Canada Border
Services Agency
Agence des services
frontaliers du Canada

Advancing Supply Chain & Logistics

Hamilton-Niagara Region

August 19, 2020

Canada

Canada Border Services Agency - Overview

The CBSA is federal institution, established in December 2003, and an integral part of the Public Safety portfolio.

Mandate

Through the administration and enforcement of more than 90 acts and regulations, the CBSA is responsible for providing integrated border services that support national security and public safety priorities, and facilitate the free flow of persons and goods, including animals and plants, that meet all requirements under the program legislation.

Mission

To ensure Canada's security and prosperity by managing the access of people and goods to and from Canada.

Commercial Program - Overview

The Commercial Program Directorate (CPD) falls within the CBSA's Commercial and Trade Branch and is responsible for…

- The development, maintenance, and administration of commercial policies, procedures, regulations, and legislation related to the movement of commercial goods into, through, and out of Canada.

- Reporting on national program performance and compliance to ensure overall program integrity, effectiveness, and efficiency.

- Future commercial transformation and modernization initiatives intended to strategically enhance and position the program and operation for success.

…with commercial services are provided at:

| 117 land border crossings 73 sufferance warehouses 27 rail offices	224 airports 439 marine reporting sites 12 ferry terminals 10 cruise ship operations	218 commercial vessel clearance facilities 3 mail processing centres 46 international offices

Commercial Program - Current State

- There are 3 streams of importation within the Commercial Program:

    1) Regular commercial, including trusted program
    2) Courier Low Value Shipment (CLVS)
    3) Postal

- Online shopping has resulted in substantial changes in the trade landscape, including an exponential growth in the importation of e-commerce goods that began well before the on-line shopping explosion brought on by COVID-19.

- E-commerce goods can be imported through all commercial streams, via all modes of transportation.

- For the CBSA, e-commerce goods are largely imported through the CLVS and Postal streams.

- In fiscal year 2018/19, CLVS and Postal volumes represented 87% of the Commercial Programs' importations.

Key Elements

Cross-border shipment

Online initiation

Physical goods

Destined to consumer

Operational Context – COVID 19

Mail at all stages (pre-cleared, secondary and post-cleared) as reported by CPC.
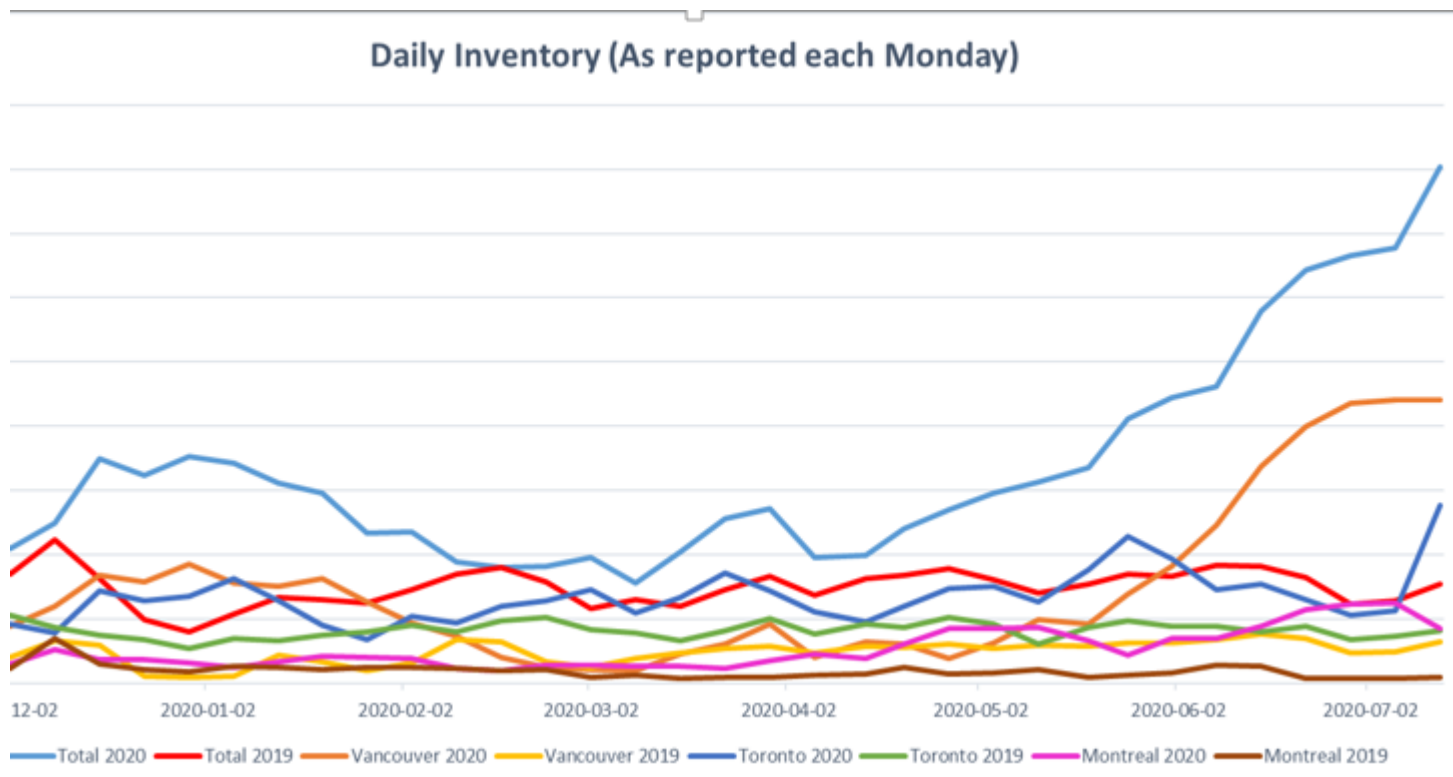
Commercial Program - Challenges

