



May 22, 2014

Preparing for New Trade Regulations

By Matt Goodman

Major trade regulation changes are affecting the global supply chain, unprecedented in both number and magnitude. Although the changes impact some industries more than others, every company that imports into, or exports from, the United States or Canada will be affected. The majority of the regulations require new licensing, while others mandate significant software updates. Although it will be costly to comply with these changes, not properly preparing can lead to hefty fines and penalties at or after a border crossing.

To maintain your hard-earned profit margin, you should know about and prepare for the following changes now.

- **Food Safety Modernization Act (U.S.).** This policy requires companies to change registration processes for domestic and foreign facilities, as well as comply with added certifications for food safety. Food importers will need to contend with added food safety certifications because there will be more rigid requirements to identify their foreign suppliers.
- **Canadian Food Inspection Agency (CFIA) Inspection Modernization Program (Canada).** The CFIA is developing a more comprehensive inspection approach across all imported and domestic food commodities – for both interprovincial and international trade. All regulated companies will need to obtain an Imported Food Sector License, and the CFIA will conduct more inspections and enforcement for non-compliance. In addition, the types of regulated commodities are expanding. While currently only importers of meat, fish, dairy and eggs are regulated, the new program regulates all other food commodities, including coffee, baked goods, spices, infant formula, snack foods, meal replacements and others.
- **Single-Window Initiative (U.S., Mexico, and Canada).** This initiative applies to any goods coming into or leaving the United States. It requires shippers to interact with approximately 40 different partner government agencies through a single web-based interface system. Companies must transition from a paper-based process to a digital one to meet the initiative's goal of increasing real-time tracking and visibility of shipments. When it is



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completely implemented, shippers will know the status of their shipments from the partner government agencies more quickly and benefit from decreased wait time and exam costs.

- **e-Manifest (Canada).** All shipments into Canada must be declared electronically before arrival. This requires new software and IT upgrades to ensure compatibility with the new system; otherwise, companies risk an additional duty fee at the border.

Being aware and ready to comply with these regulations is the first step of preparation. The second is coming up with a plan to successfully navigate the new processes to ensure your company keeps driving profits forward. Luckily there are programs available through customs that can make the updated compliance process simpler and more cost effective, such as:

- **Additional free trade agreement coverage.** Customs is making it easier for importers to manage their shipments, offering companies access to more free trade agreements (FTAs) to save on duties. Customs brokers can help identify which FTAs companies can take advantage of, from NAFTA to the emerging TransPacific FTA.
- **Trusted Trader Program.** A voluntary certification program is offered through Customs to help educate companies and customs brokers on the new regulatory changes. A customs broker who is well versed in these changes can help importers navigate the program's stringent guidelines to be successfully approved for certification, which leads to faster and smoother border crossings.

Although the impact of these changes will be felt across companies of all sizes, small and medium businesses should pay extra attention to them since they often lack the in-house trade compliance expertise of larger enterprises. Working with a customs broker who continuously keeps abreast of these and other trade regulation changes can educate importers and exporters, providing access to a variety of programs and tools to ensure your company can confidently move forward.