



Note on the Canada Border Services Agency: Customs Clearance and Trade Facilitation

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The note provides information on Canada's programmes and processes for customs clearance of goods and trade facilitation. The discussion on customs clearance examines the overall approach taken by Canada and its current processes, programmes and modernization initiatives in this area. The note then looks at the various programmes and initiatives to facilitate both trade and security and safety, including through co-operation with the US. The final section provides some indicators of Canada's performance as compared to that of other developed countries in the areas of customs clearance and trade facilitation.

For purposes of this note, 'border' means the point of arrival in Canada where the goods are subject to customs processes. For goods being shipped by highway, this is normally at the customs office located at the physical border crossing; for goods arriving by air or rail mode, this is usually at an inland location (e.g. airport or rail terminal); for goods arriving by marine mode, this is normally the sea terminal in the first port where the ship docks.

Introduction

Canada is a small, open economy that depends on both imports and exports.² For the 2011–2015 period, total imports into Canada averaged annually \$US 451.7bn.³ During the same period, annual imports from the US, Canada's largest trading partner, averaged \$US 234.6bn, or about 52% of the value of imports, and comprised the full spectrum of goods, from live animals and fresh and processed food products, to natural resources, semi-processed goods, and the full range of intermediate and final manufactured products. Exports to the US accounted for around 75% of Canada's total exports, which averaged annually \$US 450.0bn during this period, again covering the full range of agricultural and non-agricultural products. The total value of goods crossing the Canada-US border in both directions averaged \$US 575.3bn, or more than \$US 1.5bn a day, reflecting Canada's dependence on trade and economic integration, including through value chains, with the US under the North American Free Trade Agreement (NAFTA). Motor vehicles and their parts alone accounted for about 20% of this two-way trade, with trade in parts, many of which cross the border more than once during their production before being installed into a vehicle, accounting for about

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² During 2011-2015, exports of goods made up about 33% of Canada's Gross Domestic Product (GDP), expenditure based. Services exports accounted for around 6 per cent. Imports of goods were about 35% of GDP, with imports of services around 8% of GDP.

³ All import and export data cited in this paper are sourced from Statistics Canada and the US Census Bureau.



one-third of this trade. More broadly, firm-level analysis suggests that intermediate goods account for over half of Canada's total exports and imports of manufactured products.⁴

All this to say that customs clearance of imported goods is critical for Canada's economic prosperity. The responsibility for customs clearance and related trade facilitation programmes in Canada falls to the Canada Border Services Agency (CBSA). The mandate of the CBSA is to provide "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"⁵. The CBSA is responsible for the administration of over 90 Acts, regulations and international agreements relating to entry and exit of people, goods, animals, and plants on behalf of the federal government and the provincial and territorial governments in Canada. It employs approximately 14,000 people, and operates at 117 land-border crossings, 13 international airports, 27 rail sites and 3 international mail processing centres, as well as providing services at 39 locations abroad.⁶

Customs Clearance of Goods

With respect to the commercial importation of goods, the CBSA administers the full range of border services, including on behalf of, or in co-operation and co-ordination with, other government departments and agencies in the administration and enforcement of their legislation and regulations. The CBSA's border administration and enforcement responsibilities include collecting duties and taxes on imported goods, ensuring compliance with sanitary, phytosanitary, transportation, and product health and safety standards and regulations, interdicting prohibited or controlled goods, ensuring prescribed products are clearly marked with their country of origin, collecting statistics, and administering and enforcing trade remedies and specific obligations under Canada's trade agreements.⁷ Certain goods are subject to the regulations of other federal government departments or provincial and territorial governments (henceforth, regulated goods). Importers are required to present permits, certificates, licenses, or other authorizations issued by these departments or agencies when the goods arrive at the border. Table 1 provides examples of

⁴ See Baldwin and Yan (2016).

⁵ vCanada Border Services Agency, What We Do: <http://www.cbsa-asfc.gc.ca/agency-agence/what-quoi-eng.html>, last accessed December 4, 2016

⁶ *ibid.* Sixty-one of the land-border crossings and ten of the airport sites operate 24 hours a day, seven days a week.

