


Welcome to the  
**2024 CSCB  
National Conference**

September 22–24, 2024

Calgary, AB



*Move Forward:* Building a better future for Canada's  
customs brokers

# Conference Program

Get the detailed  
program here



## Monday, September 23, 2024

## Day 1

- 07:45 – 08:45 *Breakfast for Conference Delegates and registered Companions*
- 08:45 – 09:00 Conference opening
- 09:00 – 10:00 **Opening Keynote: Graham Sherman, Tool Shed Brewing Company**
- 10:00 – 10:15 *Networking Break*
- 10:15 – 10:45 **The view from here: perspectives on international trade & Canadian supply chains**
- 10:45 – 11:30 **The ever-expanding world of sanctions: what do brokers need to know?**
- 11:30 – 12:00 **CSCB Special Announcement**
- 12:00 – 13:30 *Lunch for conference delegates*
- 13:30 – 15:00 **Simultaneous Sessions: An inside look at Global Affairs Canada's trade and export controls; CARM: Sharing what we know; Ask a surety**
- 15:00 – 15:15 *Networking Break*
- 15:15 – 16:00 **The Supply Chains Act – Lessons learned and what lies ahead**
- 16:00 Closeout Day 1
- 17:15 Ranchman's

## Tuesday, September 24, 2024

## Day 2

- 07:45 – 09:00 *Breakfast for Conference Delegates and registered Companions*
- 09:00 – 10:00 **Best practices in moving perishables in the supply chain**
- 10:00 – 10:15 *Networking Break*
- 10:15 – 11:15 **Global markets are what we do – what's new in e-commerce?**
- 11:15 – 12:00 **Selected Sales Tax Issues: A Primer On E-commerce Platforms, Non-Residents, and Customs Brokers**
- 12:00 – 13:30 *Lunch for conference delegates*
- 13:30 – 14:30 **The role of AI in customs brokerage**
- 14:30 – 14:45 *Networking Break*
- 14:45 – 15:30 **SIMA enforcement and the broker's role**
- 15:30 Official Conference Close

# Opening Keynote

**Graham Sherman**

**Tool Shed Brewing Company**



Up Next

# The View from Here: Perspectives on International Trade & Canadian Supply Chains

# Keynote

**Maninder Sidhu**

**Member of Parliament,  
Brampton East**



**CSCB**  
CANADIAN SOCIETY  
OF CUSTOMS BROKERS

**SCCD**  
SOCIÉTÉ CANADIENNE  
DES COURTIERS EN DOUANE

Up Next

# The Ever-expanding World of Sanctions: What do Brokers Need to Know?

Julia Webster

Baker McKenzie



**Baker  
McKenzie.**

# The Ever-expanding World of Sanctions: What do Brokers Need to Know?

Julia Webster, Partner (Baker McKenzie) | September 23, 2024  
CSCB National Conference



# Agenda

**01** Introduction to Canadian Sanctions

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**02** Criminal Enforcement

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**03** Civil Enforcement - NEW

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**04** Risk + Compliance

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**05** Takeaways

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# Hello! I'm Julia.



## **Julia Webster**

Partner

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[Julia.webster@bakermckenzie.com](mailto:Julia.webster@bakermckenzie.com)

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Julia Webster is a disputes and international trade lawyer. She advises companies on trade remedies, free trade agreements, blocking measures, customs compliance, anti-corruption laws, economic sanctions, AML compliance, supply chain ethics, and cross-border M&A.

Julia is a tested advocate and has significant commercial and trade litigation experience. She has appeared before the Canadian International Trade Tribunal, the Federal Court, the Federal Court of Appeal, the Ontario Superior Court of Justice and a number of administrative tribunals across Canada.

She is a Certified Customs Specialist with the Canadian Society of Customs Brokers, a member of Transparency International Canada's Legal Committee, and a sessional lecturer at Queen's University, Faculty of Law, where she co-developed Law 396: International Business Crime.



**Economic sanctions can be a very valuable foreign policy instrument. When other peaceful measures prove ineffective, sanctions can bring home to another government the real costs of pursuing unacceptable behavior.**

*Hansard Debates in the House of Commons on Bill C-53, *An Act to provide for the imposition of special economic measures* (1992)*

# 01 Canada's Sanctions Laws



## Multilateral

*United Nations Act*



## Unilateral

*Special Economic  
Measures Act*

*Justice for Victims of  
Corrupt Foreign Officials  
Act*



## Requested

*Freezing Assets of  
Corrupt Foreign Officials  
Act*

# Do sanctions apply to me?

## The jurisdiction of Canadian sanctions

- Individuals, regardless of nationality, that are physically present within Canada's geographic territory
- Entities in Canada (corporation, trust, partnership, fund, an unincorporated association or organization or a foreign state)
- Canadian citizens outside Canada (wherever located)
- Canadian corporations and their branch offices operating outside Canada

# How do I know what activities are prohibited?

## Sources of law and guidance

- **Primary sources of information:** Acts and regulations
  - [Special Economic Measures Act](#) + country-specific regulations
  - [United Nations Act](#)
  - [Justice for Victims of Corrupt Foreign Officials Act](#)
  - [Freezing Assets of Corrupt Foreign Officials Act](#)
- **Global Affairs Canada Guidance:** [Sanctions FAQs](#)
- **Government websites and tools:**
  - [Global Affairs Canada](#)
  - [Consolidated Canadian Autonomous Sanctions List](#)
  - [United Nations Consolidated Sanctions List](#)
- **Legal advice:**
  - Interpretation
  - Compliance

# How do I know what activities are prohibited?

Countries, persons and groups targeted by sanctions

<i>United Nations Act</i>	<i>SEMA</i>	<i>JVCFOA</i>	<i>FACFOA</i>
Central African Republic	Belarus	Russian nationals	Tunisia
Congo (DRC)	Burma (Myanmar)	Saudi Arabian nationals	Ukraine
Iran	China	South Sudanese nationals	
Iraq	Guatemala	Burman (Myanmar) nationals	
Lebanon	Hamas	Venezuelan nationals	
Libya	Haiti	Lebanese nationals	
Mali	Iran	Iranian nationals	
North Korea	Libya		
Somalia	Nicaragua		
South Sudan	Moldova		
Sudan	North Korea		
Yemen	Russia		
<i>Taliban</i>	South Sudan		
<i>ISIL (Da'esh)</i>	Sudan		
<i>Al-Qaida</i>	Sri Lanka		
<i>Suppression of Terrorism Regulations</i>	Syria		
	Ukraine*		
	Venezuela		
	Zimbabwe		
	<i>Extremist Settler Violence</i>		



