



Janine Harker  
Director, Commercial and Trade Policy Division  
Strategic Policy Branch  
Canada Border Services Agency  
Submitted via email to [CBSA.OCT/CECO.ASFC@cbsa-asfc.gc.ca](mailto:CBSA.OCT/CECO.ASFC@cbsa-asfc.gc.ca)

January 10, 2023

**RE: Consultations on Proposed regulations amending certain regulations administered and enforced by the Canada Border Services Agency and Proposed Financial Security (Electronic Means) Regulations, as published in *Canada Gazette, Part I, Volume 156, Number 48***

Dear Ms. Harker:

On behalf of the Canadian fresh fruit and vegetable industry, we welcome the opportunity to provide comments to the Canada Border Services Agency (CBSA) consultations on *Proposed regulations amending certain regulations administered and enforced by the Canada Border Services Agency and Proposed Financial Security (Electronic Means) Regulations*, as published in *Canada Gazette, Part I, Volume 156, Number 48* on November 26, 2022.

#### **About CPMA**

Based in Ottawa, the Canadian Produce Marketing Association (CPMA) is a not-for-profit organization representing companies active in the marketing of fresh fruit and vegetables in Canada, from the farm gate to the dinner plate, spanning the entire produce industry. The Association's members include major growers, shippers, packers and marketers; importers and exporters; transportation and logistics firms; brokers, distributors and wholesalers; retailers and foodservice distributors; and fresh cut operators and processors. Founded in 1925, CPMA is proud to represent over 830 domestic and international members who are responsible for 90% of fresh fruit and vegetable sales in Canada.

CPMA is actively engaged in CBSA stakeholder committees and working groups, including within CBSA's Border Commercial Consultative Committees (BCCC), and has been a member of the CBSA Assessment and Revenue Management (CARM) Trade Chain Partner Working Group since 2019. Members of CPMA's Customs Working Group, representing different areas of the fresh produce supply chain, have also participated in these fora and in CARM testing activities.

CPMA and our Customs Working Group remain engaged in developing resources to support our membership in the implementation of the CARM Client Portal and are keen to partner with government to ensure that CARM achieves its core objectives in a way that meets the needs of both the Agency and industry stakeholders.

## Comments

To begin, CPMA voices our support for the submission made to this consultation by the Canadian Association of Importers and Exporters (I.E. Canada). I.E. Canada and other members of the CARM Trade Chain Partner Working Group have dedicated significant time and resources to ongoing efforts to support the development, testing and implementation of the CARM Client Portal. We strongly encourage the government to leverage the knowledge and expertise contributed to this Working Group to enable effective, collaborative government-industry solutions to meet the project's core objectives.

Given CPMA's ongoing participation in the CARM Trade Chain Partner Working Group, the comments below are focused on the Regulatory Impact Analysis Statement and the government's approach to implementation moving forward:

- The implementation of the CARM Client Portal constitutes a major shift in how importers and their service providers will manage their accounting activities with CBSA, and places greater onus on importers to be engaged in, have oversight of, these activities.
- CPMA is generally supportive of the Government of Canada's stated objective to "enable the CBSA and Trade Chain Partners to move away from costly paper-based methods of communication and payment to more modern, electronic communication and transaction methods". We are also in agreement with the government's assertion that "Small businesses would experience increased compliance costs related to the implementation of CARM". However, we are concerned that the government has under-estimated the projected costs and over-estimated the projected cost savings to businesses of all sizes, with the potential to directly impact the cost of food for Canadians.
- Many businesses within the fresh produce supply chain rely heavily upon customs brokers and other service providers to post financial security and to manage their import declaration and accounting activities. For these businesses, the transition to the CARM Client Portal will require additional financial, human and administrative resources. The pandemic, supply chain disruptions and the current inflationary environment have made finding these resources more difficult, particularly for small- and medium-sized enterprises operating in a fragile economy.
- Furthermore, significant concerns have been shared through the CARM Trade Chain Partner Working Group about limitations in the reporting functionality within the CARM Client Portal, including a lack of information about the customs assessment calculation to be completed by CBSA. For publicly traded companies in particular, these gaps will result in compliance and auditing challenges, creating further administrative and compliance costs.
- One of the biggest changes under CARM is the need for importers to secure and post their own importing bond if they would like to participate in the Release Prior To Payment Privilege. In addition to the increased compliance costs noted above, the Government of Canada must also recognize that the planned financial security provisions under CARM will make Canada the only jurisdiction in the world that will include Value-Added Tax in the duties and taxes that must be covered by the importer's posted bond. This change will add considerable cost to importers, particularly for those who, like many in the fresh produce industry, have previously operated under their broker's bond.

- We must also note that, while the digitalization of government services and activities has enormous potential to streamline processes for both industry and government, a lack of digital infrastructure remains a major roadblock for many growers and other businesses in the fresh produce industry, and renders many businesses in rural, remote and Indigenous communities unable to reap the full benefits of digitalization. Acknowledging that this infrastructure gap is outside of the scope of CBSA’s mandate, the Agency must nevertheless remain aware of these challenges and take them into account when supporting importers in the implementation of the CARM Client Portal to the benefit of Canadians.
- Finally, members of the CARM Trade Chain Partner Working Group have consistently raised significant concerns regarding the government’s intended “Big Bang” implementation approach to CARM Release 2. Particularly given the ongoing challenges in early onboarding and testing, CPMA strongly encourages the government to adopt a more staggered approach to implementation to allow for a more successful industry transition.

We thank you for taking the time to review our comments and would be pleased to answer any questions you may have.

Regards,

A handwritten signature in black ink, appearing to be 'RL', followed by a horizontal line extending to the right.

Ron Lemaire  
President  
Canadian Produce Marketing Association