shipped; the ports of call both foreign and domestic; the number of vessels the carrier uses to transport break bulk cargo, along with the names of the vessels and their International Maritime Organization numbers; and the list of the carrier's importers and shippers, identifying any who are members of Partners in Protection (PIP).

12. Marine carriers will report empty containers that are considered to be in shuttle service, listing all such containers under the responsibility of the marine carrier for a specific conveyance and voyage. Data pertaining to these empty containers must be transmitted electronically to CCRA within 24 hours of departure from the last foreign port of lading.

13. In some cases a freight forwarder who is contracted to transport or dispatch goods, and delivers or arranges the delivery of those goods to a marine carrier for lading on board a vessel at a foreign port, may not wish to divulge certain information to the carrier or its agent. In these cases the freight forwarder, when possessing a CCRA assigned code, may electronically transmit this information (known as supplementary data) directly

to CCRA within the timeframes specified in sections 9, 10 and 11.

14. Freight forwarders requiring a carrier code solely for electronic transmission purposes, may obtain further information by calling Carrier and Cargo Policy

at (613) 954-7081.

15. If goods referred to in section 9 and 11 for which cargo data has been transmitted, are removed from a vessel prior to arrival in Canada, and then laden aboard another vessel for transporting to Canada, cargo data must again be transmitted electronically to CCRA at least 24 hours prior to lading on board the vessel that transports those goods to Canada.

16. All goods laden in a country other than the United States, that will be Freight Remaining on Board (FROB) in Canada while in-transit to a third country (including the United States), must comply with the requirement to

provide cargo information within the timeframes specified within sections 9,10 and 11.

17. Changes to cargo data should be made as soon as they are known. Most data corrections will result in the re-start of the 24 hour clock if the vessel has not yet departed. Corrections to cargo information may be made electronically at any time until the liability for the payment of duties on the goods, as described in sub-section 20(2) of the *Customs Act*, transfers from the carrier. Once liability has transferred, any subsequent corrections would be in paper form to CCRA.

Data Transmission

18. Upon receipt of a transmission that meets system edit rules, CCRA will issue an acknowledgement message. If the transmission does not meet system edit rules, CCRA will issue a reject validation message.

19. If an acknowledgement message is not received, the carrier/freight forwarder must resubmit corrected data for the conveyance/cargo within the timeframes for cargo reporting specified above.

20. For cargo reports where the Supplementary Data Indicator (see Participants Requirements Document) confirms that supplementary data will be provided, the estimated date/time of lading will be used to determine the 24 hour -prior to lading" timeframe for the commencement of risk assessment processing. If the supplementary data has not been received 24 hours prior to the estimated date/time of lading, CCRA will generate a reject message for the cargo concerned. It should be noted that supplementary data can precede the carrier cargoreport.

21. Where the Supplementary Data Indicator confirms that no supplementary data is applicable, the CCRA will complete the risk assessment process within 24 hours of receipt/acceptance of the cargo data transmission.

22. If CCRA does not issue a -Hold for Examination"

or -Hold for More Information" message within 24 hours of transmission where no supplementary information is applicable or before the Estimated Date/Time of Lading if supplementary information is applicable, the carrier may proceed with the loading of the shipment.

23. If the carrier receives a -Hold for More Information" message, then the information requested in the message must be transmitted to CCRA within the timeframes applicable to the cargo concerned. Once the CCRA is satisfied with the information received from the carrier/freight forwarder, the carrier will be advised that the hold has been removed.

24. If the carrier receives a -Hold for Examination" message, the customs administration at the foreign port of lading will contact the appropriate party to arrange for examination of the shipment.

25. Upon arrival in Canada specified containers/shipments may be held for examination or for the submission of additional information. In some situations, CCRA may issue

-Do Not Unlade" messages pending the submission of additional data or the resolution of health, safety or security issues.

Marine Conveyance Reporting

26. The conveyance data will include details identifying the vessel, its capacities, and scheduling and routing information.

27. For all vessels bound for Canada and transporting goods described in section 9 above, the conveyance data must be transmitted electronically to CCRA within 24 hours of departure from the last foreign port of lading.