⁷ About 69% of Canadian tariff lines are MFN free. Imports from specific countries can also enter Canada duty-free under its various free trade agreements and other preferential regimes (e.g., for developing and least developed countries). In 2015, more than 85% of total imports entered duty-free, and over 95% of imports from the US crossed the border without paying duties. The main taxes collected at the border are federal and provincial value-added sales taxes (e.g., Federal Goods and Services Tax). Certain other products, for example alcoholic beverages, also face excise duties and taxes. Given the high percentage of goods entering Canada duty-free and its relatively low MFN tariff rates for most of the remaining dutiable goods, over 75% of the revenue collected by the CBSA is related to consumption taxes (see World Customs Organization, 2016).



commonly-imported regulated goods and the associated federal government departments or agencies.

The Challenge for the CBSA in Customs Clearance of Goods

The challenge for the CBSA in managing the customs clearance of imported goods is to balance expediting and facilitating trade to support economic prosperity on the one hand and protecting the safety and security of its citizens and the country on the other. Fulfilling this dual mandate requires managing effectively and efficiently both the flow of goods across the border and the flow of information related to the goods, traders, and associated service providers (e.g. carriers, customs brokers, freight forwarders).

As indicated in Table 2, importers and their service providers are required to provide a range of data elements about imported goods, including their description, price, shipping and other costs, names and addresses of vendors, buyers, importers and carriers, the points of shipment and destination, and so forth. This information is used by the CBSA both for security and safety reasons and to calculate duty and taxes. In addition to this information about the goods, the carriers are required to provide cargo and conveyance data on the shipping and warehousing of the goods. In addition, importers must also present any permits and certificates required from other departments or agencies for regulated goods when the goods arrive at the border.

Customs officials need to process this information in order not only to determine the applicable duties and taxes, but also to ensure that the goods meet all applicable requirements and do not pose a risk or threat before the goods can be released from the border. This takes time and resources and customs authorities may also need to co-ordinate with other government departments and agencies, for example, when permits or certificates are required for regulated goods or when there is a need for physical inspection, as in the case of live animals. This, in turn, affects how quickly and efficiently goods can be released from the border and, therefore, the time and costs incurred by businesses – “Efficient clearance procedures at the border are critical to eliminating avoidable delays and to improving supply chain predictability”.⁸

As discussed in more detail in the next section, the CBSA has developed, and continues to update and modernize, a wide range of tools and programmes designed to fulfil its dual mandate. Five overarching themes characterize the deployment of these tools and programmes in processing and managing the high volume of imports crossing into Canada each day.

The first is the separation of the flow of information and payment of duties and taxes from the movement of the goods themselves so as to allow goods to be released on minimum documentation

⁸ Arvis et al, 2016, page 3



at the border, with further documentation and payments of duties and taxes provided after the goods have departed the border.

The second involves the intensive use of advance screening and risk assessment, not only for goods but also for importers, carriers, and other service providers, under the CBSA's 'push out the border' strategy.⁹ This enables the CBSA to target and focus on high-risk import shipments while allowing low-risk shipments to be processed efficiently, thereby minimizing delays at the border for such goods.

The third theme is the ever-increasing use of electronic information technologies in the CBSA's customs clearance programmes and processes, including risk assessment programmes, such as the Tactical Information Targeting Analysis and Notification System (TITAN). These electronic systems enable importers, carriers, and others to send information to the CBSA before goods reach the border and are also used by the CBSA to inform importers when their goods are released from the border, and by importers (or their customs brokers) to send the required post-entry information and pay duties and taxes.

The fourth theme is the continuous need to update and modernize programmes and processes to address the ever-changing trade and security environment, and enable the CBSA to reduce the time and costs of import clearance for low-risk traders and carriers of low-risk goods and to focus its resources and attention on identifying and addressing high-risk imports.

And the fifth theme is close co-operation with other countries, in particular the US. Reflecting the importance of their bilateral trade, Canada and the US are working together closely on many customs and related matters, through their joint Beyond the Border Action Plan, discussed below.

The CBSA's Processes and Programmes

The commercial importation clearance process comprises four key components: cargo and conveyance reporting; release at the border; accounting for the good (i.e. provision of the required information about the good, including correcting any errors and omissions); and payment of duties and taxes. This section provides a description of the CBSA's main processes and programmes for customs clearance of goods, including new initiatives to expedite and facilitate the early release of goods from the border.

⁹ As stated in the CBSA's 2015-2016 Departmental Performance Report: "The Risk Assessment program "pushes the border out" by seeking to identify high-risk people, goods and conveyances as early as possible in the travel and trade continuum to prevent inadmissible people and goods from entering Canada." See Canada Border Service Agency (2016a).



