

SERVE

Industrial Awareness Program

An initiative of the
Strategic Export Control Enforcement Program

La version française de cette publication est intitulée
SERVE – Programme de sensibilisation industrielle.

What is SERVE?

We, at the Canada Customs and Revenue Agency (CCRA), created the SERVE Industrial Awareness Program, to ensure that you, as a Canadian exporter, have all the information you need to comply with the law.

When you ship sensitive or strategically controlled goods to destinations outside Canada, you must meet certain government regulations. SERVE's main goal is to provide the information you need to:

- understand export legislation, regulations, and policy;
- abide by international agreements to limit and monitor the export of controlled goods;
- recognize suspicious transactions and report them to the proper authorities;
- facilitate the movement of your goods with the least disruption to international trade;
- help the government maintain accurate statistics on Canada's economic growth; and
- protect your business from economic espionage.

Sensitive or strategically controlled goods

These are goods that are listed on *Canada's Export Control List (ECL)* or any goods that are destined to countries on *Canada's Area Control List (ACL)*. Examples of sensitive or strategically controlled goods include:

- military equipment;
- nuclear-related materials;
- certain chemicals;
- biological agents;
- dual-use goods (e.g., computers); and
- goods of U.S. origin.

Why is SERVE important?

SERVE helps ensure that measures are in place to control the export of sensitive or strategic goods to countries that are:

- a threat to Canada and its allies;
- involved in, or under imminent threat of hostilities;
- a proliferation concern;
- under United Nations Security Council sanctions; or
- known to have a persistent record of serious human rights violations.

Another goal of SERVE is to ensure that you are treated fairly, and that your business does not suffer because you do not understand your legal obligations. For example, incomplete or incorrect permits or licences can delay processing of your goods. These delays could affect the delivery dates you have negotiated with your clients.

Why do we need your help?

As an exporter, you are in the best position to:

- recognize and report suspicious transactions;
- determine what information or technology is critical to your business;
- assess what sensitive information could be at risk, and from whom you must protect it;
- identify who may pose a threat to Canada and your export product; and
- provide information on unusual routings and possible diversionary tactics.

How can you help?

We rely on your co-operation to stop the illegal export of sensitive and strategically controlled goods from Canada, and to help us safeguard the transfer of technology.

Know your customer

Even simple, non-threatening products that end up in the wrong hands could become a hazard. Knowing both your customer and the end-use application of your product ensures that your business dealings comply with Canadian law, and that they do not pose a threat to Canada or its allies.

Canadian and foreign nationals may be used as agents to illicitly acquire proliferation-related technologies and material (e.g., human, animal, or plant pathogens, or chemical testing equipment). Once the agents have obtained the product, they may export it to its final destination through a complicated series of front companies, the misuse of in-bond status, false labelling, or diversions through other countries. The companies manufacturing the material, or those responsible for shipping it, are often misled about the final destination.

To help you avoid becoming involved with an illegal export order, we have provided a checklist called *What to watch for* to provide you with warning signals to keep in mind. If any of these situations seem familiar to you, contact one of the regional Strategic Export Control Enforcement Units listed on page 8.

Protect sensitive information

Here are some basic measures to help you guard against illegal exports of shipments and transfers of technology:

- Classify, control, and protect sensitive documents correctly.
- Protect computer databases and network links from unauthorized access.
- Properly store and dispose of sensitive documents and technology.
- Discuss sensitive company matters in secure locations.
- Control employee and visitor access to sensitive facilities and materials based on the **need to know** principle.
- Use sensitivity and caution when deciding how to provide customers with information about your business, and how much detail to supply.
- Use open communications lines cautiously (e.g., cellular telephones, fax machines, and telephones).
- Make sure that your employees understand the threat that economic espionage poses to their job security, and to the company's economic well-being.
- Emphasize that effective security policies and practices are everyone's responsibility.

Understand your legal obligations

As an exporter of controlled goods, you have certain legal obligations. You must:

- report any controlled items as required to Canadian customs officials before you export them;

- get an Individual Export Permit (IEP), licence, or certificate from the responsible government department or agency for transactions involving controlled items; and
- keep complete and accurate records and documents of all your export transactions for the current year plus the previous six.

What about nuclear materials?

If you are involved in the purchase or sale of nuclear materials, you must be aware of the details and history of these products. We must have ready access to this information so we can guard against their illegal export.

By following the enclosed checklist called *Nuclear materials – What you need to know*, you ensure you have all the necessary information.

Are there penalties for non-compliance?

Non-compliance with export control legislation and procedures is a serious offence. We can impose severe penalties under the *Customs Act*, the *Export and Import Permits Act*, the *Atomic Energy Control Act*, and any other act of Parliament that controls, regulates, or prohibits the export of goods from Canada. Penalties can include forfeiture of the entire export shipment, fines, imprisonment, or a combination of these penalties.

Who do you contact?

If you want to report a suspicious transaction, or if you have questions about exporting controlled goods, contact your nearest regional Strategic Export Control Enforcement Unit.

