

Canadian customs' modernization efforts: Three programs traders should know about

The Canada Border Services Agency (CBSA) has introduced three major initiatives that could re-shape how trade is handled between the United States and Canada.

By Peter Buxbaum, AJOT

The Canada Border Services Agency (CBSA) has introduced three major and ongoing initiatives in recent years. All of these are designed to make the agency's operations more efficient and to promote security in trade between Canada and its partners.

Companies involved in trade between Canada and the United States - on either side of the border - must be aware of these changes, be prepared to comply with them, and to adapt their processes accordingly. Services providers like Descartes, a provider of global trade management software headquartered in Waterloo, Ontario, are adapting their offerings likewise, in order to help their customers adapt to the new normal and derive competitive advantages from the changes.

The initiatives - especially as they relate to US-Canada trade - saw their genesis in 2012, with the US-Canada joint Beyond the Border Action Plan. That program acknowledged that Canada and United States shared common interests when it came to both securing and expediting trade. The initiative sought to harmonize Canadian programs and policies with those that were being developed in the US.

Since that time, Beyond the Border has evolved into three major initiatives on the Canadian side, all of which are being implemented in stages and are currently in various degrees of operation: the CBSA Assessment and Revenue Management Project (CARM), the Single Window Initiative (SWI), and Advance Commercial Information (ACI), which includes eManifest. (See sidebar on page 9)

"The Beyond the Border initiative recognized that goods often come in through one country but are destined for the other on this continent we share," said Glen Palanacki, product manager for North America customs at Descartes. "Cargo offloaded in New York might make its way up to Canada, while containers received in Prince Rupert might be destined for Seattle. Beyond the Border came not so much to unify data sets in but to harmonize what Canada will look at and what Canada will risk in allowing goods into the country."

The initiative also involved modernizing systems. The Automated Commercial Environment (ACE) was being developed and implemented in the US at that time,

and Canada also saw the value in implementing a single window system, one in which importers could provide data once, with all of the relevant government agencies receiving information relevant to their missions and passing on the acceptability of the cargo. ACI, meanwhile, calls for trade stakeholders to submit information electronically to CBSA well before products hit the Canadian border.

"CARM came to modernize the accounting systems used by CBSA," said Palanacki. "A big part of this program was to shift the focus from brokers to importers."

The project stemmed from an audit conducted of CBSA which resulted in poor report on the agency's performance in collecting revenues. Part of the problem identified was that customs brokers rather than importers interfaced with CBSA. The agency decided that importers, rather than brokers, would be held directly accountable for the filing of the necessary documents and payment of the required duties, taxes, and fees. The accounts receivable ledger (ARL) module is the first phase of CARM to be implemented.

CARM has experienced a number of hiccups in its implementation. As a practical matter, according to Palanacki, brokers still often handle submissions to CBSA on behalf of importers.

"CBSA did an aggressive implementation and not everyone was ready," he said.

CBSA was also to implement a portal in connection with CARM but that project was scrapped in favor of a simple online payment system. Descartes filled that gap on behalf of its subscribers by implementing its own portal. "Our portal provides importers with more data than what CBSA can provide," said Palanacki. "Brokers can also use the portal and can derive a competitive advantage in doing so."

The single window system is being implemented by CBSA in partnership with other Canadian government agencies that pass on the entry of goods into the country. In the US, ACE is similar system which was developed and is being implemented by Customs and Border Protection in collaboration with 47 Partner Government Agencies (PGAs).

"Through the single window," Palanacki explained,

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“import data is sent to all participating government agencies that need the data to vet for risks, quotas, and other factors so that the goods can be accepted or rejected.”

The latest iteration of Canada’s single window system allows more PGAs to come on board. What started as a system with three PGAs has since expanded to nine with the possibility of expanding to 15 in the future. The program comes to eliminate the manual processes and paper documentation that still prevail in some quarters of the Canadian customs process.

“The single window is still in its infancy and isn’t widely known, so importers and exporters need to familiarize themselves with it,” said Palancki. “The CBSA will be pushing single window this year. At this point its use is voluntary but it will become mandatory sometime during the 2018 to 2020 time frame. Once single window becomes operational, users will have to come to grips with the fact that more and granular data on shipments will be requested of them.”

Descartes has been testing the platform for over a year. “It’s had its challenges but we see the value in it,” said Pala-

nacki. “We are strategically positioning ourselves to support this initiative as a software-as-a-service provider.”

The Advanced Commercial Information (ACI) initiative has trade participants sending electronic information to CBSA pre-arrival, for shipments arriving by all modes of transportation. ACI has been mandatory for transportation providers for some years, and is now being implemented for freight forwarders. Importers are next scheduled to be on the hook with ACI.

eManifest, the third phase of ACI, became mandatory for forwarders in November 2016, and as of January 11, 2017, they could be penalized with a slap on the wrist for failure to comply with the program. All that changes on July 12, 2017, however, when forwarders will be liable for monetary penalties if they don’t get on board with eManifest, and get it right.

“Descartes sees these developments as opportunities to service our subscribers,” said Palanacki. “We collect data from them electronically and submit it to CBSA right away. As these programs evolve, we are evolving to give our subscribers what they need to comply.”

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