28. For all vessels bound for Canada and transporting goods described in section 10 above, the conveyance data must be transmitted electronically to CCRA at least 24 hours prior to the vessel's arrival in Canada.

29. For all vessels bound for Canada and transporting goods described in section 11 above, the conveyance data must be transmitted electronically to CCRA within 24 hours of departure from the last foreign port of lading. Where authorization for cargo data transmission at least 24 hours prior to arrival in Canada is granted for the goods, the conveyance data must also be transmitted electronically

to CCRA at least 24 hours prior to arrival in Canada.

30. For all vessels bound for Canada and transporting a combination of goods described in sections 9, 10, and 11 above, the conveyance data must be transmitted electronically to CCRA within the most advanced

(i.e. longest) timeframe stated for the goods transported. For example, for a ship carrying both containerized and bulk goods the conveyance data

must be transmitted electronically to CCRA within 24 hours of departure from the last foreign port of lading.

31. In the case of consortiums, the master carrier is responsible for providing a conveyance report for the vessel. It will be the responsibility of the master carrier to advise all consortium members of the conveyance report number in a timely manner to enable their transmission of cargo data.

32. Changes to conveyance information that has been provided in advance may be made electronically at any time prior to the arrival of the vessel in Canada.

Other Information

33. Failure to comply with advance notification requirements under ACI may result in the application of penalties and sanctions under the *Customs Act*.

34. The electronic transmission of export cargo/conveyance data, as outlined in the Participants Requirements Document, will be facilitated with the implementation of ACI. Questions regarding export processing should be addressed to:

Export Process
Division 191 Laurier
Ave. W. Ottawa ON
K1A 0L5

Telephone: 613 954-7160

Facsimile: 613 946-0241

Email: EXPORTS.CTAB@CCRA-ADRC.GC.CA

35. Subsequent to or concurrent with the implementation of mandatory EDI cargo reporting for all modes, electronic transmission of release data will be mandatory with Harmonized System (HS) classification codes for all commodities.

36. Inquiries and written comments about Advance Commercial Information and the 24 Hour Rule requirements should be directed to:

Manager

ACI Program and Policy Development
Advance Commercial Information
Division Major Project Design and
Development Customs Branch

8th floor

Vanguard Building

191 Laurier Avenue
West Ottawa ON K1A
0L5

Telephone: (613) 954-7077

Facsimile: (613) 957-9562

Customs Notice CN-542



October 7, 2003

Bulk and Break Bulk Cargoes as Defined by US Customs¹

Extracted from the CBP website at:

http://www.cbp.gov/xp/cgov/import/communications_to_industry/advance_info/ (FAQ # 14...pages 12-14)

(last updated Aug.12.05)

Also available at the following CBP web page:

http://www.cbp.gov/xp/cgov/import/carriers/24hour_rule/ (FAQ number 41...pages 36-39) (last updated Apr.16.04)

For the purposes of the 24-hour advanced manifest rule only, the following definition will be used for **bulk cargo**:

“Homogenous cargo that is stowed loose in the hold and is not enclosed in any container such as a box, bale, bag, cask, or the like. Such cargo is also described as bulk freight. Specifically, bulk cargo is composed of either: (A) free flowing articles such as oil, grain, coal, ore, and the like which can be pumped or run through a chute or handled by dumping; or (B) uniform cargo that stows as solidly as bulk cargo and requires mechanical handling for lading and discharging.”

Customs and Border Protection (CBP), Border Targeting and Analysis (BTA) has determined that the following list of commodities and commodity types can be classified as bulk cargo. To be classified as bulk, this cargo may not be containerized and must be easily identifiable as laden on the vessel. Any bundling of the following commodities must only be for the purposes of securing the cargo. This list may be changed and updated as deemed appropriate by CBP.

