

# Trade Chain Partner Working Group (TCP WG)

DRAFT – FOR DISCUSSION PURPOSES ONLY

February 28, 2024







## Agenda

Topic	Speaker	Timing	
Welcome – meeting login	n/a	13:00 – 13:05 PM EST	
Opening Remarks	Mike Leahy	13:05 – 13:15 PM EST	
Transition Plan	Kim Paradis / Charles Melchers	13:15 – 14:15 PM EST	
Cutover – What TCPs need to know	Richard Lavoie/ Kerri-Anne Whittaker	14:15 – 14:45 PM EST	
Closing Remarks	All	14:45 – 15:00 PM EST	



## **Opening Remarks**







### **Cutover vs Transition**

#### What is the Cutover Period?

• The Cutover Period is the period of time required for CBSA to migrate existing systems and functionality to CARM systems and functionality for the May 13th go-live date.

#### What is transition?

The period that extend from CARM go-live and beyond





## **Transition Plan**

**De-risking Border Operations at CARM R2** 

Presentation to the CARM Trade Chain Partner Working Group

February 28, 2024









## **Executive Summary**

- The Canada Border Services Agency (CBSA) has been working closely with trade chain partners to inform importers of the changes that will be introduced with the implementation of CARM and the need for all importers to register on the CARM Client Portal (CCP) to enable the accounting of goods and payment of duties and taxes, as well as informing on the shift from a broker to an importer financial security model.
- The CCP has been available to Trade Chain Partners since May 2021 for registration purposes and the CBSA has been closely monitoring CARM onboarding numbers in tandem with project delivery schedule.
- Keeping with principles of responsible border management, in the event that not all importers are on boarded by May 2024, CBSA has been developing contingency/transition plans to de-risk CARM implementation to ensure border fluidity is maintained.



## **CARM - Guiding Principles**

All commercial importers will be required to register and on-board to the CCP, allowing for a direct relationship between the CBSA and the Importer

All commercial importers will have and use their own BN15

All importers wishing to benefit from RPP privileges will have to enroll in the RPP program and post financial security [for goods released via Release on Minimum Documentation including IID, RMD, PARS and commercial goods released through the Courier Low Value Shipment (CLVS) stream.]

Importers choosing to use the services of a Customs Broker must delegate authority to their Broker in the CCP. This will enable the broker to access the importer's account and transact business on their behalf through the CARM system.



## What We Heard from Trade Chain Partners

The CBSA has been carefully listening to the concerns from TCPs over the last couple of years all the while closely monitoring likelihood of border implications. In anticipation of this, the CBSA has developed a comprehensive CARM Transition Plan. This plan will be enacted to ensure continued border fluidity and timely submission of accounting and payment of duties and taxes.

#### Some of these concerns include:

- Shipment delays potentially caused by the requirement for importer financial security, along with the
  persistent low importer onboarding numbers, and the need for delegation of authority within the CARM
  system
- Challenges around small/medium size importers choosing to transact business directly with the CBSA (CAD C-types)
- Potential for Sufferance Warehouses becoming overwhelmed and the release of shipments delayed
- Registration requirements for Non-Resident Importers (NRIs) may not be timely
- First Time Importers, One-Time Importers, process for remote ports
- Challenges post go live for commercial importer to account and remit amounts owing within prescribed timeframes





