

CBSA COMMERCIAL VISION

BEYOND 2020

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BEYOND 2020: A SUMMARY

A SYNOPSIS OF THE CANADIAN BORDER SERVICES AGENCY (CBSA) COMMERCIAL VISION - BEYOND 2020.

INTRODUCTION

The Commercial Vision for CBSA was born as a key commitment in the CBSA's Report on Plans and Priorities (RPP) for 2007. (https://www.tbs-sct.gc.ca/rpp/2007-2008/bsa-asf/bsa-asf01-eng.asp)

The CBSA recognises that it must continually evolve to meet the challenges of protecting Canada from threats while also contributing to its prosperity by facilitating trade and commerce. The CBSA has mapped out its evolution on a commercial continuum and analysed it to identify:

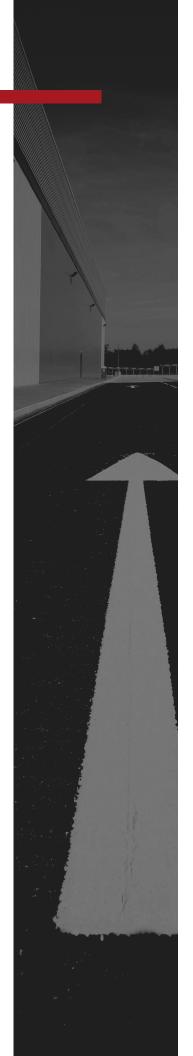
- 1. What the "pain points" are for clients?
- 2. What technology changes are needed?

- 3. What are the best practices for trade chain partners?
- 4. How can Canada achieve a high ranking in the global customs environment?

CBSA explored these areas in an attempt to identify the best potential areas of transformation. These transformation areas are the foundation for The CBSA's Beyond 2020 - The Commercial Vision.

The World Customs Organization (WCO) anticipates a future of significant change and is challenging Customs agencies across the world to:

- Think unconventionally
- Adopt new practices
- Streamline technologies
- Renew partnerships



The above actions are needed due to the broadening of the role of Customs organisations beyond the traditional role of collecting duties and taxes on international trade. The WCO foresees challenges to include increasing volumes and complexities of international trade, shifting trade patterns and emerging economies; increased security threats and organised crime activity; the proliferation of just-in-time industries and trade and mounting societal demands for safety and security. Customs organisations must change and reorganise themselves to meet these current and future challenges.

The WCO findings state no Customs organisation can operate independently. CBSA committed itself to "pushing the border out" in the 2001 Smart Border Declaration, and in the Beyond the Border Action Plan (BTB) with the U.S.

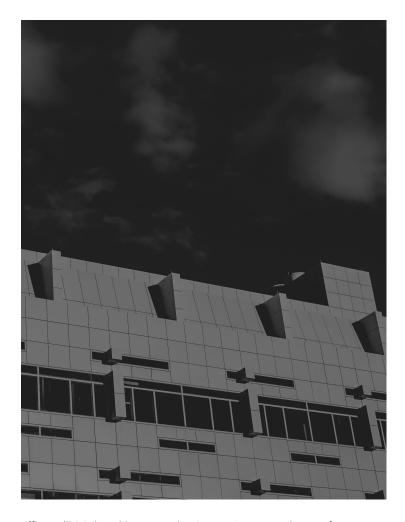
Beyond 2020 - The Commercial Vision recognises that the time has come for CBSA to extend its focus beyond North America.

CBSA THINKS THE BEYOND 2020 - THE COMMERCIAL VISION RISES TO THIS CHALLENGE

CBSA has already implemented numerous BTB actions to improve program delivery to include eManifest, Single Window Initiative (SWI) and CBSA Assessment and Revenue Management (CARM).

This modernization continues to evolve, and CBSA will further automate and integrate commercial processes and update tools and technologies. CBSA believes that these changes will better meet the needs of the chain partners and border services

future.



officers (BSOs) and improve the Agency's approach to enforcement and trade facilitation. It is expected that by 2020 the CBSA's current modernization will be fully implemented and The Vision of Beyond 2020 can be realized.

CBSA's states its Commercial Vision provides strategic guiding principles and actions that will enable the Agency to transform its commercial programs into a more efficient and effective border management model.

