Canadian eManifest for Forwarders

Challenges & Techniques for Effective Compliance

The focus of the Canadian eManifest has turned to forwarders now that highway and rail carriers are facing a full range of financial penalties for non-compliance.

This interactive PDF is designed to highlight key takeaways and critical concepts to help businesses succeed, plan strategically and meet the new border crossing requirements for forwarders.

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Canadian eManifest

Beginning with the Basics: What All Supply Chain Participants Should Know

The Carrier Manifest Report—the details that include the who, what, where and when of a shipment—is changing. With the fast pace of trade and evolving regulations, several basic concepts are prerequisite to understanding the Canadian eManifest, part of the Canadian Advance Commercial Information (ACI) program. How the Canadian eManifest, subsequently referred to as eManifest, affects stakeholders depends on the role a given business plays in transporting cargo. In general, however, all of the basics below apply to supply chain participants who are affected:

In a rush? Read the below terms & text below in blue:

- **It’s Electronic**
  
  The transmission of shipment details has been moving toward digital methods. There are exceptions, however, the eManifest program generally calls for the transmission of required data elements to the Canada Border Services Agency (CBSA) via electronic methods.

- **It Calls for Advance Data**
  
  The term ‘advance’ is a common theme among security filings, and also applies to eManifest. In this context, advance simply means that information must be submitted within a given timeframe. When the data is required depends on the mode of transport.

- **It’s Required**
  
  eManifest has been underway for a number of years in multiple phases leading to the requirement of the information requested with related penalties imposed for non-compliance. *Current status depends on a party’s role in the supply chain.

- **It Includes Filing Options**
  
  Shippers and shipments vary from high tech to low tech; however, with eManifest, the option to be ‘no’ tech is generally eliminated since electronic filing is required. In order to streamline the transition and ensure that goods are not delayed at the border, there are a number of filing options to help ensure compliance for all supply chain participants.

Without the correct data prior to arrival, shippers may not be permitted to load freight or they may be turned back at the border, assessed CBSA penalties and experience delivery delays.
The three-phase deployment of eManifest reflects the evolution of the regulation by mode of transport and by party. The Canadian eManifest for highway and rail carriers is now in effect with penalties issued for non-compliance.

**History & The Future**

**An Overview, Timeline & Planned Enforcement**

The three-phase deployment of eManifest reflects the evolution of the regulation by mode of transport and by party. The Canadian eManifest for highway and rail carriers is now in effect with penalties issued for non-compliance.

**In a rush? Read this:**

Compliance for freight forwarders is moving forward as per Customs Notice 16-17. Importers are also anticipating future requirements including full Importer Advance Trade Data (ATD) implementation.
Timeframes & Data Consolidation

Collaborative Data Gathering to Better Identify Risks

Similar to other security filing initiatives, the Canadian eManifest gathers shipment details from a number of supply chain participants and aggregates the data to better achieve national security objectives. With the Canadian eManifest, the timing of a submission is consistent across all parties. In general, the mode-specific timeframes are displayed in the following table:

<table>
<thead>
<tr>
<th>Mode</th>
<th>Timeframe</th>
<th>Carriers</th>
<th>Forwarders</th>
<th>Importers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ocean</td>
<td>24 hours prior to loading (depending on goods type &amp; origin)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Air</td>
<td>4 hours prior to arrival, or at time of departure (depending on flight duration)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Rail</td>
<td>2 hours prior to arrival</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Highway</td>
<td>1 hour prior to arrival</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

*= Current (or future) requirement

Additional note: Although eManifest is part of the Canadian ACI program, the trade often uses the term ‘ACI’ to refer to ocean and air modes of transport, and applies the term ‘eManifest’ to highway, rail and forwarder initiatives. The carrier industry is also expecting a standardized multimodal manifest in the near future.
eManifest for Freight Forwarders

Incorporating the Electronic House Bill (eHBL) for a Vital Supply Chain Participant

Forwarders represent millions of shipments annually and are a strategic trade chain partner in the new electronic reporting environment. Prior to the introduction of the eManifest program, the CBSA had not defined the freight forwarder as a formal trade participant. The development of eManifest over the last several years has clearly demonstrated the impact and influence of the forwarding industry.

