



LOGISTICS. IT'S WHAT WE DO.

March 18, 2024

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

Dear Ms. Sgro,

We are writing to you as a member of the Trade Chain Community. Cole International has been in the Customs and Logistics business for 65 years with over 700 employees, representing thousands of importers. As a Customs broker representing over 8000 importers, we have significant concerns regarding the Canada Border Service Agency's (CBSA) Assessment and Revenue Management (CARM) project, particularly as it pertains to the upcoming phase two release planned for May 13, 2024.

In addition to the numerous concerns already shared by various trade chain partners and stakeholders, we wish to highlight several additional issues that are causing significant challenges for both industry partners and the importing community. These concerns revolve around the imminent requirement for importers to pay CBSA directly starting in May 2024, regardless of their registration status. The current lack of clarity and guidance from CBSA regarding payments and accounting procedures is proving challenging for importers and customs brokers alike.

Specifically, we are deeply troubled by the following issues:

1. **Oversight and Lack of Organization in Payments and Accounting:** CBSA's failure to provide clear guidance on payment procedures and accounting is leading to confusion and frustration among importers and customs brokers. Many importers will be susceptible to CBSA past due amounts and late charges, and/or increased service costs due to increased resource time for issues resulting of currently planned launch. This undermines the trust in the accuracy of receivables data and may result in significant financial burdens for importers and increased prices in the supply chain.
2. **Skewed Revenue Assessment:** The lack of clarity and consistency in accounting procedures under CARM will likely result in skewed revenue assessments, impacting the accuracy of government assessment and revenue streams. This, coupled with unresolved issues from previous programs like the ARL, adds further complexity and uncertainty to the implementation of CARM.
3. **Operational Gaps and Complexity:** There are numerous operational gaps and unresolved issues within CARM, including challenges with technology readiness, policy decisions, and implementation guidelines. These gaps must be addressed before the planned release date to avoid disruptions to trade flows and increased costs for importers and industry partners.



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In light of these concerns, we recommend the following actions be taken:

1. **Limit the Scope of Release 2 and Shift to a Voluntary Approach to Registration:** Release 2 should be limited to essential transitions, and importer registration on the CARM Client Portal should be made optional rather than mandatory to prevent disruptions in cross-border activity. A phased in approach
2. **Remove Unnecessary Barriers for Non-Resident Importers:** Consider providing more flexibility for the ways Non-Resident Importers can register for the CARM program and make payments. The limited scope for registration and payments makes it difficult for Non-Resident Importers to conduct legitimate business in Canada under certain Incoterms such as but not limited to Delivered Duty Paid (DDP) shipments.
3. **Clarify and Finalize Policies, Regulations, and Implementation Guidelines:** CBSA should prioritize finalizing policies and guidelines to provide clarity and consistency to industry partners. Implement and update policies and regulations as the necessary technology is ready for deployment.
4. **Demonstrate Technology Readiness:** CBSA should address outstanding concerns with the technology readiness of CARM and ensure an efficient process for certification under the CES 2.0 program.

We believe that implementing these recommendations will help mitigate the significant challenges posed by the CARM project and ensure a smoother transition for all stakeholders involved. We are committed to working with the Government of Canada and its agencies to facilitate the efficient and secure movement of goods across borders.

We welcome the opportunity to discuss these concerns further and provide any additional information or assistance needed to address the challenges posed by the CARM project. Thank you for considering our input, and we look forward to our continued partnership in supporting cross-border trade and economic growth in Canada.

Sincerely,

A handwritten signature in black ink that reads 'Jey Sanmuganathan'.

Jey Sanmuganathan

National Manager, Customs

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