Halifax	Telephone: (902) 426-7130 Fax: (902) 426-1647
Montréal	Telephone: (514) 283-2488 ext. 5620 Fax: (514) 283-0692
Ottawa	Telephone: (613) 991-0512 Fax: (613) 952-9869
Toronto	Telephone: (905) 405-3900 Fax: (905) 405-3935
Calgary	Telephone: (780) 495-6556 Fax: (780) 495-6588
Edmonton	Telephone: (780) 495-6556 Fax: (780) 495-6588
Vancouver	Telephone: (604) 666-1259 (604) 666-6825 (604) 666-0669 Fax: (604) 666-7118 (604) 666-0612

Headquarters

Telephone: (613) 954-7611
Fax: (613) 952-7793

Suggestions and comments

Through SERVE, we try to balance the facilitation of trade in controlled goods with the need to stop the illegal export of sensitive goods and technology. If you have any suggestions or comments about SERVE, contact any of the offices listed on page 8.

For more information concerning the exportation of goods from Canada, visit the following Web sites:

www.cra.gc.ca/customs/business/exporting/menu-e.html

www.dfait-maeci.gc.ca/~eicb



What to watch for

If you find yourself in any of these situations, you may be dealing with an illegal export order.

- ☑ A customer whose identity is not clear approaches you.
- ☑ A customer you are not familiar with asks for technical assistance.
- ☑ You are involved in a transaction with an intermediary agent or a final consignee that is unusual considering the agent's regular business operations.
- ☑ A customer gives you insufficient or evasive explanations when you ask about chemicals to be produced, related production equipment, and the purpose or use of these chemicals or equipment.
- ☑ A customer gives you insufficient explanations about the chemical or raw material to be used with the equipment.
- ☑ A customer is reluctant to provide you with information about a plant's location, or the place where the equipment is to be installed.
- ☑ A customer is reluctant to give you clear answers to commercial or technical questions that are routine in such negotiations.
- ☑ A customer usually involved in military business (e.g., a customer under control of a defence ministry or the armed forces) approaches you.
- ☑ A customer with unusual business or technology needs provides an unlikely reason for these needs.
- ☑ Equipment is to be installed in an area under strict security control, such as an area in, or close to, military facilities, or an area where access is severely restricted.
- ☑ Equipment is to be installed in a suspicious or unusual location.
- ☑ A customer requests shipment or labelling of goods that are inconsistent with usual shipping and labelling practices.
- ☑ You are offered unusually favourable payment terms, such as a higher price, a better interest rate than prevailing market rates, or a lump-sum cash payment.
- ☑ A customer asks for excessive confidentiality regarding the final destination or details of the products to be delivered.
- ☑ You receive an order for safety or security devices or measures that are excessive considering the nature of the equipment.
- ☑ You receive a request for devices that are not usually necessary, such as excessive spare parts, or the order lacks a request for devices that are usually required.
- ☑ There is no request for a performance guarantee, warranty, or service contract.
- ☑ There is no request for the usual technical experts, assistants, or training regarding the installation or operation of the equipment.
- ☑ A contract is interrupted, or a project is taken over by another company, and the customer is anxious for the project to be completed.
- ☑ You are refused access to areas of a customer's plant that should normally be accessible.
- ☑ A contract to construct or revamp a plant is divided among several companies, without providing enough information on the complete scope of work or the final location of the plant.
- ☑ Packaging or packaging components are inconsistent with the shipping mode or stated destination.
- ☑ Modifications are made to a plant or equivalent, or existing plant operation. The modifications change production capability significantly and could facilitate the manufacture of chemical weapons or of items that could lead to chemical weapons (precursors).
- ☑ You are approached by foreign nationals who want to enroll as students or be hired as research workers for projects involving pathogenic organisms or toxins.
- ☑ You notice a pattern of attendance by foreign nationals at conferences and seminars involving the culture, production, handling properties, and storage of pathogenic organisms or toxins.



Nuclear materials – What you need to know

Here's the kind of information you need to have available for us if you are buying or selling nuclear materials.

- Is a sample of the nuclear material available to the buyer for analysis?
- What are the dimensions and weights of the containers the material is packaged in?
- Does the container for the nuclear material meet certified national and international standards?
- What are the markings on the container?
- How much nuclear material (e.g., uranium, plutonium, or thorium) is in each container?
- What are the radiation levels on the surface of each container?
- What is the material's form (i.e., metal, powder, liquid, or gas)?
- If contained in a compound or solution, what is the weight, concentration, or activity level of the nuclear materials?
- Is the technical data or information proprietary, commercially sensitive, or in the public domain?
- What are the origin and history of the item?
- What kind of facility or factory is the item from?
- What safeguards are in place at the facility or factory?
- How is the material removed from the facility or factory?
- Is the material removed by employees of the facility or factory?
- What is the seller's isotopic analysis of the material?
- If the sale involves a manufactured unit containing special nuclear material, can the seller provide:
 - a detailed photograph;
 - detailed weight, dimensions, or technical specifications;
 - details of all surface markings;
 - dimensions and details of all markings on the shipping container (if there is one); and
 - a description of how and where the items were obtained?