

April 8, 2024

The Honourable Judy A. Sgro
Chair, Standing Committee on International Trade
Sixth Floor, 131 Queen Street
House of Commons
Ottawa ON K1A 0A6

via email: CIIT@parl.gc.ca

Re: THE CANADA BORDER SERVICES AGENCY (CBSA) ASSESSMENT AND REVENUE MANAGEMENT SYSTEM (CARM)

Dear Ms. Sgro,

The undersigned organizations are writing to inform the CIIT that we have received added information from CBSA following the CIIT meetings conducted March 19, 2024, and March 21, 2024, that calls into question CBSA's ability to implement CARM. This added information contradicts statements made by CBSA before the CIIT and reinforces our concerns that CARM is not ready and lacks the necessities required to launch on May 13, 2024. We submit the following added information received during the week of March 25, 2024, to the CIIT for its consideration and further justification that the recommendations submitted previously by industry be adopted and CARM be investigated further.

1. INADEQUATE CERTIFICATION, ACCURACY, SINGLE SOURCE OF TRUTH

- a. Only 3 of 33 Trade Chain Partner (TCP) participants have software that is fully certified to interact with the CARM system (chart below).
- b. Calculations of duties and taxes continue to be incorrect.
- c. There is simply not enough time before May 13th to resolve all the open issues relating to onboarding, testing and CBSA readiness.
- d. Issues remain with excise tax codes and F types (relevant to the Courier Low Value Shipment - CLVS program). These issues have not been shared with TCPs beyond CES (CARM Experience Simulation) 2.0 testing participants.
- e. The Canadian Federation of Independent Business (CFIB) request for a "simple business registration process" remains a significant gap.

1% of Canada's import trade volume is ready (March 27 TCP CBSA)

Status	Software Ready all in scope tests completed	>75% in scope tests completed	50%-75% in scope tests completed	<50% in scope tests completed	Testing In Progress (engaged and testing initiated but, experiencing connection or software issues)	Not Reporting
# of software packages	3	3	8	4	7	2
% Duties and Taxes	3%	32%	36%	15%	9%	4%
% Transaction Volume	1%	35%	29%	22%	10%	2%

2. NO TRANSITION PLAN

- a. "Big Bang" is still TCPs' understanding of the launch. No details released.
- b. CADEX (the existing system) will be turned off April 26¹, 2024. Team CBSA has confirmed a rollback is not possible. This is contrary to one of the options referenced in CBSA's testimony.
- c. There was a suggestion that CBSA would reach out to TCPs on an individualized basis to determine their readiness to utilize CARM. No additional details were provided. This appears contrary to CBSA's previous assertions that a phased implementation could not take place, and a "big bang" approach was required.

¹ <https://www.cbsa-asfc.gc.ca/publications/cn-ad/cn24-14-eng.html>

- d. A midstream decision within the blackout period to delay the May 13th go-live date will cause significant challenges. Importers and customs brokers will be building Commercial Accounting Declarations (CAD) during the blackout period and will be holding them with the intent that they will be submitted upon go-live on May 13th. Holding these CADs for longer will be detrimental to trade, revenue cycles and importer cost allocation, as the importer will not have been billed or have access to their entries.
- e. CBSA has released no details about how CARM access will be enabled as of May 13th – will TCPs be permitted access on a one-by-one basis, or en masse? It is very possible that TCPs will not be able to transmit their CADs on “DAY ONE,” introducing further uncertainty and accentuating the concerns noted above about detrimental impacts on trade.

3. NO FINAL POLICY / REGULATORY DETAIL

- a. Policy guidance around use of the importer’s business number (BN) combined with the customs broker’s Release Prior to Payment (RPP) financial security requires thorough examination and a long-term approach and cannot be decoupled from the issue of liability. CBSA needs to provide clarity around expectations for liability and post-compliance verification if customs brokers are expected to expose their financial credibility on behalf of an importer.
- b. Non-resident importer (NRI) remittance of PST/HST directly to the provinces remains an issue. The potential for tax leakage remains and potentially creates an uneven playing field for Canadian business.

4. CUSTOMS SELF-ASSESSMENT (CSA) DEGRADING BENEFITS AND FUNCTIONALITY

- a. Canada’s CSA traders report that mass adjustments, transfer pricing and connectivity issues remain. These high-volume sectors critical to Canada’s economy, such as automotive and aerospace, are confronting significant functionality forfeiture with CARM.

We appreciate the interest and concerns raised by members of the CIIT regarding the readiness of CARM. We urge the CIIT to continue its study of CARM and adopt industries recommendations.

Respectfully,

Canadian Association of Importers and Exporters (IE CANADA)
 Canadian Society of Customs Brokers (CSCB)
 Canadian Chamber of Commerce
 Express Carrier Coalition Canada
 Association of International Customs and Border Agencies (AICBA)
 Retail Council of Canada (RCC)
 North American Customs Brokers Alliance (NACBA)
 National Customs Brokers and Forwarders Association of America, Inc. (NCBFAA)
 Confederación de Asociaciones de Agentes Aduanales de la República Mexicana (CAAAREM)
 Northern Border Customs Brokers Association (NBCBA)
 Express Association of America (EAA)
 Canadian Association of Regulated Importers (CARI)
 American Chamber of Commerce in Canada (AmCham Canada)
 Canadian Produce Marketing Association (CPMA)
 U.S. Chamber of Commerce
 Canadian International Freight Forwarders Association (CIFFA)
 Association of Home Appliance Manufacturers (AHAM)
 Canadian Federation of Independent Business (CFIB)
 National Foreign Trade Council (NFTC)
 Canadian Vehicle Manufacturers’ Association (CVMA)

Attachments

1. Trade Chain Partner Working Group March 27, 2024

Cc:

Kyle Seeback, CIIT, Vice-Chair and MP, Dufferin - Caledon, Ontario

Simon-Pierre Savard-Tremblay, CIIT, Vice-Chair and MP, Saint-Hyacinthe - Bagot, Quebec

Chandra Arya, CIIT, Member and MP, Nepean, Ontario

Tony Baldinelli, CIIT, Member and MP, Niagara Falls, Ontario

Richard Cannings, CIIT, Member and MP, South Okanagan - West Kootenay, British Columbia

Mona Fortier, CIIT, Member and MP, Ottawa - Vanier, Ontario

Matt Jeneroux, CIIT, Member and MP, Edmonton Riverbend, Alberta

Richard Martel, CIIT, Member and MP, Chicoutimi - Le Fjord, Quebec

Wilson Miao, CIIT, Member and MP, Richmond Centre, British Columbia

Terry Sheehan, CIIT, Member and MP, Sault Ste. Marie, Ontario

Maninder Sidhu, CIIT, Member and MP, Brampton East, Ontario