Although the eManifest initiative incorporates the vital role that forwarders play in the value chain and introduced the concept of the eHBL, the program continues to address the complexities forwarders face in day-to-day operations and refine practices at a practical level.

Forwarders handle a range of shipment scenarios in all modes of transport. Each must be analyzed to help the regulation mature, and to help the CBSA fully accomplish its goals of securing high-risk shipments and accelerating legitimate trade.

In a rush? Read this:

Mandatory eHBL submission is complex, and introduces multiple shipment types, exceptions and concerns. Forwarders must ensure that these scenarios are addressed in internal and external operations.

Mandatory submission of eManifest details will challenge the forwarding industry if scenario-specific concerns are not analyzed. Some of these can be addressed through technology that factors-in these scenarios into the UI, connectivity and data gathering process.

**Inspection Costs**
Forwarders have petitioned CBSA to consolidate First Point of Arrival (FPOA) & Commercial examinations.

**Unsolicited Freight**
In the air mode of transport, freight may arrive consigned to forwarders without their previous knowledge.

**Submission Timing**
With tight timeframes for eManifest reporting, many forwarders must review procedures especially for air shipments.

**Back-to-Back Shipments**
Cases where a forwarder manages a single shipment (sent from them on a bill of lading to themselves) must be reported on a house bill eManifest.
Deconsolidation Notices

*Enabling Added Communication Between Parties*

As part of the eManifest process, the CBSA has launched a new initiative to enhance the reporting mechanism and communications between shipment parties.

Carriers, freight forwarders, customs brokers and warehouse operators will be able to view shipment milestones for a particular movement if they are a party on the manifest. The eManifest Notices include ‘Completeness Notices’, ‘Arrival Notices’ and ‘Status Notices’. This new mechanism of two-way communication will eventually replace the Release Notification System (RNS) platform.

Completeness Notices were made available by the CBSA in 2014, while Disposition Notices, which constitute arrival and status messages, are currently being tested and launched. Deconsolidation Notices are of particular importance to shipment parties because they authorize the transfer of cargo control for consolidated shipments.

Additionally, this notice serves to trigger the warehouse operator to allow the freight forwarder to assume control of the goods.

Under the eManifest Notice platform, importers and customs brokers will also be able to receive an electronic House Waybill (eHWB) if they are listed as a Secondary Notify Party (SNP). The CBSA will trigger a ‘Manifest Forward’ message to the SNP if they are listed on the eHWB.

This provides an opportunity for the importer/customs broker to begin the declaration process based on the Manifest Forward message received from the CBSA.

Deconsolidation notices help to add reporting capabilities as well as enhance connectivity between parties. The new system will eventually replace the existing RNS program.
The Five “C’s” for Forwarders

A Strategic Approach to a Successful eManifest Program

The forwarder is the intermediary between multiple supply chain participants. As a result, forwarders must actively reach out to carriers, agents, importers and others to ensure compliance. This approach is perfectly suited to a strategic, multi-tiered process that includes:

1 Communication

Forwarders must reinforce the role that each link in the trade chain plays in order to obtain and supply the required data in a timely manner.

2 Cooperation

Operational employees must receive ‘buy in’ from C-level positions to secure funding and resources, and to help jumpstart compliance.

3 Collaboration

Multiple parties are impacted by eManifest. Forwarders must spearhead procedural changes, especially with carriers and brokers, and answer questions, such as if the broker will require paper.

4 Commitment

Information must be shared during the multiple stages of eManifest. It is of particular importance to disclose exam status details to importers since chargebacks and delays may occur.

5 Connectivity

Sending the right information at the right time to CBSA is critical for compliance. Technology plays a central role to transmit details to CBSA, parse status messages and connect participants.