The CBSA Executive Committee has stated publicly that it wants the Agency to strive for a top 3 global ranking in trade facilitation and border management in the World Economic Forum (WEF) global rankings. Canada's current performance in the WEF's global rankings ranks Canada 20th out of 138 countries in the WEF Global Enabling Trade Report which focused on the efficiency and transparency of its border administration. From a trade perspective, the WEF has stated that trade to Canada suffers from burdensome import procedures and high tariffs. Canada's ranking has also suffered due in part from a poor performance in the areas such as a number of days and costs associated with importing goods; the predictability of the time required to satisfy import procedures; and the overall efficiency of the Customs clearance process.

To meet this vision and challenge of the WCO, CBSA needs to lay the groundwork today for the commercial vision of the



CBSA hopes to leverage today's commercial modernization agenda and existing partnerships and use this as a foundation for transformation.

CBSA is working toward streamlining and simplifying import, export and in transit processes with the goal to excel in the delivery of border services in a dynamic and fluid operating environment. This is the challenge facing the Agency in the years to come.

CBSA completed a strategic review of its Commercial Continuum with its internal and external trade chain partners to identify issues in the current commercial program which may not be addressed by the Agency's modernization agenda resulting in the generation of recommendations to transform the Commercial Program into the 21st century.

The issues identified by the internal partners included the need to:

CBSA 'S BEYOND 2020 -THE COMMERCIAL VISION IS FOUNDED ON THE FOLLOWING GUIDING PILLARS:

- Simplifying the Commercial Process
- Improving Client Entity
 Management and Commodity
- Advancing Global Border Management
- Optimised Enforcement and a Revised Compliance Approach

- Provide a more robust pre-arrival risk assessment process;
- Allocate additional resource investments required to administer dual processes (paper and electronic documents)
- Conducting health, safety and security examinations at the First Point of Arrival (FPOA)
- The need for greater access to detection technology such as Large Scale Imaging (LSI)
- Allocate an adequate infrastructure footprint

Trade Chain partners have expressed that for CBSA to truly transform its business and make services more efficient, there should be:

 Greater harmonisation of Government of Canada policies

- Enhanced predictability and transparency in procedures and processing
- The examination process must be simplified
- Procedures should be harmonised with global partner agencies where possible

The path forward for CBSA is to reevaluate and challenge conventional thinking and rethink its commercial continuum by:

- Create a single simplified commercial process, regardless of the mode or type of cargo movement
- Obtain the right information at the right time to identify and mitigate risks before arrival in Canada
- Re-evaluate the merits of transactional processing and eliminate where it is deemed feasible
- Enhance the transparency of procedures and processes
- Harmonise with domestic and international partners to reduce the administrative burden and costs for trade chain partners
- Invest in innovative technologies and tools to mitigate health, safety and security risks, and to increase client-focused self-service options
- Expedite the flow of low-risk goods by modernising or reallocating for the collection of revenue
- Introduce an Ecommerce program
 to enable effective exercising of our
 mandate and ensure parity with the
 postal and courier modes; this will
 also enable the CBSA to deal with
 growing volumes in these modes
 more effectively.

THE GUIDING TRANSFORMATIONAL PILLARS

Based on the opportunities mentioned above, CBSA has established 4 Guiding Transformational Pillars



I. SIMPLIFYING THE COMMERCIAL PROCESS

Drivers: The commercial process today is comprised of a variety of processes and subprocesses beyond the regular and trusted trader streams. Exception-based processes can be cumbersome and labour intensive. National application of processes is inconsistent. There are multiple client profiles, inconsistent commodity identification and multiple security deposits. The global environment is rapidly evolving, and complex Customs procedures do not facilitate trade. There are changing patterns and threats, and CBSA has an inadequate infrastructure and poor access to tools with a continually reduced workforce. CBSA therefore has compromised itself in meeting the current challenges.

Vision: Both external and internal stakeholders want a single simplified commercial process (for all modes, including export and in-transit movements) for reducing the complexity of the current process and addressing the inefficiencies and duplicative processes. Innovative technologies like Web-based applications can be leveraged to facilitate compliance regulations and meeting obligations. Simplification reduces costs to both the government and trade chain partners. Simplifying the process will improve training efforts for both CBSA and clients. Feedback has indicated Commercial Program training is challenging with the various processing options and model differences.

This has led to inefficiencies in the delivery of the program and the lack of national consistency. Simplifying the process will strengthen CBSA's position with transparency, consistency and certainty for the stakeholders.