- ≡ Coils of steel and other metals
- ≡ Rails of steel and other metals
- ≡ Wire rods of steel and other metals (may be coiled or flat)
- ≡ Ingots of metal (precious or otherwise)
- ≡ Round bars of steel or other metal
- ≡ Deformed Bars/Rebars (of metal)
- ≡ Plates (of metal)
- ≡ Billets (of metal)
- ≡ Slabs (of metal)

- ≡ [L1] Pipes (of metal)
- ≡ Beams (of metal)
- ≡ Tubes/Tubing (of metal)
- ≡ Sheets (of metal)
- ≡ Expanded metal
- ≡ Flat bars (of metal)
- ≡ Strand wire (of metal)
- ≡ Sawn Timber/Lumber as a commodity (not as packaging material)
- ≡ Paperboard/Fiberboard/Plywood as a commodity (not as packaging material)
- ≡ Paper products as commodity (wood pulp, newsprint and paper rolls and not as packaging material)
- ≡ Certain perishable goods, not in boxes, bags or containerized, and not frozen, but laden and stowed in a way similar to other types of bulk cargo (includes seafood and produce).
- ≡ Blooms (similar to "billets and of metal)
- ≡ Anodes/Cathodes, in sheets only (may be corrugated)
- ≡ Angles, shapes and sections (of metal)

¹ Canada Customs has advised that they will adopt the same definition for bulk

Break bulk cargo will be defined as cargo that is not containerized and that cannot be classified as “bulk” cargo under the above definition. For example, new and used vehicles will be classified as break bulk cargo. Although uniform in nature, vehicles have identifying marks (such as a Vehicle Identification Number, or VIN). One necessary aspect of bulk cargo is fungibility. The presence of a VIN removes that component from the shipment of new or used vehicles.

It is important to note that the difference between bulk and break bulk is based not only on the type of cargo, but also on the way in which the cargo is stowed or loaded. For example, bananas stowed loosely in a hold (not in boxes or containers) will be considered bulk.

Palletized boxes of bananas loaded directly into a hold (but not loose or containerized) will be considered break bulk.

All correspondence regarding exemption amendments, questions or concerns must be sent to:

Email (preferred) 24hour.exemptions@dhs.gov

Phone 1.866.324.9169

Fax 1.703.621.1435

Please ensure that all emails and phone calls clearly reference “24-Hour Exemptions” and the CBP Exemption Application number, if assigned.

For more information, please contact docs@fednav.com.

List of Proscribed Countries as determined by the State Department

With respect to 19 CFR 4.7(c), US Customs published on December 5, 2003 a notice stating that regardless of 15 CFR 30.61 (a) (4) and the commodity to be exported, Option 4 status is prohibited for exports from the US to the following countries:

Cuba, Iran, North Korea, Libya, Lithuania

It is important to understand that full export information for shipments to proscribed countries must be submitted prior the vessel's departure in accordance with option 2 and that claiming Option 4 status for such exports will be a violation of the Option 4 program.

For more information, please contact: docs@fednav.com.

As per page 7 of [Licence Exceptions: Country Group E:1](#) (Last updated August 5, 2005)

Dangerous Goods Manifest

(As required by SOLAS 74, chapter VII, regulation 5.5, MARPOL 73/78, annex III, regulation 4(3) and chapter 5.4, paragraph 5.4.3.1 of the IMDG Code)

Name of Ship IMO Number Nationality of Ship Master's Name
 Voyage Reference Port of Loading Port of Discharge Shipping Agent

| Booking/ Reference Number | Marks and Numbers Container ID No(s). Vehicle Reg. No(s). | Number and kind of packages | Proper Shipping Name | Class | UN Number | Packing Group | Subsidiary Risk(s) | Flashpoint (in °C, c.c.) | Marine Pollutant | Mass (kg) Gross/Net | EmS | Stowage Position on Board |
|---------------------------------|---|-----------------------------------|----------------------------|-------|-----------|------------------|-----------------------|-----------------------------|---------------------|------------------------|-----|---------------------------------|
| | | | | | | | | | | | | |

Agent's signature _____
 Place and Date

Master's Signature _____
 Place and Date

Dangerous Cargo Manifest

This is to certify that the above named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the Department of Transportation

Vessel _____ Voyage No. _____ Official No. _____ Radio call sign _____
_____ Master's signature