# Transition



## **Transition Plan Details**

Transition Plan Item	Mitigation Measures			
180 day RPP Privilege	<ul> <li>All commercial importers who have a CARM account with the CBSA will be extended RPP privileges for a period up to 180 days following go live. RPP transition period is applicable to goods imported and released via the commercial and CLVS stream</li> </ul>			
	This 180 day period will allow importers additional time to post financial security for RPP privileges.			
	<ul> <li>During the RPP Transition period, it will be very important importers ensure they are not only registered in the portal but also enrol and post financial security in order to avoid disruption to the release of goods post 180 day RPP transition period.</li> </ul>			
Use of Broker BN15 (submission of	<ul> <li>For a one year transition period following R2 implementation, use of Customs Broker's BN15 to account (e.g., CAD Type AB, Type V) for commercial goods on behalf of an importer (including NRIs) who has a BN15 and obtained release of goods but has not on boarded to the CCP.</li> </ul>			
accounting – CADs)	<ul> <li>This transitional policy is designed to mitigate high potential for late accounting and payment.</li> <li>Submission of Form A48 RMD Corrector will NOT be required</li> </ul>			
New Non Resident Importer	<ul> <li>For a one year transition period following R2 implementation, the CBSA will allow the use of a Customs Broker's BN15 at time of release AND accounting for commercial goods of an NRI who has not registered in CARM and obtained a BN15</li> </ul>			
	Note: Following the RPP transition period, brokers will need to ensure they have posted sufficient financial security			
Non Commercial (casual) Goods	<ul> <li>Current policy permitting the use of Broker BN/RPP to obtain release and account for non-commercial goods cleared through the commercial stream will be maintained.</li> </ul>			
(Commercial stream)	This will be on-going policy beyond the 12 month transition period.			



## **Transition Plan Details - continued**

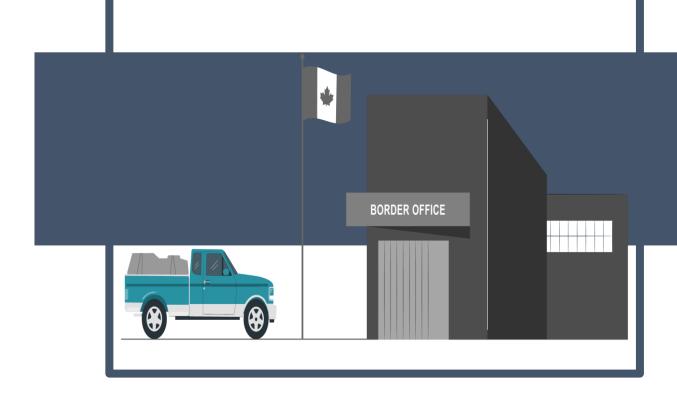
Transition Plan Item	Mitigation Measures		
First Time Commercial Importers	<ul> <li>Broker to direct their client to onboard to CCP and obtain BN15 immediately and prior to submitting release.</li> <li>If this is not feasible, a one year transition period following R2 implementation, the CBSA will allow the use of a Customs Broker's BN15 on the release and at time of final accounting for commercial goods for a first time importer who has not registered in CARM</li> <li>CBSA may choose to utilize CBSA administrative BN15 in these scenarios to facilitate release where no Broker is involved and no access to CCP. Not eligible for electronic release or RPP. Must use CAD C-type.</li> </ul>		
One-time Commercial Importers	<ul> <li>For a one year transition period following R2 implementation, the CBSA will allow the use of a Customs Broker's BN15 to account for commercial goods for a one-time commercial importer who does not have a BN15 nor registered in CCP</li> <li>CBSA may choose to utilize CBSA administrative BN15 in these scenarios to facilitate release where no Broker is involved and no access to CCP. Not eligible for electronic release or RPP. Must use CAD C-type.</li> </ul>		
Trade Shows and Conventions	<ul> <li>The CBSA will continue to allow Broker BN15 for trade show and convention goods.</li> <li>This will be on-going beyond the 12 month transition period</li> </ul>		
Auction House Importations	<ul> <li>CBSA will allow for the continued use of Customs Broker BN15 to represent Auction House importations for Importers who are not registered in the CCP and have not posted financial security.</li> <li>This will be on-going beyond the 12 month transition period.</li> </ul>		