If one party in the eManifest information chain does not effectively communicate, cooperate, coordinate, collaborate, commit or connect, the process could fail.
## Self-Assessment Worksheet for Forwarders

### Questions to Gauge Readiness Ahead of Implementation Dates

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have you reviewed details with foreign agents in regard to liabilities, penalties and responsibilities?</td>
<td>✓</td>
</tr>
<tr>
<td>Do all of your trade chain partners, such as carriers, warehouse operators and brokers, understand the new CBSA requirements?</td>
<td>✓</td>
</tr>
<tr>
<td>Are you able to consolidate cross-Canada operations under eManifest (i.e. implement digital processes)?</td>
<td>✓</td>
</tr>
<tr>
<td>Does the broker require a copy of the eManifest to be transmitted via “Manifest Forwarding”?</td>
<td>✓</td>
</tr>
<tr>
<td>Are you implementing in-house eManifest connectivity, or are you utilizing a proven technology vendor?</td>
<td>✓</td>
</tr>
<tr>
<td>What processes and training are in-place or planned to ensure that staff are adequately prepared for the eManifest implementation?</td>
<td>✓</td>
</tr>
<tr>
<td>Are your clients aware of eManifest and the potential for delays?</td>
<td>✓</td>
</tr>
<tr>
<td>Is your warehouse connected to CBSA for arrival, RNS and related notifications?</td>
<td>✓</td>
</tr>
<tr>
<td>What procedures have been established to keep pace with eManifest recordkeeping and archiving obligations?</td>
<td>✓</td>
</tr>
<tr>
<td>Since freight will be examined at the first point of arrival for health, safety and security, how will examination costs be handled?</td>
<td>✓</td>
</tr>
<tr>
<td>Are you co-loading? Do co-loaders understand their role?</td>
<td>✓</td>
</tr>
</tbody>
</table>
Best Practices for Freight Forwarders

Developing Effective Processes to Enable Success

Leading forwarders realize that the CBSA is rapidly moving to address eHBL concerns following the transition of highway and carriers into the eManifest AMPS stage.

Market leaders are:

• Turning to more automated means of information consolidation and data repurposing to collect and transmit data electronically
• Engaging with the eManifest program and industry organizations to streamline processes ahead of anticipated deadlines
• Realizing that records must be stored and seeking the best methods to house information for retrieval on-demand
• Establishing operating procedures with supply chain participants, such as overseas agents, in order to standardize processes
• Obtaining an 8000-series code if they have not done so already, which enables forwarders to interact with the CBSA in regard to eManifest and allow time for processing
• Reviewing applicable CBSA documentation in-depth and determining which shipment types and exceptions are likely to occur based on previous or potential business
• Developing procedures with internal stakeholders to help streamline the transition to eManifest
• Evaluating which submission model works best and contacting potential service providers that can mirror business requirements
• Looking toward the future and pending requirements such as the Single Window Initiative, and seeking solutions that are preparing for planned capabilities

According to the U.S. Department of Transportation (USDOT) that compiles statistics on transport into and out of Canada, in 2015 motor carriers transported 58.3%, or ~US$ 425.65 billion of the $575.2 billion of cargo, to and from Canada, with an additional 15.7% carried by rail. Since the majority of the surface transportation comprises these two modes of transport, the focus of the eManifest program is firmly fixed on surface transport. This is especially the case for freight forwarders who handle a large volume of traffic.

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~6 million truck border crossings per year

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eManifest for Importers & Customs Brokers
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Bringing It All Together

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**eManifest for Importers & Customs Brokers**

**The Advance Trade Document (ATD) and Beyond**

The eManifest program continues to incorporate importers, the final piece of the supply chain puzzle, who will provide detailed information in the same mode-specific timeframes applicable to carriers and forwarders. The fundamental driver behind this requirement is to obtain even more information about a shipment earlier in the supply chain.

Of particular importance to importers is the Advance Trade Document (ATD) component of the eManifest initiative, formerly called Importer Admissibility Data (IAD). Much like the Importer Security Filing (ISF) in the United States, Canadian importers are liable for an accurate, timely ATD submission.

Importers are also left with a choice as to how to submit the information: via EDI or manually through the CBSA eManifest Portal. The broker is expected to supply the majority of this information; however, there are discussions regarding the capabilities of forwarders to transmit the data as well.