# How do I know what activities are prohibited?

Persons (individuals and entities) targeted by sanctions

- Persons (individuals/entities) are listed in different Schedules to an Act or a country-specific regulation
- Schedules correspond with specific prohibited activity
- All “Schedule 1” listed persons are subject to broad “dealings prohibition”

## Prohibitions

### Prohibited transactions and activities

**3** It is prohibited for any person in Canada and any Canadian outside Canada to

**(a)** deal in any property, wherever situated, that is owned, held or controlled by or on behalf of a person whose name is listed in Schedule 1;

**(b)** enter into or facilitate, directly or indirectly, any transaction related to a dealing referred to in paragraph (a);

## SCHEDULE 1

(Section 2, paragraphs 3(a), (d) and (e), section 3.04, paragraphs 4(a) and (e) to (h), section 6, paragraph 7(1)(a), subsections 8(1) and (2) and 9(1) and paragraph 9(2)(a))

## Persons

### PART 1

## Individuals — Grave Breach of International Peace and Security

- |   |                               |
|---|-------------------------------|
| 1 | Sergey Yur'yevich GLAZ'YEV    |
| 2 | Andrei KLISHAS                |
| 3 | Valentina Ivanovna MATVIYENKO |
| 4 | Yelena Borisovna MIZULINA     |
| 5 | Dmitry Olegovich ROGOZIN      |

# How do I know what activities are prohibited?

## Activities prohibited by sanctions

- Broad prohibition against dealing with or facilitating a dealing in property of “designated persons” akin to an asset freeze
- Arms embargoes
- Import/export restrictions
  - Gold, luxury goods, ‘restricted’ goods, petroleum products, diamonds
  - Third country-processed goods with Russian-origin inputs
- Services prohibitions
- Financial prohibitions
- Technical assistance prohibitions

# Customs Risks

## Sanctions risk in a customs context

- CBSA responsible for enforcement of import/export restrictions
  - Risk of detained goods
    - Confirming consignee/destination
    - Confirming HS Codes
    - Confirming origin
- Risk of dealing with a “designated person”
- Risk of facilitating a dealing with a designated person or another prohibited act
- Sanctions evasion risks...more on this later

# 02 Criminal Enforcement of Sanctions

# Enforcement

## Non-compliance results in criminal enforcement

- Sanctions are “penal” laws. They result in large fines or incarceration.
- Enforcement actions:
  - RCMP conducts investigations
    - Could be triggered by voluntary disclosures, reporting by OGDs (FINTRAC, CBSA), news stories, whistleblowers, local police, cross-border collaboration
  - RCMP lays charges on accused with an “information” or “indictment”
  - Public Prosecution Service of Canada determines whether to prosecute
    - Possibility of non-trial resolutions (e.g. guilty pleas)
  - Trial is held. Crown has evidentiary burden to prove the elements of the offence, the prohibited act and the mental state of the accused.

# Canada's Enforcement Track Record



Nova Scotia

## Halifax man acquitted on charge of violating Syria trade sanctions

Toronto

## Toronto man sentenced in Iran nuclear case

The Canadian Press · Posted: Jul 29, 2010 7:08 PM EDT | Last Updated: July 29, 2010

Calgary

## Alberta firm fined \$90K for shipping nuclear-use product to Iran

Red Deer firm exported o-rings in violation of international sanctions

A screenshot of the Royal Canadian Mounted Police (RCMP) website. The header features the text "Royal Canadian Mounted Police" and a red maple leaf logo. A navigation menu includes "Services", "Locations", "A-Z site index", "Careers", and "Help us". The breadcrumb trail reads "Home → News → Conspiracy involving illegal transactions of prohibited military equipment in Libya : two individuals charged". The main article title is "Conspiracy involving illegal transactions of prohibited military equipment in Libya : two individuals charged".

Royal Canadian Mounted Police

Services ▾ Locations ▾ A-Z site index Careers ▾ Help us ▾

[Home](#) → [News](#) → Conspiracy involving illegal transactions of prohibited military equipment in Libya : two individuals charged

### Conspiracy involving illegal transactions of prohibited military equipment in Libya : two individuals charged

# 03 Civil Enforcement under Canada's AML Regime

# **NEW! Creation of civil reporting obligations**

Reporting “sanctions evasion” to the CBSA

Wait...when did the government amend the *Customs Act*?

You won't find the amendments there...



# Amendments to the PCMLTFA

## *Proceeds of Crime, Money Laundering and Terrorist Financing Act*

- Amendments found in Division 8 of Bill C-59, the *Fall Economic Statement Implementation Act*.
  - Key amendments:
    - 1. Mandatory reporting on “sanctions evasion offences” for PCMLTFA “reporting entities”. *In force as of August 19, 2024.*
    - 2. Mandatory importer/exporter declarations for sanctions evasion. *No coming into force date (yet).*
  - Targeting “trade-based” money laundering
  - **Obligation:** Declare to a CBSA officer whether imported or exported goods are:
    - 1. **Proceeds of crime** or related to **money laundering**, financing **terrorist activities** or to **sanctions evasion**
    - 2. Whether goods are actually being imported or exported.
  - **Applies to:**
    - Persons responsible for reporting goods imported under section 12 of the *Customs Act*
    - Persons responsible for reporting goods exported under section 95 of the *Customs Act*
    - Persons engaging in financing/payment for imported or exported goods

# Amendments to the PCMLTFA

## Who reports?

### s. 12, *Customs Act*

#### Who reports

**(3)** Goods shall be reported under subsection (1)

**(a)** in the case of goods in the actual possession of a person arriving in Canada, or that form part of the person's baggage where the person and the person's baggage are being carried on board the same conveyance, by that person or, in prescribed circumstances, by the person in charge of the conveyance;

**(a.1)** in the case of goods imported by courier or as mail, by the person who exported the goods to Canada;

**(b)** in the case of goods, other than goods referred to in paragraph (a) or goods imported as mail, on board a conveyance arriving in Canada, by the person in charge of the conveyance; and

**(c)** in any other case, by the person on behalf of whom the goods are imported.

### s. 39.01(3), *PCMLTFA*

#### Who must report

**(3)** Goods shall be declared under subsection (1)

**(a)** in the case of goods in the actual possession of a person arriving in or departing from Canada, or that form part of their baggage if they and their baggage are being carried on board the same conveyance, by that person or, in prescribed circumstances, by the person in charge of the conveyance;