## **Transition Plan Details – CLVS Stream**

Transition Plan Item	Mitigation Measures		
Broker BN – Accounting for commercial goods	<ul> <li>For a one year transition period following R2 implementation, the CBSA will allow for the continued use of a Customs Broker's BN15 to account for commercial goods on the F-type in the CLVS stream in scenarios where the importer, including NRIs have not on boarded to the CCP.</li> <li>By allowing the use of the Broker BN15 will alleviate any concerns regarding the need for continued "immediate release" and any potential for overwhelming sufferance warehouses. CLVS shipments will NOT be stopped from release due to the commercial importer not having a BN15, on boarded to CCP, absence of CCP delegated authority or enrolled in RPP.</li> <li>Note: Following the RPP transition period, brokers will need to ensure they have posted sufficient financial security</li> </ul>		
Broker BN – Accounting for non- commercial (casual) goods	<ul> <li>As a general rule, the BN15 belonging to the approved CLVS Courier participant should be used when submitting the F-type CAD for non-commercial goods.</li> <li>However, a number of brokers have indicated scenarios whereby they have a General Agency Agreement in place with certain non-commercial CLVS importers. In these scenarios, brokers will be permitted to submit the non-commercial F-type using the broker's BN15.</li> <li>Note: Following the RPP transition period, brokers will need to ensure they have posted sufficient financial security</li> </ul>		
V-type CADs for CLVS goods released in error	<ul> <li>For a one year transition period following R2 implementation, if it is determined post release and delivery the goods did not qualify for CLVS clearance (e.g., HVS, OGD regulated, etc.), Broker BN15 may be used on the V-type CAD.</li> <li>Note: Following the RPP transition period, brokers will need to ensure they have posted sufficient financial security</li> </ul>		





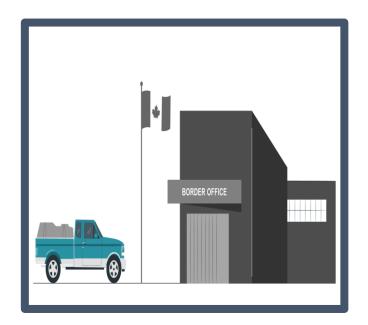
# Transition Importing Scenarios



## **Importing Scenarios**

The following most common importing scenarios will be depicted in more detail on the subsequent slides:

- 1. Commercial Importation RPP, Use of Broker BN
- 2. CLVS Importing Commercial Goods Through CLVS Stream





Commercial Importation Transitional Processes Applied:

- RPP

- Use of Broker BN

Commercial Importer has an existing BN15 but has not on boarded to the CCP.

The Scenario



Sasha is a current commercial importer with a BN15 who has not on boarded to the CCP and has not posted financial security. Sasha works with a Customs Broker to prepare and submit the release and accounting on her behalf for goods that are imported to Canada via commercial stream.

Picking up the Goods





Sasha orders commercial goods from a US vendor. The vendor ships the goods to Sasha using a highway carrier.

Sasha contacts the Customs Broker and requests broker to handle custom clearance on their behalf.

The Broker will transmit the release request referencing Sasha's BN15. Sasha has a pre-existing BN15 and therefore is registered in CARM system so will be granted the RPP privileges for the 180 day transition period.

Pre and At Border Process







Highway carrier transmits electronic cargo and conveyance data prior to arrival at the border.

Broker transmits IID to CBSA seeking release at FPOA quoting Sasha's BN15 as the importer on the release.

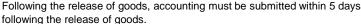
Carrier receives D4 "Completeness Notice" advising cargo, conveyance and related release are on file. Broker receives "Accepted" message through RNS confirming IID received, awaiting arrival of goods.

Carrier arrives at FPOA, presents barcoded Conveyance Reference Number (CRN). Trip is updated to "arrived" and goods are released.

Broker receives "Released" RNS message.

Interacting with the CBSA





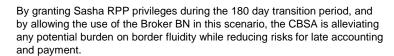
Sasha can ensure to onboard to the CCP prior to end of accounting period requesting broker to submit CAD referencing her BN15.