Net Tonnage _____ Nationality _____

Port of Loading _____ Sailing Date _____ Port of Discharge _____

Name and address of agent at port of discharge _____

**Fednav (Belgium) N.V., Sneeuwbeslaan 14,
 B-2610 Antwerp – Wilrijk, Belgium**

Name and address of agent at load port

| B/L No. | Shipper | Number of Pkgs., and description of pkgs. | Description of commodity as per CFR-49 Regulations §172,101 or §172,102 or IMDG code | Classification per CFR-49 §172,101 or MDG code | U.N. code | Label (if none so state) | Weight (Kilos) | Emergency response telephone number and contact | Stowage (hold or deck no.) |
|---------|---------|---|--|--|-----------|--------------------------|----------------|---|----------------------------|
| | | | | | | | | | |

This is to certify that the above named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the Department of Transportation

Shipping Paper

This is to certify that the above named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the Department of Transportation

THIS DOCUMENT TO ACCOMPANY EACH DANGEROUS CARGO MANIFEST

Vessel _____ Voyage No. _____ Official No. _____ Radio call sign _____
Master's signature _____

Net Tonnage _____ Nationality _____

Port of Loading _____ Sailing Date _____ Port of Discharge _____

Name and address of agent at port of discharge _____ Name and address of agent at load port _____

| B/L No. | Shipper | Number of Pkgs., and description of pkgs. | Description of commodity as per CFR-49 Regulations §172,101 or §172,102 or IMDG code | Classification per CFR-49 §172,101 or MDG code | U.N. code | Label (if none so state) | Weight (Kilos) | Emergency response Telephone number and contact | Stowage (hold or deck no.) |
|-------------------------------------|---------|---|--|--|-----------|--------------------------|----------------|---|----------------------------|
| | | | | | | | | | |
| Consignee's delivery address | | | | | | | | Above number as provided by shippers | |

This is to certify that the above named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the Department of Transportation



CTACC Members December 2, 2003

To whom it may concern

This letter is to advise the reader that the Export Process Division (EPD) of the Canada Customs and Revenue Agency (CCRA) is currently revising the Reporting of Exported Goods Regulations and the related Customs D memorandum (D20-1-1). It is anticipated that the new regulations will become law early in 2004. This means that the responsibilities of exporters, carriers and customs service providers will change.

The purpose of this letter is to encourage your co-operation in preparing for the changes under these pending new regulations. It is in your best interest to get accustomed to the new procedures before the revised regulations take effect. When the proposed *Reporting of Exported Goods Regulations* become law and the related regulatory provisions are designated in the *Designated Provisions (Customs) Regulations*, export Administrative Monetary Penalty System (AMPS) penalties will be applied in any circumstance where a person fails to comply with the export provisions of the *Customs Act* or the Regulations.

Once the legislation is passed, the new regulations will emphasize the need for **proof of report**. The exporter or customs service provider must then provide this **proof of report** number to the exporting carrier before the goods can be loaded for export.

Carriers are not to load goods without proof that the exporter has reported to customs (**No report/No load**). Therefore, everyone involved in the export process must be made aware that this **proof of report** is required before the goods are loaded. This includes freight forwarders and cargo intermediaries who act on behalf of the exporters and are responsible for completing export declarations and arranging for bookings with exporting carriers. This new requirement forms the pivotal component of the terms and conditions of a Memorandum of Understanding (MOU) between the exporting carriers and CCRA.

Please note that these MOU based procedures do not apply to in transit goods traveling through Canada.

There are four ways for exporters to report goods for export:

1. Canadian Automated Export Declaration (CAED)

CAED is an electronic option used to report exports. Anyone with basic computer equipment can use CAED, and the necessary software is available free of charge. Given that there are new requirements to have the manual B13A stamped at a customs office, the use of CAED certainly will make reporting easier for all stakeholders. A CAED demo and information on how to get the software are available on the Internet at <https://www.statcan.gc.ca/eng/exp/index>, or you can contact:

Export Statistics Liaison
Unit International Trade
Division Statistics Canada
9th floor, Jean Talon Building - Tunney's
Pasture Ottawa, Ontario K1A 0T6
Telephone: 613-951-6291 or 1-800-257-2434
Facsimile: 613-951-6823 or 1-888-269-5305
E Mail: export@statcan.ca

If the goods to be exported require a permit, then in addition to the requirement to notate the CAED Authorization ID and Form ID on the bills of lading or air waybills, the exporter is also required to print a paper copy of the B13A and submit it to Customs along with the permit.