**(b)** in the case of goods imported into Canada by courier or as mail, by the exporter of the goods or, on receiving notice under subsection 39.03(2), by the importer;

**(c)** in the case of goods exported from Canada by courier or as mail, by the exporter of the goods;

**(d)** in the case of goods, other than those referred to in paragraph (a) or imported or exported as mail, that are on board a conveyance arriving in or departing from Canada, by the person in charge of the conveyance; and

**(e)** in any other case, by the person or entity on whose behalf the goods are imported or exported.

# Amendments to the PCMLTFA

## Authority, Appeals, AMPs

- CBSA Authority:
  - Retain goods until declaration made
  - Forfeiture where goods not declared within a certain timeframe
  - Personal searches of persons arriving or leaving when they suspect “reasonable grounds” declaration not made/not accurate/concealed goods
  - Seizure and forfeiture when “reasonable grounds” that goods are proceeds of crime, or related to money laundering, financing terrorist activities or sanctions evasion
  - Disclosure of information to other enforcement agencies or to foreign governments
- Recourse and appeal routes:
  - Seizure can be cancelled within 90 days if government satisfied no contravention
  - Appeals scheme to determine whether the goods are proceeds of crime, related to money laundering or the financing of terrorist activities or to sanctions evasion
- AMPs for non-compliance

# Sanctions Evasion

## Techniques, red flags, risks

- **Sanctions evasion:** Seeking illegal workarounds to restricted activities
- Only guidance on “sanctions evasion” issued by the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC, PCMLTFA administrator). Related to filing “suspicious transaction reports” for financial transactions as required by “reporting entities” ([Guidance](#), [Special Bulletin](#)).
- **Sanction’s evasion techniques:**
  - Use of intermediary countries / transshipment points to facilitate imports of goods
    - March 2024: [Carnegie Endowment for International Peace](#) writes that the UAE “has become an essential transshipment node for Russia”...“in 2022, the UAE exported fifteen times more chips to Russia than in the previous year.”
  - Use of intermediary entities or shell companies to facilitate imports
  - Importing non-restricted goods for internal components
  - Falsified information on shipping forms, fraudulent trade finance information (e.g. undervalue purchase price)
- **Red flags for sanctions evasion:**
  - Routing goods through jurisdictions known to redirect restricted goods: UAE, Türkiye, China, Hong Kong, Commonwealth of Independent States
  - High-priority item list published by [U.S. Bureau of Industry and Security](#)
  - Obscuring the nature of the goods or their ultimate destination

A vibrant purple nebula with glowing spots of light, serving as the background for the slide. A white rectangular bar is visible in the top-left corner.

# 04 Risk + Compliance

# Import/Export Risks & Mitigation

*An ounce of prevention is worth a pound of cure*

- **Risks**
  - Knowingly facilitating prohibited act
  - Engaging in a prohibited act
  - Failing to meet regulatory obligations
    - Reporting existence of property in possession/control to RCMP (existing obligation)
    - Reporting sanctions evasion to CBSA officer (new obligation)
- **Risk Mitigation = Compliance**
  - **Educate:** Understand Canada's sanctions laws
  - **Awareness:** Take note of shifting laws, guidance, red flags
  - **Guidance:** Anticipate guidance from FINTRAC or the CBSA regarding reporting framework, including who is obligated to report
  - **Compliance:** Undertake a gap assessment. What risks do we face and what policies and procedures do we have in place to mitigate risk? Consider contractual clauses (e.g. GAA and related T&Cs), screening, training, escalation procedures when red flags are identified



# 05 Take-aways

# Takeaways for Customs Brokers

and those operating in the import/export and logistics industry...

1. Canadian citizens, Canadian incorporated companies and persons physically present in Canada are obligated to comply with Canadian sanctions laws.
2. Sanctions laws can be amended overnight by OIC.
3. Customs brokers are uniquely situated in an industry that is at risk for facilitating a prohibited act or sanctions evasion.
4. There are new reporting requirements under the PCMLTFA (not yet in force), which may impact customs brokers if acting as an IOR or participating in financial transactions related to imports (duties/taxes\_). CARM environment likely limits risks here. Wait for guidance.
5. There are globally identified “red flags” and business practices, which may indicate sanctions evasion.
6. Compliance protocols should not be fixed. Compliance protocols should adapt to changing risk and changing laws.



The image features a large, white, irregularly shaped speech bubble that occupies the left and center portions of the frame. The background is a deep red or maroon color, filled with numerous small, bright white stars and faint, wispy nebulae, creating a cosmic or space-themed atmosphere. The text 'Questions?' is centered within the white bubble.

**Questions?**

## **Baker McKenzie delivers integrated solutions to complex challenges.**

Complex business challenges require an integrated response across different markets, sectors and areas of law. Baker McKenzie's client solutions provide seamless advice, underpinned by deep practice and sector expertise, as well as first-rate local market knowledge. Across more than 70 offices globally, Baker McKenzie works alongside our clients to deliver solutions for a connected world.

[bakermckenzie.com](https://bakermckenzie.com)

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Up Next

# CSCB Special Announcement

# Breakout Sessions

Select two (2) of the three (3) concurrent sessions:

Session 1: 13:30–14:15

Session 2: 14:15 – 15:00

**An Inside Look at  
Global Affairs  
Canada's Trade and  
Export Controls**

*Nakiska*

**CARM: Sharing What We  
Know**

*Bow Valley*

**Ask a Surety**

*Eau Claire*

# An inside look at Global Affairs Canada's trade and export controls.

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Trade & Export Controls  
Permit Operations, Client Services and  
Reporting

CSCB Conference September 22-24,  
2024



# Global Affairs Canada & Canadian Customs Brokers: Key Linkages

## **Regulatory Compliance**

Brokers help businesses comply with GAC's export controls, sanctions, and import regulations.

## **Permits & Licenses**

Assist in obtaining GAC-issued import/export permits (e.g., controlled goods, agriculture).

## **Trade Agreements**

Leverage negotiated agreements (CUSMA, CETA) for tariff benefits and market access.

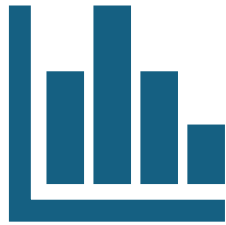
## **Sanctions & Export Controls**

Ensure compliance with GAC's economic sanctions and embargoes on restricted goods/countries.