OR

If Sasha has not onboarded prior to accounting due date, her broker may chooses to use their BN15 to submit the CAD avoiding late accounting and payment penalties.

4

Process does not change



The Importer (Sasha) must take measure to register in the CCP and post financial security prior to the end of the transition periods.



nokel leceives Treleased Trivo Illessage.



CLVS – Commercial Transitional Processes Applied:

- Use of Broker BN

Commercial Importer does not have a BN15 and is importing commercial goods via the CLVS stream

The Scenario



Sasha is a current commercial importer who has been using the services of a CLVS approved courier for importing her commercial goods into Canada. Sasha does not have a BN15, has not registered in the CCP and has not posted financial security to have RPP privileges.

1

CLVS Courier's Cargo Release List

2

At the Port of Entry





Prior to arrival at the POE, the CLVS participant presents CBSA with a Cargo Release List (CRL) of all shipments containing the same information as is required today. \*No changes to the information required are being introduced

CBSA will continue to review CRL and identify any shipments that require examination.

Shipments whereby the commercial importer has not complied with CARM requirements (e.g., onboarded to CCP, posted financial security, etc.) will NOT be removed from the CRL or held.





The CLVS Courier arrives at the POE.

All shipments listed on the CRL which have not been identified for examination are released including Sasha's.



As soon as the Broker becomes aware that Sasha is not registered in CCP, the Broker should reach out to Sasha and encourage her to register her business in the CCP, obtain a BN15 and post financial security in order to be able to account for her commercial shipment. The extended accounting timeframes in CLVS stream provide time for Sasha to comply with CARM.

If the client does not register for the CCP prior to accounting due date, the Customs Broker may choose to use their BN15 to avoid late accounting and ability to remit duties and taxes collected. I

In this case as Sasha is a commercial importer but has not complied with all CARM requirements, the one-year transition period permitting use of broker BN to submit CAD applies.

4

Concerns mitigated



By allowing the use of the Broker BN15 in this scenario, the CBSA is alleviating any potential burden on border fluidity and any possibility of overwhelming warehouses for a period up to one year post R2 implementation.

The Importer (Sasha) must take measure to register in the CCP and post financial security prior to the end of the transition period.

- > If Sasha was a Non Resident Importer (NRI) who has not registered in the CCP and has not posted financial security, this same scenario would apply.
- \*\* Note: Following the RPP transition period, brokers will need to ensure they have posted sufficient financial security



## **Industry Feedback**









### **Cutover: What do TCPs need to know?**







## The Cutover Period to CARM – What TCPs need to know (1 of 6)

#### What is the Cutover Period?

• The Cutover Period is the period of time required for CBSA to migrate existing systems and functionality to CARM systems and functionality for the May 13<sup>th</sup> go-live date.

#### **How long will Cutover Period last?**

- The CBSA is currently looking at two options
  - > Option 1: From April 26<sup>th</sup> to May 13<sup>th</sup>
  - > Option 2: From April 29<sup>th</sup> to May 13<sup>th</sup>





## The Cutover Period to CARM – What TCPs need to know (2 of 6)

#### Can I still release goods during the Cutover Period?

- Yes, release processing is available throughout the Cutover Period
  - ➤ With the exception of a short maintenance window where ACROSS will be unavailable (dates will be communicated to TCPs)
- During the Cutover Period, existing RPP privileges remain in place (e.g. exiting bonds)
- \*\*\* The guiding principle is to maintain border fluidity and limit border disruptions

#### **Until when can TCPs submit RPP applications before cutover?**

- The CBSA will accept paper RPP applications until April 1, 2024 to allow time for manual processing before the cutover
- The CBSA is unable to guarantee applications will be processed in time for go-live if received after April 1, 2024
- Recommend clients wait until after go-live to enrol electronically as this may be a faster option for importers