- Many current program challenges can be attributed to the rise in e-commerce importations:

  - Canadian shopping habits have shifted to e-commerce faster than forecasted (3 yrs ahead).

- Increases in volumes have placed pressure on the CBSA's ability to effectively deliver upon its security and facilitation mandate.

  - In addition to increasing volumes, the way CBSA does its business has also changed with more and more intermediaries are involved, and with consumers buying goods online to be delivered directly to their door.

- The challenges associated with e-commerce are as follows:

  - Operational processing capacity;

  - Commercial automated systems;

  - Revenue collection; and

  - Ensuring safety and security while facilitating trade.

Commercial Program – Challenges (cont'd)

Other significant challenges and emerging priorities, particularly in the postal stream include:

- Variable resource demands within & across regional operations;

- Temporary solutions tied to student Border Service Officers (BSOs);

- Mis-aligned incentives with clients – improved primary processing exacerbates secondary backlogs & existing structural inefficiencies (i.e. two Toronto facilities with only one doing primary);

- Unclear Postal Import Remission order (PIRO) authority, applied variably – clarity may only worsen operational pressures;

- Space/facility limitations – physical (limited storage, seized goods/bond rooms, x-ray equipment, etc) & legal (no S.6 authority to require solutions suited to our requirements);

- Covid physical distancing & other requirements exacerbate space limitations and impacts overall efficiency; and,

- Volume growth resulting in increased seizures.

Modernization

- Changes in the trade landscape, as a result of e-commerce & COVID-19, have compelled the CBSA to re-examine its business models in the following areas:

Advance Data & Analytics	Health, Safety & Security	Trade Facilitation	Revenue Collection	Legislative Frameworks

- The Agency is committed to establishing effective solutions that will build upon global standards and ongoing initiatives.

- Investments in process changes and technology are key to keeping pace with the growth of e-commerce shipments.

E-Commerce Growth and E-Commerce Strategy

- To further manage the growing volumes of cross-border e-commerce goods, the CBSA has developed an E-Commerce Strategy to:

    – strengthen the Agency's ability to process increasing volumes of e-commerce goods;

    – adapt to the changing business model, while effectively stopping goods that pose health, safety and security risks to Canadians; and,

    – collecting all duties and taxes owed.

E-Commerce Growth and E-Commerce Strategy

- Through the E-Commerce Strategy, the CBSA will leverage advanced data analytics to better target illicit goods while facilitating the legitimate trade.

    - Recognizing the rapidly evolving nature of the E-Commerce trade, it is imperative for the CBSA to quickly adapt and transform its operations to better manage growing volumes of small and low value "just-in time" packages.

- In coming years, the CBSA, working with other government agencies, academia and the private sector, will explore innovative technological developments:

    - Including artificial intelligence and non-intrusive inspection equipment) to improve the control and facilitation of cross border E-Commerce.

Courier Analytics Portal (CAP) Pilot in Hamilton

- In 2019, the Hamilton International Airport developed and began testing an automated solution to alleviate the operational challenges associated with CLVS manual risk assessment processes.

- The CAP proof of concept allows regional officers to filter data and input targets. This automated tool identifies high-risk shipments for pilot participants.