## **Support for International Trade**

Facilitate adherence to GAC's trade policies, promoting smooth global trade operations.

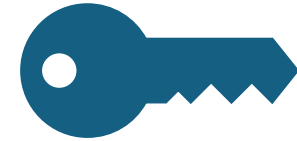
# Navigating Canada's trade & Export Controls



Gathering insight to improve processes and services for Canadian Custom Brokers



An inside look at Global Affairs Canada's trade and export controls



Learn about key systems, regulations, and upcoming changes affecting Canadian custom brokers

# Our Impact on Canada



Global Affairs Canada's trade control program plays a crucial role in supporting Canada's trade and economic sector.



284,734 import and export permits issued annually.



Stakeholders: On-time permit delivery rate of 99.4%.



Programs ensure compliance with national and international trade agreements.



# Goods we manage

---

Supply Managed

Strategic



NEICS  
NEXCOL

Non-supply Managed

# Export and Import Permits Act

**Definition:** Unique identifier issued by Global Affairs Canada (GAC) under the Export and Import Permits Act (EIPA).

**Purpose:** Required for importing/exporting controlled goods and technologies such as military equipment, nuclear materials, and sensitive technologies.

**Permit Application:** Essential for securing import/export permits for regulated items.

**Compliance:** Ensures adherence to international trade laws, including sanctions and quotas.

**National Security:** Helps protect national security and support Canada's foreign policy by controlling sensitive goods.

**How to apply:** You can obtain an EIPA number through Global Affairs Canada by applying online via the NEW Export Controls Online (NEXCOL) system or by contacting our Helpdesk.

# New Export and Import Control System

**NEICS** plays a crucial role in regulating and overseeing the import and export of goods, ensuring compliance with both national and international trade agreements and policies.

## **Key Features and Functionalities:**

- **Permit Issuance**
- **Trade Compliance**
- **Data Management and Analytics**
- **Integration and Interoperability**
- **Economic Impact**

By utilizing advanced technology and streamlined processes, NEICS ensures Canada remains a competitive and compliant force in the global trade landscape.

# New Export Controls Online Licensing System

**NEXCOL** plays a crucial role in streamlining and managing the export control process, ensuring full compliance with Canadian and international trade regulations.

## Key Features and Functions:

- **Permit Issuance**
- **Regulatory Compliance**
- **Data Analytics**
- **User-Friendly Interface**
- **Integration with Critical IT Systems**
- **Enhanced Security**

NEXCOL strengthens the Canadian economy by facilitating international trade while ensuring that exports meet all legal and regulatory requirements.

# Upcoming Changes for Steel and Aluminum Imports

**Effective November 5, 2024**

Steel importers must report 'Country of Melt and Pour' (COM) information.

Part of Canada's Steel Import Monitoring Program.

Prepare for compliance by updating internal processes.

# Permit Web Service

## Key Features and Functions of PWS Interface:

**Workflow Management:** Streamlines the permit application process, ensuring smooth transitions from submission to approval.

**Integration with Other Systems:** Seamlessly integrates with systems like NEXCOL and NEICS for unified trade control management.

**User Interface:** Offers a user-friendly platform for managing, tracking, and making decisions on permit applications.

**Automated Notifications:** Sends automatic updates and alerts to keep users informed about application statuses and required actions.

**Data Analytics and Reporting:** Provides tools for generating reports and insights into the permit workflow.

**Security and Compliance:** Ensures the protection of sensitive data and compliance with Canadian trade regulations.

# Understanding Tariff Rate Quotas (TRQs)



TRQs set limits on imports at lower duty rates.



No limit on quantity imported at higher duty rates.



TRQs impact key products like cheese, poultry, and dairy.



Manage TRQs by applying early and leveraging historical data.

A decorative orange vertical bar is on the left side of the slide. A large white circle with a thin grey border is positioned on the right side, partially overlapping the text area.

# **Import for Re-export program (IREP)**

IREP allows Canadian companies to import certain products for re-exportation.

Eligibility is restricted to Canadian food processors of poultry, eggs, and dairy.

Import goods cannot be sold within Canada and must be re-exported within a set time frame.



# Gathering Feedback for Future Enhancements



We're here to support you in improving the trade controls system.



Provide feedback through surveys and working groups.



Help us identify areas for improvement in processes and training.

# Training & Resources for Customs Brokers

**Basic NEICS & NEXCOL navigation training** is available for new brokers. For training inquiries, we invite you to reach out to our Helpdesk: [NEICS/NEXCOL.HelpDeskSupport@international.gc.ca](mailto:NEICS/NEXCOL.HelpDeskSupport@international.gc.ca)

For updates on regulatory changes, we invite you to visit our website. For any comments or questions concerning our regulatory programs please contact:

[irep@international.gc.ca](mailto:irep@international.gc.ca) (Import for re-export)

[tic@international.gc.ca](mailto:tic@international.gc.ca) (Tariff Rate Quotas)

[Aluminum-Aluminium@international.gc.ca](mailto:Aluminum-Aluminium@international.gc.ca) (Steel & Aluminum)

For general feedback and comments on today's presentation please contact:

[BusinessManagementUnit.Unitedegestiondaffaires-TIA@international.gc.ca](mailto:BusinessManagementUnit.Unitedegestiondaffaires-TIA@international.gc.ca)