#### How can I receive my release notification during the Cutover Period?

- As CADEX is retired, Importers and Brokers relying solely on this system to obtain Release Notifications will need to look into alternate ways of obtaining the information
- Most importers and brokers are also using the Release Notification System (RNS) which will continue to transmit messages during and post cutover.
- Post May 13<sup>th</sup> go-live, query using API and information on the CCP will also be available for this purpose



## The Cutover Period to CARM – What TCPs need to know (3 of 6)

#### Can I submit my accounting documents during cutover?

- The submission of electronic accounting documents <u>must be paused</u> until CARM functionality and the Commercial Accounting Declaration (CAD) is available on May 13<sup>th</sup>
- TCPs can present C-Type accounting documents during the Cutover Period
  - > Customs Commercial Entry Processing System (CCEPS) terminals and printers will remain available during the Cutover Period to create C-Type B3s at Ports of Entry (POEs)

#### Will I receive late accounting penalties during the Cutover Period?

No, Late accounting penalties will not be issued during the Cutover Period and for a period of time following cutover

#### Will I receive Administrative Monetary Penalties (AMPS) issued during the Cutover Period?

• **No**, AMPS will not be issued during cutover due to legacy systems being not available. Penalties occurring during this period, will be issued after the May 13<sup>th</sup> CARM go-live.



## The Cutover Period to CARM – What TCPs need to know (4 of 6)

#### **Can I make payments during the Cutover Period?**

- **Yes,** TCPs must make payments using the following methods during the Cutover Period:
  - Online Banking (via financial institutions' platforms);
  - Electronic Data Interchange (EDI);
  - ➤ Point of Sale (POS) systems/Cash/Cheques at POEs.
- Payments using the following methods *cannot* be made during the Cutover Period:
  - ➤ Pre-Authorized Debit (PAD) CBSA will be reaching out to PAD clients in order to determine alternate means of payments for April 30<sup>th</sup> payment due date;
  - > Payments on CCP using credit/debit cards.
- Payments will only be reflected in client accounts post go-live.

#### Will the CARM Client Portal (CCP) be available during Cutover Period?

• No, the CCP will not be available during the Cutover Period.

#### Will exchange rates files be available during cutover as they are required for calculations in SWI?

- The process by which clients are getting exchange rates through CADEX will be discontinued on the first day of cutover, however;
- Exchange Rate API will be available during cutover starting on April 29<sup>th</sup>. As requested by TCPs, CBSA is currently looking if it would be possible to bring that date any sooner



## The Cutover Period to CARM – What TCPs need to know (5 of 6)

#### **How do I submit my Temporary Importations during the Cutover Period?**

• Commercial Temporary Importations will follow the current-state process using the E29B form.

#### What do I need to present for Customs Bonded Warehouse Movements during the Cutover Period?

- CBSA will accept and process paper type 10 B3s, as well as electronically submitted RMDs (EDI).
- For ex-warehouse movements, clients may reference and/or show proof of their approved in-warehouse movements in order to remove goods from their warehouses during the cutover period.
- Clients should keep account of their CBW movements after their inventory has been captured for conversion (i.e., at the start of the cutover period) and post their accounting once CARM R2 goes-live. These accounting submissions should reflect any changes to their opening inventory balance since it was captured (e.g., adjust the opening inventory CAD Type 10 with any additional movements in-warehouse, submit new CADs for any movements between or out of warehouse movements).

#### What if an importer does not have a BN and RM account during the Cutover Period?

- Use of Broker BN/RPP to obtain release of goods Existing "First time" and "One time" importer policy maintained during cutover period.
- CBSA administrative BN on C-Type entry if client not using broker.
- CBSA and CRA are looking into the possibility of keeping the functionality by which clients can continue to work with the CRA to obtain a BN/RM during the cutover period. Feasibility assessment is underway and if technically possible:
  - Importer BN/RM issued by CRA during cutover could be used during the cutover period, however;
  - Exporter BN/RM issued by CRA during cutover would not be able to be used until May 13<sup>th</sup> go-live CBSA to provide further instructions



## The Cutover Period to CARM – What TCPs need to know (6 of 6)

#### **Can I submit appeals during Cutover?**

- Yes, TCPs can submit their appeals using the recourse e-mail submission process.
- The first step in "registering" to have access to the e-mail submission is to complete the online e-appeal at https://www.cbsa-asfc.gc.ca/recourse-recours/eappealenf-appelexec-eng.html
- Paper submission is available, however e-mail submission is the preferred option.