The Authorization ID is composed of 2 alpha/4 numeric digits e.g. SC1234. The Form ID is composed of the year/month/and five digit transaction number which refers to the # of shipments exported during the year.

The carrier must notate the exporter's *proof of report* authorization ID and form ID on the bills of lading or air waybills, e.g. SC123420031000546.

2. G7 EDI Export Reporting

G7 EDI Export reporting is a new electronic service option that allows an exporter to submit export declarations.

The scope of G7 EDI Export Reporting is as follows:

? G7 EDI is available to all modes of transportation

? Entry validation occurs on a 24 hour/7days a week basis.

All interested participants can obtain information from our web site cbsa-asfc.gc.ca/eservices or to contact the G7 project team at: G7@ccra-adrc.gc.ca.

If the goods to be exported require a permit, then in addition to the requirement to notate the CAED Authorization ID and Form ID (CAED transaction number) on the bills of lading or air waybills, the exporter is also required to print a paper copy of the B13A and submit it to Customs along with the permit.

The carrier must notate the exporter's *proof of report* authorization ID and form ID (CAED transaction number) on the bills of lading or air waybills, e.g.

RC123420031000546.

3. Export Summary Reporting

The export summary reporting program is available to exporters, who export bulk type goods on a regular basis, and have met customs requirements.

Bulk type goods sold for export, including containerized bulk goods (such as logs, newsprint, or ore) should be on summary reporting. In the case of goods shipped by marine mode, this program eliminates the need for a B13A report that needs to be submitted prior to export and then corrected after loading due to the load, quantity, and/or value being determined by the ballast of the ship. It also enables exporters to summarize required export data, via a written report submitted on a monthly basis, after the goods have left Canada. In the case of summary reporting the ***proof of report*** number has been assigned to all participants. **An approved summary reporter will not be required to submit a B13A to Customs.**

Written authorization to report in this manner must be granted by customs before it can be used. Goods that are controlled, regulated or prohibited do not normally qualify for this program. In the *Reporting of Exported Goods Regulations* controlled, regulated or prohibited goods are referred to as restricted goods.

The carrier must notate the exporter's *proof of report* export summary reporting number on the bills of lading, so that the exporter is clearly identified as a summary reporter, e.g. SUM1234

4. Form B13A Export Declaration

Exporters who do not report via CAED, G7 EDI Export Reporting or Summary Reporting are required to complete a paper B13A Export Declaration. All B13A's must be brought into a customs office and assigned a transaction number. This number is provided by a stamp machine or by a manual stamp. The B13A needs to be completed in three copies and each copy of the B13A must have an original

/identical stamp. If the goods to be exported require a permit, then in addition to the requirement of the B13A the necessary permit must be presented attached to the B13A declaration.

Many large volume customs ports provide an automated transaction numbering machine. The exporter or his service provider must use it to date stamp their declarations and obtain their ***proof of report*** number.

Under the new regulations, goods may not be tendered for export without this transaction number (**No report/No load**). All ports have a manual log to backup their date stamp machine in case of mechanical problems. Also, where no machine is available, this log will be used to record the transaction number assigned by a customs officer to three copies of the B13A. Customs offices will not accept fax transmissions of B13As. A revised B13A Export Declaration is being issued with a customs notice in the near future.