**Questions?**



Up Next

# *The Supply Chain Act* – Lessons Learned and What Lies Ahead

**Chad Westmacott  
Jacob Mantle  
Michael Zobin**

**Public Safety Canada**

**Osler, Hoskin & Harcourt LLP**

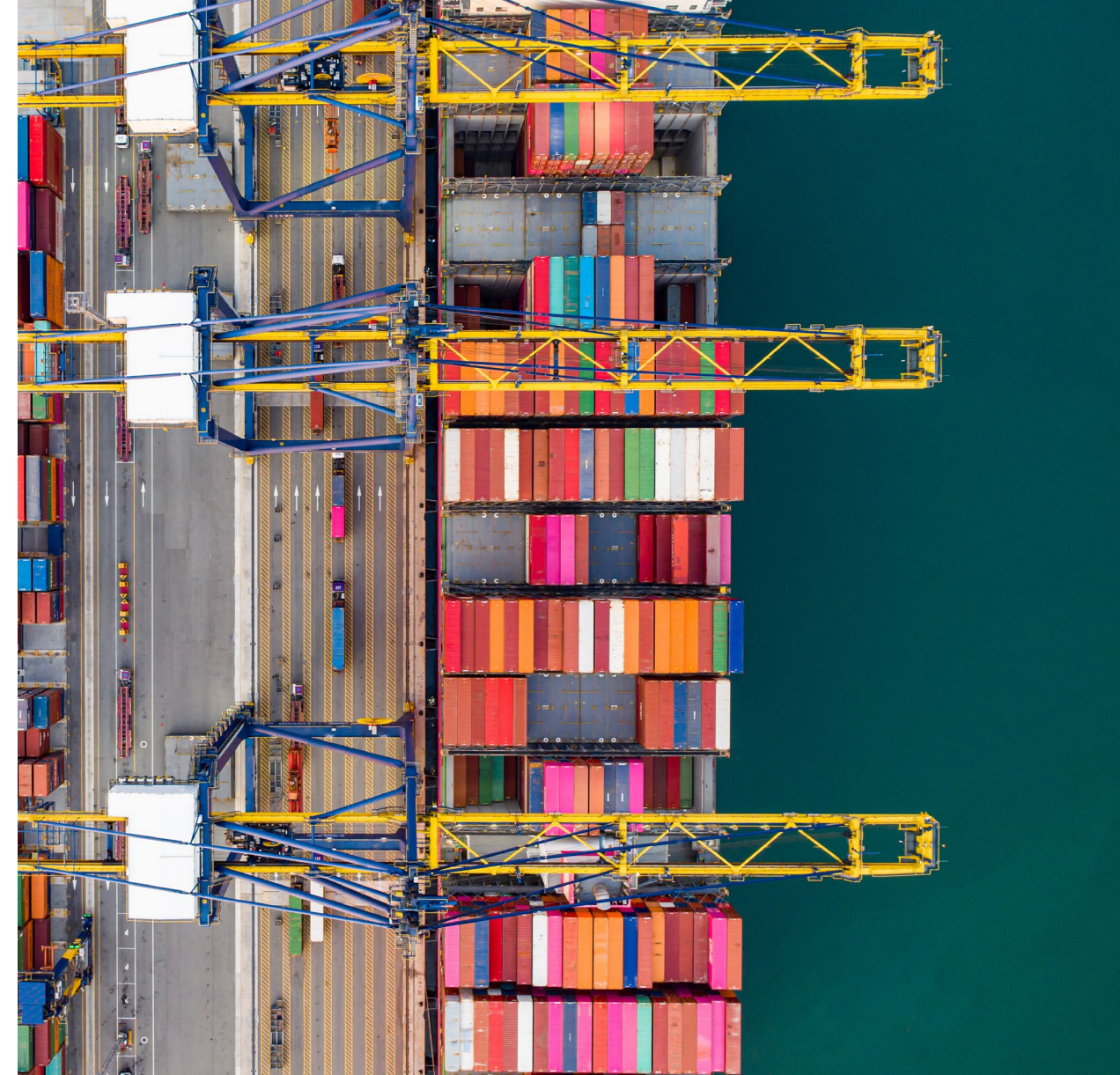
**Livingston International**



# ICYMI -- Supply Chains Act

An Act to enact the Fighting Against Forced Labour and Child Labour in *Supply Chains Act* and to amend the Customs Tariff.

- Act came into force on January 1, 2024;
- creates an obligation on certain entities and government institutions to report on measure taken to prevent and reduce the risk that forced labour or child labour is used by them or in their supply chains; and
- provides for an inspection and enforcement regime.



September 2024

**CSCB**  
CANADIAN SOCIETY  
OF CUSTOMS BROKERS

**SCCD**  
SOCIÉTÉ CANADIENNE  
DES COURTIERS EN DOUANE

# Public Safety Canada

Public Safety Canada is the overseeing regulatory body for this Act, and their website provides guidance on who must report, what to report, and when to report.

For entities, it's a corporation, trust, partnership or other unincorporated organization that is listed on a stock exchange in Canada, or has a place of business in Canada, does business in Canada or has assets in Canada and meets two of the three criteria for at least one of its two most recent financial years:

\$20 million or more  
in assets

\$40 million or more  
in revenue

An average of 250  
or more employees

Report by May 31  
annually



# Year One is Complete – Lessons Learned

Our panel today will provide their perspectives on what went well, what could be improved on, and what we all learned.

- Jacob Mantle – a legal perspective
- Michael Zobin – a practitioner's perspective
- Chad Westmacott – the government perspective

September 2024

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SOCIÉTÉ CANADIENNE  
DES COURTIERS EN DOUANE



# A Lawyer's Perspective: Determining Who Has to Report

- **Review** – the corporate chain re each entity:
  - Is it an “entity”?
  - Does it engage in “reporting activities”?
- **Ask** – does the entity:
  - File a Canadian tax return (including “nil” return)?
  - Act as importer of record for imports?
- Approval by governing body of “entity”



*“But I already asked the other parent company.  
They told me to ask you.”*



# A Lawyer's Perspective: Interpreting Guidance

- Guidance vs law
  - e.g., Entities “distributing” goods (without selling or importing)
- *De minimis* threshold
  - What does “very minor dealings” mean?
  - Qualitative assessment?
  - Relative to the size of the business?
- Questionnaire and attestation
  - Not required by the Act but...

