

September 23, 2024

The Honourable Dominic LeBlanc

Minister of Public Safety, Democratic Institutions and Intergovernmental Affairs
Ottawa ON

Via email: IGA.Minister-Ministre.AIG@pco-bcp.gc.ca

Re: Request for Transparency and Additional Consultation on Upcoming Valuation for Duty Regulations

Dear Minister LeBlanc,

We are writing to express our continued concern with CBSA's proposed amendments to the valuation for duty (VFD) regulations. We believe they will negatively impact Canadian consumers and businesses by increasing costs at a time when they are already struggling with inflation, complicate the process by which imported goods are valued, and put Canada at odds with our international obligations and the practices of our largest trading partners.

Last summer, CBSA received over 300 representations during the consultation period on potential VFD regulatory amendments. The vast majority of responses expressed that these amendments failed to achieve the stated goal of increased fairness and certainty. Many respondents indicated that the changes would have significant unintended consequences.

We once again echo these serious concerns. The regulatory uncertainty caused by these proposed changes will become a barrier to trade, resulting in higher costs and fewer choices for Canadian consumers and businesses of all sizes. Furthermore, proposed changes will complicate the already complex process of calculating the value of imports for businesses and CBSA officials alike, leading to costly delays at the border and an increased number of legal appeals. Finally, they are already threatening foreign investment and employment in Canada, as businesses are re-considering their very presence in Canada.

After the consultation, CBSA indicated that their policy objective is not to use a price in a sale between a Canadian resident importer and its Canadian customers as the basis for determining the value for duty. However, importers, which include Canadian businesses and consumers given the realities of global supply chains and e-commerce, need more than an assurance that their feedback has been heard and incorporated before regulations are finalized. We ask that CBSA provide stakeholders with an updated version of the proposed regulatory amendments that eliminates the ambiguity present in the initial release. This will provide CBSA officials with an opportunity to correct shortcomings of the first engagement by working collaboratively with impacted market participants to formulate clear and precise amendments. Only through direct and open engagement with interested stakeholders will CBSA be able to achieve its goals of competitive fairness and increased customs revenue without jeopardizing business certainty.

Furthermore, we ask that the coming into force requirements be delayed by no less than 12 months after the date the amended regulations are registered, rather than coming into force on

the date of registration. Given the potential increased costs to businesses, both from a compliance perspective and actual duties owed, more time is needed to assess supply chains and make any necessary operational changes.

We remain committed to enhancing Canadian businesses' ability to trade efficiently and look forward to working with you to ensure these regulations make trade in and with Canada fairer and more predictable.

Sincerely,

AmCham Canada

Canadian Manufacturers & Exporters

Association of International Customs and Border Agencies

Canadian Society of Customs Brokers

Canadian Apparel Federation

Canadian Textile Industry Association

Canadian Association of Importers and Exporters

Future Borders Coalition

Canadian Chamber of Commerce

Retail Council of Canada

Canadian Federation of Independent Grocers

UPS Canada

Canadian International Freight Forwarders Association

Whirlpool Canada

cc.

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