II. IMPROVING CLIENT ENTITY MANAGEMENT AND COMMODITY IDENTIFICATION

Drivers: Customs Organisations must have accurate identification for clients and cargo so eligibility determinations can be made. Risk assessments can be done to determine the level of interventions and enforcement. The current client identification process has multiple client profiles which hamper CBSA from making effective risk assessments. Who is this client? What is crossing the border? The requirement for scientific names for cargo is not mandatory, and as a result descriptions on import, documentation can be vague. Consequently, plants and animals and related products may not be identified at the time of import. This could result in non-compliant shipments being released in Canada threatening animal and plant health, human health and the Canadian economy. CBSA has recently implemented SWI to allow trade chain partners to electronically comply with the permits and requirements of participating OGDs while improving commodity and client identification. Identification of the commodity entity can be complex as it is derived from multiple trade documents and information sources. As part of SWI, CBSA is assessing the feasibility of introducing a Universal Product Code (UPC) registry service for UPC symbols that is based on global standards to identify goods more accurately.

Vision: Consultation feedback tells CBSA that it can improve through the creation of a single profile for each trade chain partner linked to the crew, commodity and conveyance. This would allow CBSA to assess the credentials and make better decisions on the existence of risk at the earliest possible point. Also, CBSA could institute a secure commercial crew program to better identify the crew associated with the shipment. Efficiencies can be gained with leveraging SWI and seeking better source information to aid in risk assessment and admissibility decisions.

III. ADVANCING GLOBAL BORDER MANAGEMENT

Drivers: To meet the challenges posed by inherent

complexities of the global operating environment, the CBSA must leverage and strengthen its international, domestic and Other Government Departments (OGD) partnerships. Trade chain partners have said that differences in national Customs procedures impact global trade by reducing procedural predictability and adding additional costs to Customs compliance. The CBSA should explore new MRAs, global trade programs, Global Networked Customs models, and exchange best practices with international partners in the WCO as options to meeting international challenges.

Vision: The CBSA can benefit itself and trade chain partners by making greater strides in sharing information and harmonising procedures where legally/feasibly possible with its global partners to increase the predictability of the Customs process and to lessen the financial impact of Customs compliance. To increase flows of information and intelligence between Customs organisations, the CBSA can procure interoperable technologies and tools. The global supply chain can also benefit by addressing gaps in the export process, exploring opportunities for better insight, and improvements to the Trusted Trader Program.

IV. OPTIMIZED ENFORCEMENT AND REVISED COMPLIANCE APPROACH

Drivers: The emergence of new patterns and threats in the global trade chain drives the need to focus on a commercial enforcement and compliance framework that reflects the dynamic nature of risk, and can instantly respond to new emerging types of threats. To be effective, the CBSA must validate whether current enforcement strategies such as Administrative Monetary Penalties Systems (AMPS) are meeting the intended objective (corrective or punitive) and reexamine the reasons for continued noncompliance regardless of corrective action to be taken. At many Ports of Entry (POEs) BSOs state that they lack the appropriate enforcement infrastructure and innovative tools to interdict high risk shipments. Also poor and inadequate infrastructure footprints influence the ability to conduct quality examinations or the installation of detection technology to conduct these examinations. All of these inadequacies may permit trade chain partners to mitigate high-risk shipments to ill fitted POEs.

Vision: CBSA plans to renew its focus on enforcement so it can enhance its ability to balance the facilitation of trade with the



SOURCES:

- CBSA Report on Plans and Priorities 2016-17
- CBSA Website.
- WCO Website
- WEF Website
- Canadian Association of Importer and Exporters IE Canada

needs of national security and health and safety threats at the First Port of Arrival.

THE CBSA'S BEYOND 2020 COMMERCIAL STRATEGY

To complement the Vision, a Commercial Strategy is being developed. The Commercial Continuum Strategy for Achieving the Beyond 2020 - Commercial Vision will identify how the Agency intends to convert its commercial modernization into one of transformation. This is a huge task. The first step will identify strategic goals and the second will identify the milestones to enable the Agency to execute the goals. The formulation of this strategy is being done with close partnership with external and internal stakeholders. Continued consultation and collaboration through 2017 with the Border Commercial Consultative Committee (BCCC) and BCCC subcommittees.

In the Spring of 2017 the BCCC subcommittees will be restructured to reduce duplication and align common themes.

CBSA also intends to consult with small and medium enterprises to discuss the approach, quantify benefits, and ensure "ease of doing business". These consultations will take place in 2017 and may take the form of importer roundtables.

By late February 2017, a detailed project implementation timeline will be presented to BCCC.

CBSA Manager Sharon Crawford, of the Commercial Program Directorate - Programs Branch, is leading the Beyond 2020 -Commercial Strategy.