#### Will the testing environment for EDI and API clients be available during the Cutover Period?

- No, the testing environment will not be available during the Cutover Period.
- Testing and certification activities will resume the week of May 20th.

#### When will I be able to submit my "CAD backlog" after go-live on May 13th?

- Assumption: CADs to be processed at specified periods of time based on release dates.
- Analysis is in progress and detailed plan will be communicated shortly

#### From a technical aspect, how will the creation of the required new system connectivity and profiles take place?

Details to be communicated shortly



## **Industry Feedback**









## **Closing Remarks and Forward Agenda**







### Thank You!

INTEGRITY





## **Appendix**

# TCP Portal Onboarding Update

Updated February 21st, 2024







## Trade Chain Partner Portal Onboarding Status

51,469 TCPs are currently registered



Registration Numbers								
		Last 2 weeks	Prior 2 weeks	Month over Month		Total		
		(February 7th to February 20th)	(January 24th to February 6th)	November	December	January	February	Total
	All TCPs	2352	1744	1507	1665	2973	3141	51,469
Brokers	All Brokers	1	0	0	0	0	1	275
Importers	All Importers	2351	1744	1507	1665	2973	3140	51,194
	Top 3000 Importers (value)	23	31	28	23	40	40	2558
	Top 3000 Importers (volume)	31	27	27	25	52	36	2523
	CSA Importers	0	0	0	0	0	0	102
	Top 2150 C-Type Importers	61	45	49	32	56	86	603

<sup>•</sup> Top 3000 Importers (volume) make up ~80% of Total Importer Volume. Top 3000 Importers (value) make up >80% of Total Importer A/R.

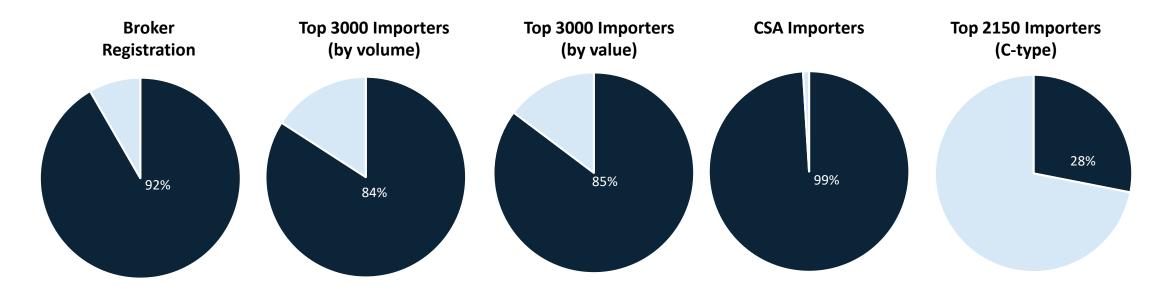
Updated February 21st, 2024

<sup>•</sup> CSA Importers account for 35% of Total Importer A/R. CSA Importers with multiple RM accounts are counted as separate importers.

<sup>•</sup> Top 2150 C-Type Importers transact at least once per month on average.



## **Trade Chain Partner Portal Onboarding Status**



#### Highlights

• Webinars for targeted stakeholder groups have begun and will continue to be offered at multiple timeslots to accommodate for different schedules to increase attendance to the webinars and registration to the CARM Client Portal.

Updated February 21st, 2024