

March 8, 2024

Hon. Judy A. Sgro
Chair, Standing Committee in International Trade (CIIT)
6th Floor, 131 Queen Street
House of Commons
Ottawa, ON
K1A 0A6

Dear Ms. Sgro,

We are writing to express our concerns with the upcoming CBSA Assessment and Revenue Management (CARM) system scheduled to take effect in May 2024.

We would like to assert that the guiding principles of the CARM implementation (the mandate that “all” importers must register on the CARM portal, and the shift from a broker to an “importer” financial security model) are significantly flawed in their approach, and only work to create a negative impact on both the importer and customs brokerage industries.

We also wish to express our full support of the CIIT submission made by the Canadian Society of Customs Brokers (CSCB) and further endorsed by the Association of International Customs and Border Agencies (AICBA).

We ask that you please review our attached concerns and support our recommendation that CBSA reconsider industry feedback and redesign its approach to this implementation.

Respectfully,

Girdlestone Brokerage Limited

CONCERNS WITH CARM IMPLEMENTATION AND PRINCIPLES

CARM creates a major cost increase and hinderance to small business.

The requirement for every Canadian importer to register on the CARM Client Portal (CCP) is a major undertaking for customs brokers, who are expected to directly support their full client base through this tedious process. To register a business on the CCP, the importer must provide specific answers to accounting questions relating to previous transactions. In most cases, the importer requests these answers from their broker to complete registration. Directing clients one-by-one through this process is a time-consuming, and therefore expensive process. Larger brokerage firms may be able to designate entire departments for this kind of support, but for smaller companies this is not feasible.

The requirement for each importer to purchase and supply their own surety bond (currently covered by the customs brokers bond) is another major administrative burden and expense. Again, this puts thousands of smaller businesses at a distinct disadvantage to the larger firms, who may have the resources to cover this (currently unnecessary) cost. It is also again the broker, who is required to guide and support their clients through the calculation and purchase of this bond.

CBSA will not be able to provide proper support.

Current CBSA client support is unacceptable and disorganized. Phone support is inconsistent. Voicemail boxes are often full, and calls are not always returned. E-mail support takes several days to reply. CARM implementation will create an overabundance of support calls and e-mails, and waiting days or weeks for a response will not be sufficient.

As an example, we submitted an e-mail to the CARM Client Support Helpdesk on October 5, 2023, regarding an erroneous late accounting penalty on our Daily Notice (DN). We received an auto reply which stated:

“We will get back to you within 2 business days or 10 business days for complex requests related to financial account activities.”

We received a reply on October 16, 2023 (7 business days later) to alert us that the issue had been resolved automatically.

While 2 business days might be acceptable in some cases, 10 business days (2 weeks) is completely unacceptable. And this example was under the current CBSA accounting system, with presumably less backlog.

When thousands of importers suddenly have questions about their portal account, bond calculation, GC Key, or issues with registration, it will be their broker they call, because we answer the phone. There is already a history of insufficient CBSA support for both brokers and importers. CARM will only magnify this problem.

CARM is not ready for deployment.

There are still significant unanswered questions with regards to several importer scenarios. As of February 28, 2024, during a CBSA Trade Chain Partner Working Group (TCP WG) information session, specific shipment “scenario” workarounds were still being developed for May 2024 implementation. These workarounds address ways to process importers who are not registered on the CCP and who have not yet posted financial security. There are several more issues with regards to cutover (the period between old system shutdown and CARM startup) that are still unanswered and being developed. There are numerous industry concerns about the functionality of the new CAD document and proper calculation of duties and taxes.

The fact these mitigation measures are still being developed less than 2 months out from the proposed launch date indicates a clear lack of readiness by CBSA.

The Trade Chain Partners (TCP) are not ready.

CBSA provided onboarding statistics for discussion purposes during a Trade Chain Partner Working Group (TCP WG) Information Session (February 28, 2024).

They note that as of February 20, 2024, there are 51,469 trade chain partners currently registered on the CARM Client Portal (CCP). It is believed there are approx. 200,000 importing entities in Canada, which would suggest that less than 30% are registered.

Out of 26 total software package providers, there are only 3 (12%) that are claimed to be fully tested and ready. 12 (46%) of those are listed to be less than 75% tested. 11 (42%) are not yet testing at all.

This is insufficient to launch any system, let alone the importation and accounting system for an entire country.

CARM will disrupt the importing process. A better approach should be considered.

CARM was intended to modernize and upgrade 35-year-old legacy systems that are still employed by CBSA. The importer and customs brokerage industries are accepting of the need to grow with the times, but the overwhelming amount of industry criticism and repeated warnings of a disrupted border should be taken seriously. The lack of importer support (onboarding) is also a clear indication of a market that is rejecting the product offered.

Certain core features of CARM may be beneficial. Modernizing the legacy customs B3 form and allowing for accounting revisions via the new CAD document is a worthwhile feature. Providing the client portal (CCP) as an “optional value-added tool” for those importers who would like additional visibility and self-service options would be a better approach.

Reconsidering the broker financial security model would alleviate several implementation issues and reduce the administrative burden and costs being put on the importer and brokerage industry.