- It is envisioned that this solution will be used nationally where CLVS operates as a first generation CBSA e-commerce system until the integrated end-state solution can be implemented.

Other Commercial Initiatives

CBSA Assessment and Revenue Management (CARM)

- Transform the accounting process for commercial goods.

Postal Modernization Initiative (PMI)

- Improve the customs processing of mail and revenue collection with the deployment of automated systems and improved technology in both the Toronto and Montreal mail centres.

Commercial Initiatives (cont'd)

Cargo Pre-Clearance

- Streamline border processes resulting in predictability and time savings for industry, while also increasing intergovernmental cooperation and sharing of resources, facilities and technology.

eManifest

- Allows trade community to electronically transmit their pre-arrival information through the Internet, replacing paper based processes.

- eManifest Portal provides a free method for highway carriers and freight forwarder to transmit conveyance and cargo data.

- Provides industry with visibility into the customs status of goods being imported through new electronic notifications.

Commercial Initiatives (cont'd)

Facilitating Trade: CBSA's Trusted Trader Programs

- Intended to enhance the security and integrity of the supply chain and facilitate trade for pre-approved low-risk members through customs-to-business partnerships

    - Programs are both *voluntary* and a *partnership* and follow the standards of the WCO SAFE Framework

    - To those companies that meet the program's criteria, CBSA provides facilitative processes to expedite trade, which allows it to focus on unknown and higher risk shipments:

        - Fewer inspections
        - FAST lane access
        - Prioritization in case of border closure
        - Simplified border processes
        - Recognition by foreign customs through MRAs

    - **Outcome:** A means to manage risks for Canadians while supporting the Canadian economy
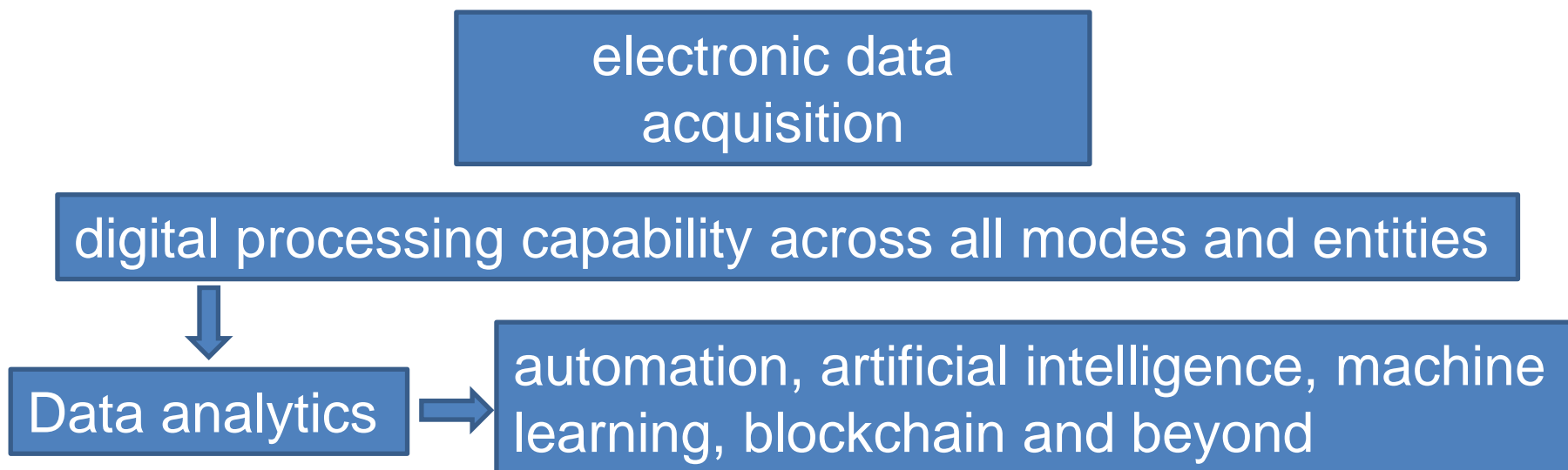
Future Solutions

Multiple transformative projects over the last several years:

FOCUS ➡ Moving away from paper transactions

Next level of transformation:

electronic data acquisition

digital processing capability across all modes and entities

Data analytics ➡ automation, artificial intelligence, machine learning, blockchain and beyond

Ultimate goal: analytics-driven decision-making

Thank you!

Commercial Programs Directorate
Commercial and Trade Branch
Canada Border Services Agency