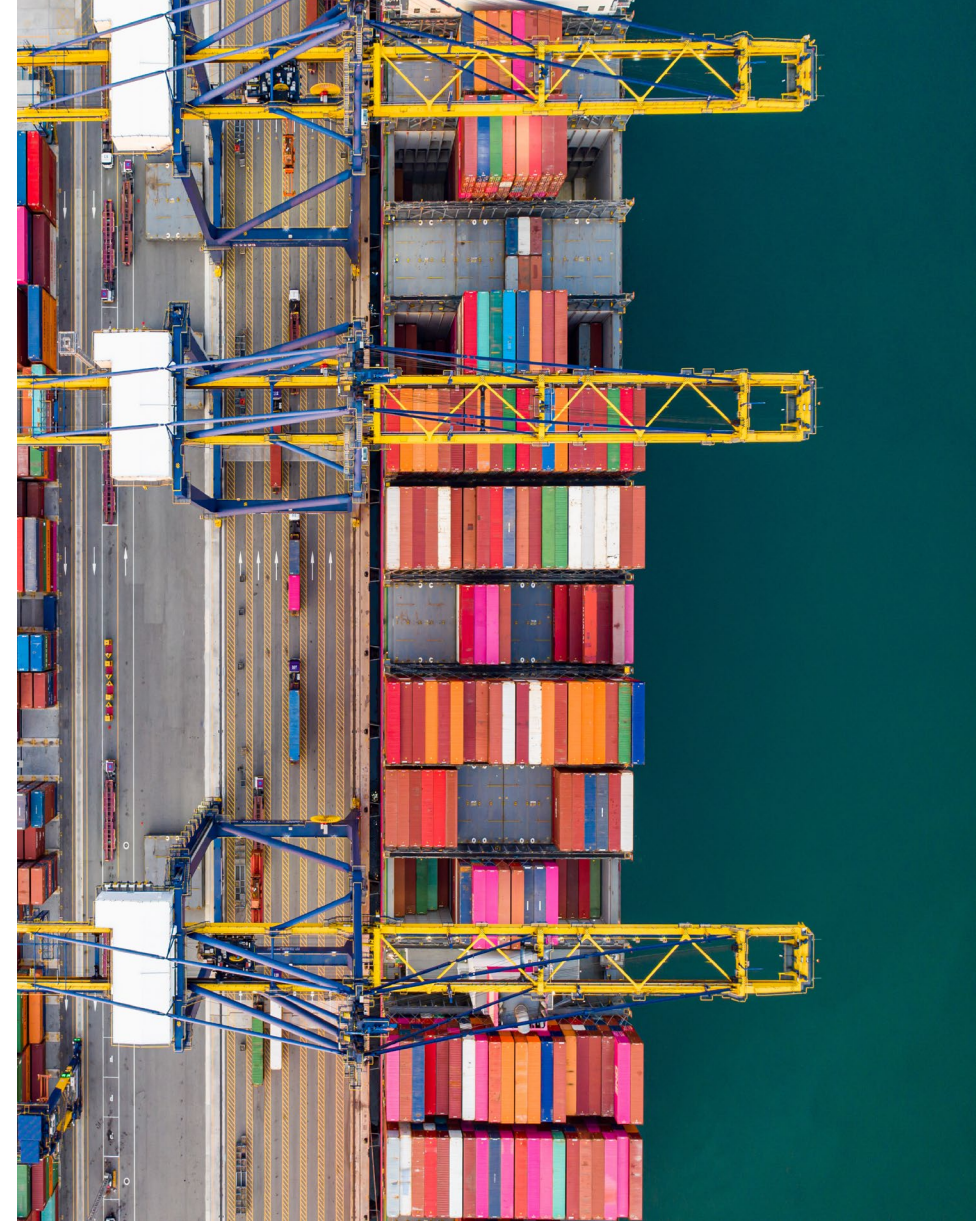
# A Lawyer's Perspective: Preparing a Report

- Forward looking statements – not required by Act (Act is retroactive by design)
- Involve various stakeholders in your organization
  - Helpful to include legal for privilege
- Reporting obligations in other jurisdictions
- Use the questionnaire as a starting point
- Policies and procedures at the parent company level



# S-211: A View from a Practitioner

- Enforcement
  - Whistle-blower legislation
  - CORE: Canadian Ombudsman for Responsible Enterprise
- ESG: Environmental, Social and corporate Governance
  - What has been done?
  - Current corporate policies
    - Training
    - Philanthropy
- Defining an “Entity” that is “doing business in Canada”
- Changes?
- Standards and expectations
  - Length and content
  - Assessing effectiveness
- Solicitation Practices
- Overall Supply Chain compliance





Public Safety  
Canada

Sécurité publique  
Canada

BUILDING A **SAFE AND RESILIENT CANADA**



## *The Supply Chains Act*

Canadian Society of Customs Brokers (CSCB)

2024 National Conference

September 23, 2024

# The Supply Chains Act



BUILDING A **SAFE** AND **RESILIENT** CANADA

- According to the International Labour Organization, forced labour is steadily increasing across the world, and 160 million children were involved in **child labour** in 2020
- Senate Public Bill S-211, *An Act to Enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff* (Supply Chains Act), came into force on **January 1, 2024**
- Public Safety Canada is responsible for the implementation of the reporting regime established through the Supply Chains Act
- The Supply Chains Act also expanded the *Customs Tariff* prohibition of the importation of goods produced by forced labour to also include child labour – enforced by CBSA
- Transparency legislation (e.g., Supply Chains Act) vs. due diligence legislation



# Who does the Act apply to?



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- The Supply Chains Act requires certain **entities** and **government institutions** to report on their efforts to prevent and reduce the risk that forced labour or child labour is used in their activities or supply chains

## Entity


- A corporation or a trust, partnership or other unincorporated organization that
  - **is listed on a stock exchange in Canada;**
  - **has a place of business in Canada, does business in Canada or has assets in Canada** and that meets at least two of the following conditions:
    1. it has **at least \$20 million in assets,**
    2. it has generated **at least \$40 million in revenue,** and
    3. it employs an average of **at least 250 employees;**
- Reporting requirements are for entities whose activities include:
  - **producing** goods in Canada or elsewhere; and/or
  - **importing** goods produced outside Canada; and/or
  - **controlling an entity** whose activities are mentioned in a) or b)

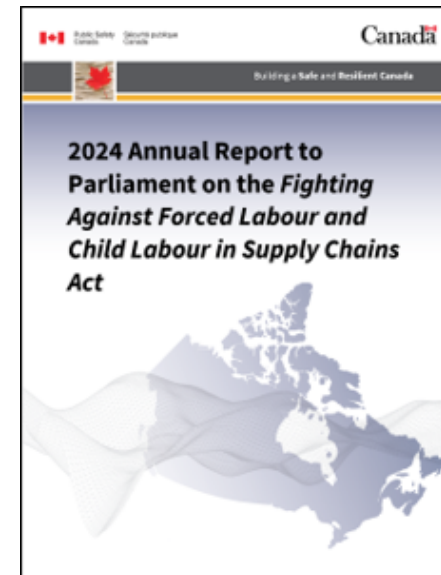


# Implementation Update



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- 
- Fall 2023**
    - Early stakeholder engagement and inquiries mailbox
    - Published Guidance
  - Winter 2023**
    - Establishment of reporting process
    - Conducted technical briefings
  - Spring – Summer 2024**
    - Report intake (~6,000 report filed)
    - **Stakeholder engagement**
    - Annual report to Parliament
  - Fall 2024**
    - Development and publication of updated Guidance