The carrier must notate the export transaction number (*proof of report*) on the bills of lading or air waybills, e. g. 2003/11/01/ 13:00 497 000235 (year/month/day/24 hour clock/port number/6 digit transaction number)

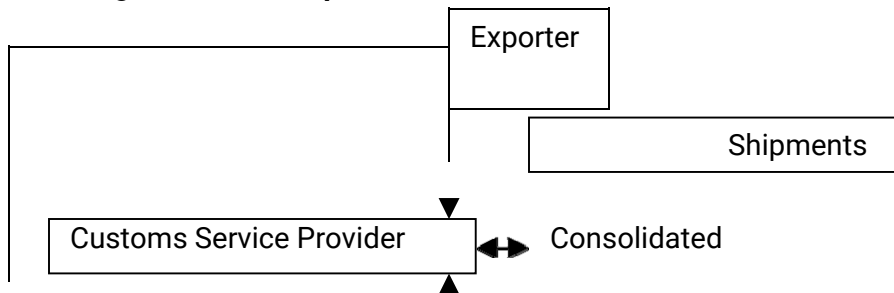
To minimise difficulties resulting from this requirement, we believe it is in the best interest of exporters and or service providers to convert to electronic transmission of their export declarations.

5. NO DECLARATION REQUIRED (appendix A)

If the cargo does not require reporting under the exceptions to reporting, the exporter or his service provider is required to specify to the carrier that **No Declaration is Required (NDR)**. The exporting carrier is required to note the NDR on their bills of lading or air waybills. Some reasons for NDR are: Goods are not controlled and valued at less than

\$2000. CDN: Diplomatic goods; Goods are being exported to the United States for consumption in the United States. For complete list see Appendix

CARRIER One of the changes for the carrier under the revised export regulations will be that all carriers will be required to submit all cargo data prior to export. MOU carriers have the option of signing a no report/no load policy in which they will be allowed to report their cargo after exportation according to the time frames specified by mode. The exporting carrier is required to obtain the Customs export (*proof of report*) number for goods to be exported. If a freight forwarder or other service provider is presenting these goods to the exporting carrier, goods will not be loaded without all the *proof of reports* for all cargo. In light of this the two following scenarios are possible:



MOU carriers must ensure that the **proof of report** number from the B13A, CAED, G7 EDI or Summary Reporting is noted on the bills of lading/air waybills. Where **no declaration is required (NDR)**, due to exceptions to reporting (Appendix A), the carrier/service provider must indicate **NDR** on the bills of lading/air waybills.

Please note that failure to report Customs export (proof of report) numbers may cause customs to exercise its option of terminating its MOU with a carrier.

Administrative Monetary Penalty System (AMPS)

Various Customs AMPS penalties are in place for exports under the existing legislation including:

(C170) "Exporter failed to report the export of goods on an export declaration according to time frames."(C315) "Exporter failed to provide to customs prior to export any export permit, licence or certificate required."(C316) "Exporter failed to submit an export summary report according to the required time frame".

? A new AMPS penalty is being put in place for non MOU carriers who fail to report all cargo prior to export.

? A new penalty is also being considered for MOU carriers who submit late or non-reports of the bills of lading or air waybills according to the post departure time frames in the MOU.

For information on other penalties or the AMPS program, please see:

<http://www.ccradrc.gc.ca/amps/>

Please contact any Regional Client Services Office at 1-800-461-9999 if you require additional information. Also, you may visit our website at <http://www.ccradrc.gc.ca/customs/business/exporting/menu-e.html>.

Yours truly,

Doug Waldie Director Export Process
Division

Attachment

Appendix A

The following classes of goods may, if the goods are not restricted goods, be exported without being reported by the owner unless an officer at the time of their exportation requests that they be reported:

- (a) Personal and household effects of a person, other than an emigrant, that are not for resale or commercial use;
- (b) Commercial goods having a value of less than \$2,000 Canadian, other than goods that would, if they were imported, be classified at the time of importation under any of the headings of Chapter 87, 88 or 89 of the Customs Tariff;
- (c) Conveyances that would, if they were imported, be classified at the time of importation under any of tariff item Nos. 9801.10.00, 9801.20.00 or 9801.30.00 in the List of Tariff Provisions set out in the schedule to the Customs Tariff;
- (d) Cargo containers that would, if they were imported, be classified at the time of importation under tariff item No. 9801.10.00 in the List of Tariff Provisions set out in the schedule to the Customs Tariff;
- (e) Reusable skids, drums, pallets, straps and similar goods used by a carrier in the international commercial transportation of goods;
- (f) Goods exported by diplomatic embassy or mission personnel for their personal or official use;
- (g) Personal gifts and donations of goods, excluding conveyances;
- (h) Goods that were imported into Canada and are exported from Canada after having moved in-transit through Canada en route to a non-Canadian destination;
- (i) Goods that were manufactured or produced in Canada and that are exported from Canada for the purpose of being transhipped through another country to another Canadian destination;
- (j) Goods exported for repair or warranty repair that will be returned to Canada;
- (k) Goods for use as ships' stores by a Canadian carrier;
- (l) Goods manufactured or produced outside of Canada and removed for export from a bonded warehouse or sufferance warehouse; or
- (m) Goods, other than goods exported for further processing, that will be returned to Canada within 12 months after the date of exportation.

(C)

(D)



January 7th, 2004

Canadian Automated Export Declaration (CAED) Users

Update for CAED participants

The Canada Border Services Agency (CBSA) is now responsible for the enforcement of the Customs Act, which was previously the responsibility of the Canada Customs and Revenue Agency (CCRA).

In an effort to accommodate the exporting community, we have extended the transition period for the implementation of the new CAED software from January 12, 2004 to March 1, 2004.

To view the original memo, visit the following page at <http://www.cbsa-asfc.gc.ca/export/caed-e.html>.

Business Number (BN) and import/export account identifier

It has been brought to the attention of Customs, that a number of exporters using CAED are not using a valid BN or import/export account identifier when completing the form. Each exporter is required to indicate not only the company's BN which is a 9 digit number, but also its import/export account identifier, which is RM followed by a four-digit number. To obtain a BN or an import/export account, and then to have the RM identifier activated call 1-800959-5525. Exporters must ensure that they are using the correct BN and RM account identifier to ensure that their transmission will be accepted by the export automated system at the CBSA.

If **service providers** are preparing export declarations on behalf of an exporter, the **service provider** must use the exporters Business Number in field 2 of the CAED declaration. It is the exporters' responsibility to ensure the submitted Business Number is valid.

CAED and the proof of report

The proof of report for CAED participants must be revised, as the possibility of obtaining duplicate numbers exists, under the current procedures. To avoid confusion and the issuance of needless penalties, the exporter must submit their proof of report, composed of the licence number, authorization ID, and form ID to the carrier who will notate this information on the bills of lading or air waybills.

e.g. 12X543SC12342003-10-00546

The **proof of report** that CAED exporters are required to submit to either a service provider or exporting carrier should include the following:

- the licence number composed of 2 numeric/ 1 alpha/3 numeric digits e.g. 12X543;
- the Authorization ID composed of 2 alpha/4 numeric digits e.g. SC1234;
- the Form ID composed of the year/month/and five digit transaction number which refers to the # of shipments exported during the year. e.g. 2003-10-00546.

B13A Export Declaration mandatory fields

The name of the exporting carrier and manifest number are mandatory fields on the B13A. If the exporting carrier or manifest number, (field 9A), are not known at the time the CAED export declaration is submitted online, the exporter is to state the service provider's name and file or booking reference number in that field. This will ensure that you are not subject to penalties.

Due to the size restrictions imposed by the form, please use the Exporter Reference Number, (field 3), when required to record multiple Manifest numbers.

Please take these changes into consideration in conjunction with our original letter to the exporting community of December 8, 2003.

To view the original letter please visit the following page:

<http://www.cbsa-asfc.gc.ca/export/letter-e.html>.

Your cooperation in this matter is greatly appreciated.

To clarify any additional question related to the CAED software please contact the Export Statistics Liaison Helpdesk at 1-800-257-2434.

For Customs related concerns, please contact any Regional Client Services Office at 1-800-461-9999. Also, you may visit the following page:

<http://www.ccr-aadrc.gc.ca/customs/business/exporting/menu-e.html>.

Last updated: 2004-02-02

Important notices