

March 15, 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,

As representatives of customs brokers and freight forwarders in Canada, the United States, and Mexico, we are writing to convey our deep concern with the Canada Border Services Agency's (CBSA) approach to implementing the CBSA Assessment and Revenue Management (CARM) system in May 2024.

The North American Customs Brokers Alliance (NACBA) comprises four organizations that represent customs brokers and freight forwarders in their respective countries:

- **Canada:** Canadian Society of Customs Brokers (CSCB) and the Canadian International Freight Forwarders Association (CIFFA)
- **United States:** National Customs Brokers and Forwarders Association of America, Inc. (NCBFAA)
- **Mexico:** Confederación de Asociaciones de Agentes Aduanales de la República Mexicana (CAAAREM)

Our members handle 80-95 percent of all import transactions in North America, on behalf of hundreds of thousands of traders. More information about each of our member organizations can be found at the end of this submission.

Based on reports from our Canadian members about the progress of CBSA system testing, remediation, and implementation, we assess that neither the CBSA nor traders are adequately prepared for CARM implementation in May 2024. The proposed “big bang” approach—in which existing accounting and revenue management systems are permanently deactivated and all data and transactions must be processed in CARM—is a risky approach to major systems change at the best of times. With CARM, the situation is further exacerbated because new deficiencies emerge through user testing almost daily.

Reports from the CBSA's CARM Experience Simulation test environment point to defects in core processes, including the calculation of duties and taxes. CBSA has indicated that these will not be remedied before CARM go-live in May 2024. The system is not sufficiently functional to become the sole system of record for customs accounting and revenue management at this time. Current low levels of importer registration and delegation of authority for account management in CARM—combined with lack of clarity for importers and financial security providers about how much financial security they need, and when—represent additional barriers to the successful implementation of CARM in May 2024.

In the United States and Mexico, we are living the effects of poor implementation of key customs systems and know firsthand the adverse impacts on trade and the economy.

NCBFAA encourages CBSA to consider a phased in approach to implementation. It is the experience of our American members that this method caused fewer disruptions to trade during the ACS to ACE transition than if a “big bang” approach had been executed. Testing of each phase was conducted between trade and government, with dates pushed back if system issues were detected. Deadlines should be a moving target based on partnership and testing, not arbitrarily set.

CAAAREM recently experienced a country-wide outage that led to complete border disruption, resulting in no freight clearance for approximately 24 hours. One major impact was in large-scale food destruction resulting in loss of revenue to business.

Canada cannot afford to implement an IT system with key deficiencies that will impact cross-border flows and force manual processing and workarounds to keep trade flowing. The impacts are not restricted to Canada – government decisions that affect the flow of goods into Canada impact the nations where goods originate. Canada’s trade problem will be an international trade problem, affecting all NACBA countries and beyond.

Given this lack of readiness, it is essential that the CBSA makes key decisions now to implement an alternate approach that allows for voluntary participation in some elements on CARM when the May 13, 2024, release occurs, accompanied by a phased transition to mandatory use of new tools and processes over a period of 12-18 months.

During this transition period, the CBSA should provide clear and unequivocal assurances to customs brokers, importers, and other trade chain partners about the application of administrative forbearance (relief of liability obligations) where transitional processes are put in place.

Customs brokers and freight forwarders keep trade flowing, at the border and beyond. We are a vital part of North America’s integrated supply chain, and our success in facilitating trade depends on a balanced, sustainable network of information, systems and processes that allow legitimate goods to flow across borders, with duties and taxes assessed and collected as efficiently as possible. A “big bang” approach to CARM implementation jeopardizes these processes. We encourage the CBSA to reconsider its approach, and to pursue a phased transition to implementation.

Respectfully,

Deborah Osborne, Chair, and Janine Harker, Senior Vice-president
Canadian Society of Customs Brokers

Arnon Melo, President, and Bruce Rodgers, Executive Director
Canadian International Freight Forwarders Association

Jose D Gonzalez, President, and Megan Montgomery, Executive Vice-president
National Customs Brokers and Forwarders Association of America, Inc.

Miguel Cos Nesbitt, President, and Rene Vidal, NACBA Representative
Confederación de Asociaciones de Agentes Aduanales de la República Mexicana

OUR MEMBERS

The **Canadian Society of Customs Brokers (CSCB)** is one of the most authoritative, respected organizations in the Canadian trade and transportation industry. Established in 1920, the CSCB has more than 190 corporate members, over 4,700 CCS (Certified Customs Specialist) designates, over 400 CTCS (Certified Trade Compliance Specialist) designates, and more than 1,000 students on an annual basis. The CSCB also includes many Preferred Business Clients who are not customs brokers, but who are actively involved in trade or trade facilitation services. A key priority for the CSCB is to work with government and private sector partners to develop new, innovative solutions to emerging challenges in international trade. www.cscb.ca

The **Canadian International Freight Forwarders Association (CIFFA)** represents some 300 regular member firms including freight forwarding, customs brokerage, freight brokerage and drayage companies. CIFFA member companies employ tens of thousands of highly skilled international trade and transportation specialists. As a vital component of Canada's global supply chain, CIFFA member firms facilitate the movement of goods around the world. They provide a vital link in Canada's global supply chains, enhancing export capabilities and assisting in the delivery of competitive solutions to Canada's importing and exporting communities. www.ciffa.com

The **National Customs Brokers and Forwarders Association of America, Inc. (NCBFAA)** represents nearly 700 members companies in the United States, including the nation's leading freight forwarders, customs brokers, ocean transportation intermediaries, and cargo agents, as well as the importers and exporters they represent. Established in 1897 in New York, NCBFAA is the effective national voice of the industry. Through its various committees, counsel and representatives, NCBFAA maintains a close watch over legislative and regulatory issues that affect its members. www.ncbfaa.org

Confederación de Asociaciones de Agentes Aduanales de la República Mexicana (CAAAREM) is Mexico's national customs broker confederation, representing the common interests of more than 880 skilled professionals in 38 associations who offer personal services and assistance in foreign trade and international logistic services. Created more than 70 years ago, CAAAREM supports and promotes relevant activities for its confederated members. Specialized consulting services are offered through a combined structure that includes a customs brokers committee and a full-time professional staff of experts in areas such as: consulting; technical assistance; professional training and development; and national assembly representatives. www.caaarem.mx