Gathering information from global supply chain participants is not always an easy endeavor. This is particularly applicable in the air and ocean modes of transport where data must be transmitted 24 hours prior to loading at a foreign port in the case of ocean or, depending on flight duration, 4 hours prior to arrival for air. Either way, the onus is on the importer to obtain the information and provide it either to the CBSA or to an authorized customs broker.

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**The current mandatory data elements for a full ATD transmission include:**

1. Buyer name and address
2. Cargo Control Number (CCN)
3. Consignee name and address
4. Country of export
5. Country of origin
6. Exporter name and address (if different than seller)
7. Harmonized System (HS) code
8. The Canada Revenue Agency (CRA) business number
9. Manufacturer name and address
10. Importer number name and address
11. Seller name and address

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**In a rush? Read this:**

One of the major challenges facing importers is obtaining information from various supply chain partners who may not have a vested interest in supplying the data requested within specified timeframes.
Processes in Action for Importers & Customs Brokers

Looking Toward a Larger Trade Compliance Strategy

Importers have been watching the development of the eManifest initiative for number of years. Even if a broker is designated as an agent, eManifest filings or declarations are ultimately responsibility of the importer. As a result, eManifest is of particular importance to shippers who operate across borders. Customs brokers are also gearing up to provide this essential service and to help streamline processes. Market leaders are:

• Connecting with supply chain participants to establish procedures that define when the required information will be supplied, via what methods and in what format(s)
• Looking toward the future and pending requirements such as the Single Window Initiative, and seeking solutions that are preparing for planned capabilities
• Examining past business patterns to assess if any ATD exceptions are likely to come into play
• Noting that a Pre-arrival Review System+ (PARS+) submission, current PARS data with the addition of the manufacturer, may help to streamline the submission processes if the information is submitted within eManifest mode-specific timeframes
• Reaching out to customs brokers to refine/define procedures
• Delegating responsibilities to key personnel who may need to be contacted after hours to provide information
• Incorporating eManifest into a larger trade compliance strategy that includes Denied Party Screening (DPS), effective classification, management of souring decisions and other factors
• Closely examining filing options and technology needs, factoring in variables such as the technology capabilities of overseas supply chain partners

The New IID: CBSA has introduced an updated IID under the Single Window Initiative (SWI). Under this program, a single CBSA declaration includes Participating Government Agency (PGA) information. When fully implemented, the IID will replace most of the other major existing release requests (PARS/RMD) and ensure that the agency has all of the information it requires to make compliance determinations.
Conclusion

Bringing It All Together

The logistics industry is accustomed to regulatory changes; however, eManifest is particularly complex especially with respect to highway traffic across 5,525 border miles. The scope of the regulation goes beyond what can be discussed here in detail, and involves many other parallel initiatives such as the Canadian SWI, Customs Self-Assessment (CSA) and others that also affect the end-state of eManifest.

The regulation has had a number of transition points as processes were refined and legislation adapted to address the modern state of logistics.

In an industry with tight margins, leading supply chain participants are also closely examining the best methodology to aggregate, display, share and move information with supply chain partners and with government agencies. Market leaders are also reviewing applicable documentation in-depth and determining which shipment types and exceptions are likely to occur based on previous or potential business or that of customers.

One of the essential techniques of leading supply chain participants is effectively leveraging technology to streamline compliance. Leading businesses are able to aggregate information and transmit it within the time windows that are critical to comply with the initiative.

eManifest has been underway for a number of years and long-anticipated deadlines for carriers have been reached. Leading forwarders and importers are taking active steps now to move into compliance and keeping a close watch as the regulation is further refined.

A successful eManifest program for supply chain participants is more than providing the “right information at the right time”.

How the information is transmitted matters.

The Descartes Systems Group Inc.
120 Randall Drive, Waterloo, Ontario, N2V 1C6, Canada
Toll Free 800.419.8495 | Int’l 519.746.8110
www.descartes.com | info@descartes.com

Uniting the People & Technology
That Move the World

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