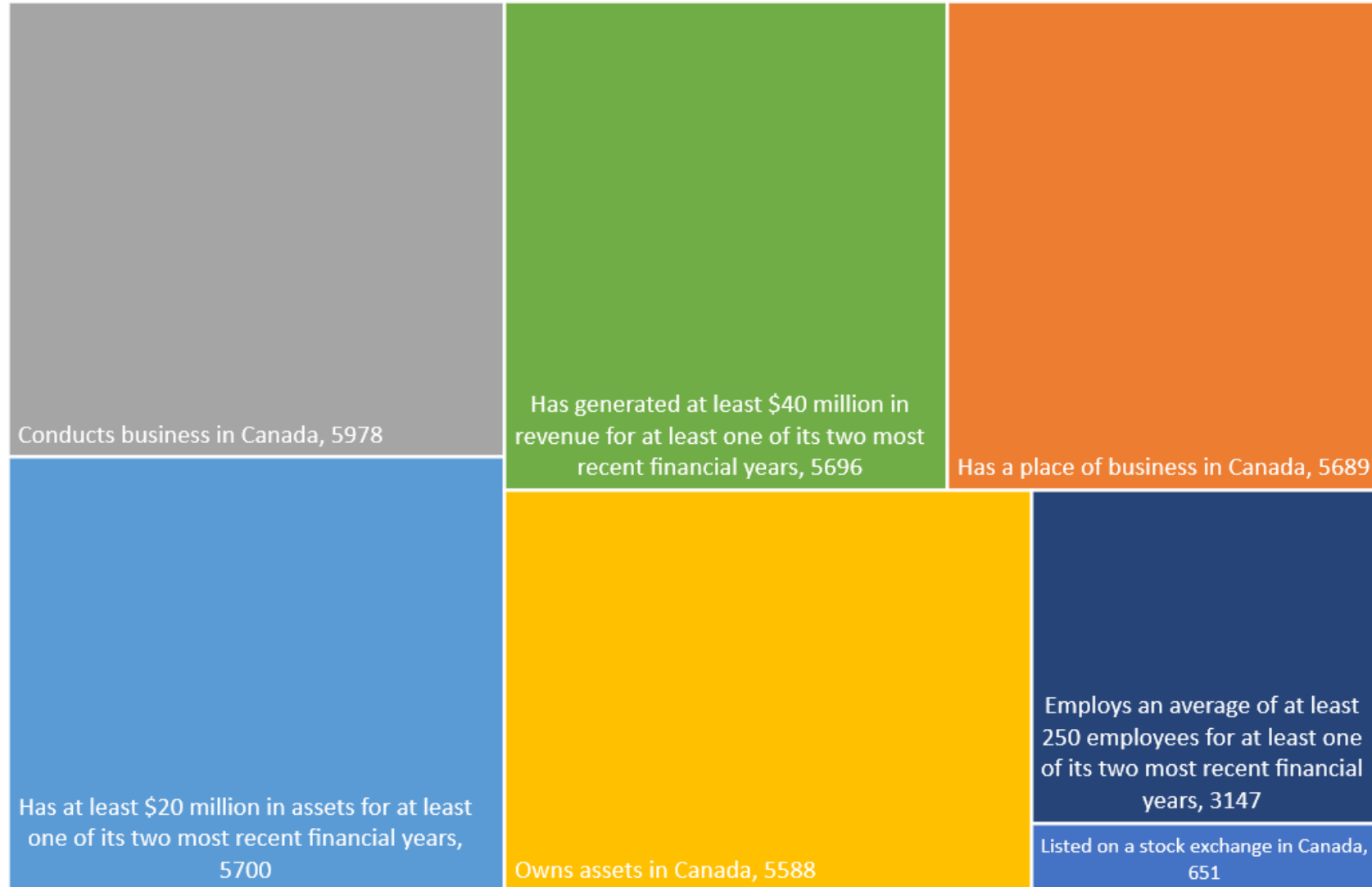




# Entities by reporting requirements



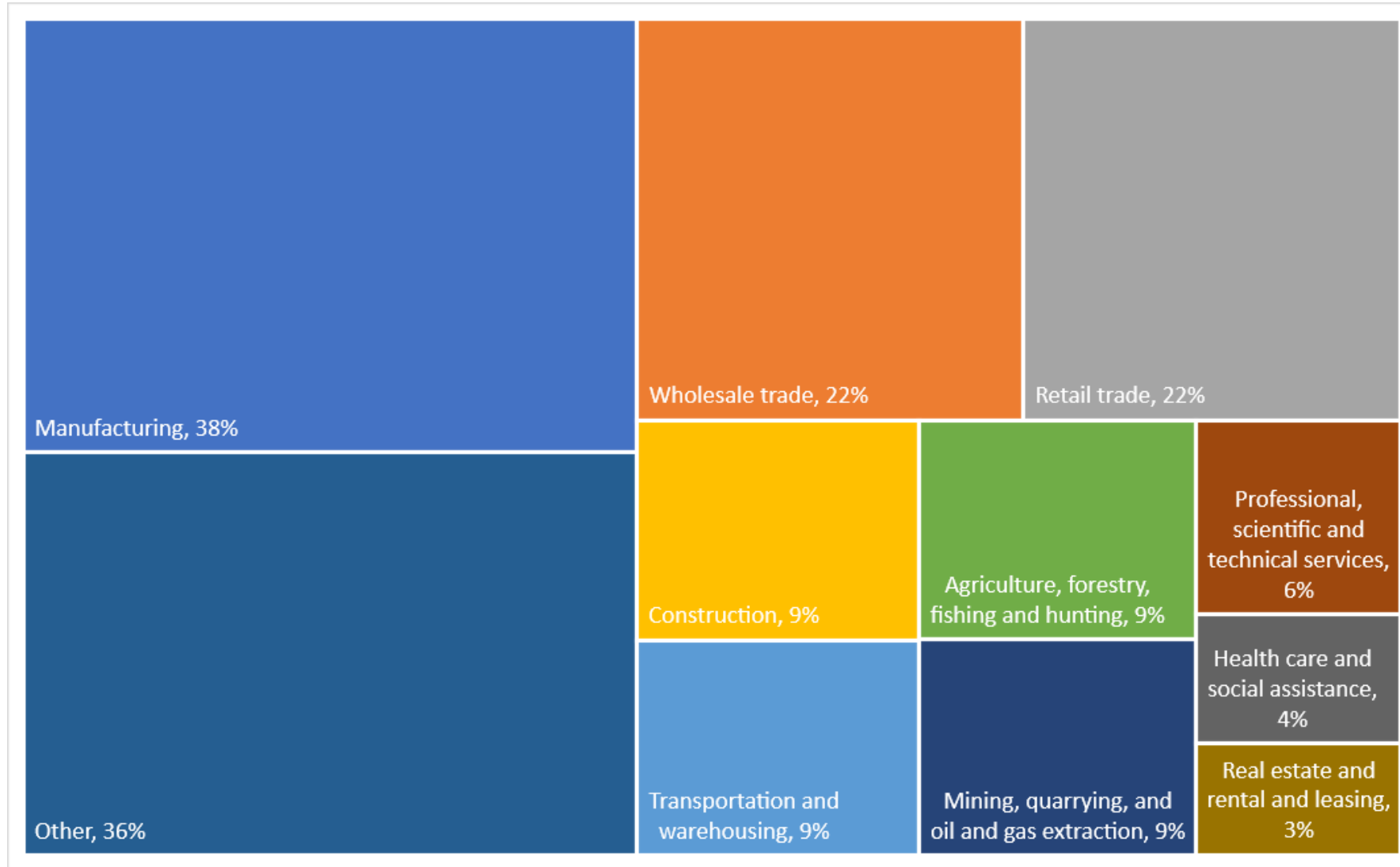
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# Reporting Entities by Sector



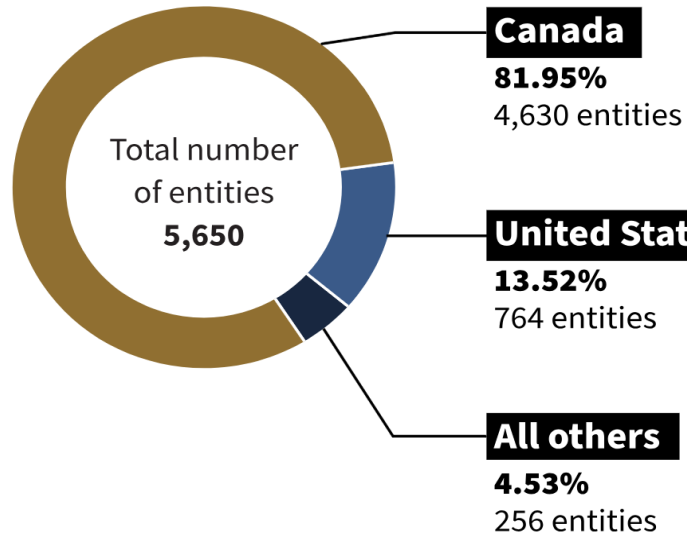
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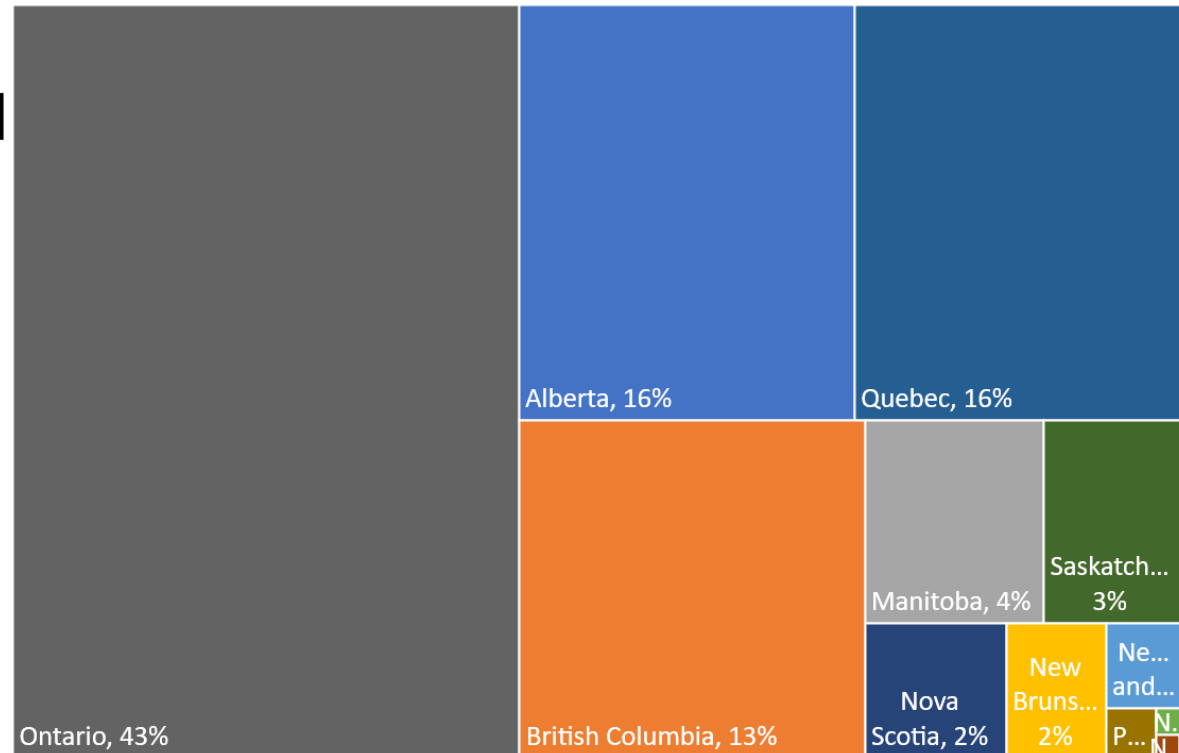
# Reporting Entities by Region



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Canadian Entities per Province/Territory



# Lessons Learned in Year 1



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- Opportunities to further clarify to whom reporting obligations apply
- Potentially unintended groups were captured by broad application of the Act e.g., universities, hospitals
- There is room to increase awareness of and compliance with the reporting obligation
- Reporting entities want to comply with their obligations
- Level of awareness and adoption of best practices varies from sector to sector



# Looking Ahead



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- Opportunities to further clarify key terms in our guidance
- Public Safety Canada will continue to focus on:
  - Improving the reporting process under the Supply Chains Act;
  - stakeholder engagement; and
  - raising awareness
- Reports for the next reporting cycle will be accepted starting **January 1, 2025**, and due, at the latest, by **May 31, 2025**
- Public Safety Canada to launch updated guidance in late Fall 2024