Electronic Transmission of Information

The CBSA's use of electronic data interchange (EDI) systems to receive and transmit information to importers, carriers and other service providers plays a key role in its customs clearance processes and in its Trusted Trader programmes. The CBSA continues to update its EDI systems and expand the mandatory use of electronic submissions by importers, carriers, and others.

The Accelerated Commercial Release Operations Support System (ACROSS) allows importers and brokers to electronically submit the information required for the clearance of a good, both before and after the good reaches the border, thereby enabling customs officials to process low-risk shipments more quickly. In 2015/16, 92.8% of the 16,345,640 import declarations made in Canada were electronic declarations.¹⁰

The Pre-arrival Review System (PARS) under ACROSS are used by importers to request border release of their goods, and to submit the required import information, under the Release on Minimum Documentation (RMD) programme (see below). The PARS can also be used to process the importation of regulated goods, such as those goods regulated by the Canadian Food Inspection Agency (CFIA).

Importers, customs brokers, shippers, and other service providers can electronically receive instant notifications of CBSA border release decisions or PARS request approvals by participating in the Release Notification System (RNS).

The Commercial Cash Entry Processing System (CCEPS) is a self-service system that allows importers to electronically prepare the necessary importation documents and automatically calculate the duties and taxes owing.

The Customs Automated Data Exchange (CADEX) allows importers and customs brokers to prepare and submit final accounting documentation electronically with the CBSA. CADEX also enables participants to receive daily invoices, monthly statements, tariff and exchange rate file updates, as well as notifications of release decisions. Alternatively, importers and customs brokers can use Customs Declaration (CUSDEC), which uses a different EDI technology.

As noted above, certain other departments and agencies require permits or certificates for regulated goods to be provided at the time of importation. Under the Single Window Initiative (SWI), in 2015 the CBSA launched the electronic SWI Integrated Import Declaration as an alternative method to PARS, allowing importers to submit their information simultaneously to all participating departments and agencies for their review and release recommendation. As of December 2016, nine departments

¹⁰ World Customs Organization (2016), WCO Member Profiles:E-Customs.



and agencies have become participants: the Canada Food Inspection Agency; The Canadian Nuclear Safety Commission; Environment and Climate Change Canada; Fisheries and Oceans Canada; Global Affairs Canada; Natural Resources Canada; Health Canada; the Public Health Agency of Canada; and Transport Canada. In certain cases, the required permit or certificate for regulated goods can be verified electronically when the good arrives at the border, as in the case of Global Affairs Canada's Customs Automated Permit System (EXCAPS) for permits required for importing certain agricultural goods (i.e. dairy, poultry, egg products) that are subject to quantitative import controls. As part of the Canada-US Beyond the Border Action Plan (see below), Canada is working to align the SWI data requirements as much as possible with those of the US Customs and Border Protection and the World Customs Organization Data Model.

The CBSA Assessment and Revenue Management (CARM) is a major, multi-year project to transform how the CBSA electronically manages import revenue and trade information from companies involved in Commercial Trade Chain Partners (CCP). Trade Chain Partners are CSA importers in Canada and their partner shippers and vendors located in the US or Mexico. The overall goal of this project is to enable the CBSA to process assessments, payments, and adjustments more quickly and efficiently (including by eliminating repetitive information requests), and to support CBSA's data sharing, compliance verification, and fraud detection activities. Once fully implemented, CARM will also provide self-service access by importers to their own information and may also be extended to all importers as a replacement for CADEX and CUSDEC.

The first phase of CARM, the Accounts Receivable Ledger (ARL), was implemented in January 2016. The ARL operates as a fully integrated and centralized commercial client-based accounting and payment system that provides daily notices, monthly financial statements, electronic banking transfers between the CBSA and importers, and online banking options for importers.

Release and Clearance of Imported Goods

Importers can obtain clearance by the CBSA of their imported goods in four ways. Carriers, however, are required to send cargo and conveyance information electronically in advance of the goods arriving at the border in compliance with the CBSA's Advanced Commercial Information (ACI) programme under any of these methods. Failure to do so would result in their vehicle(s) being detained until the information was received and verified. This CBSA has been phasing in the ACI programme over a number of years. Table 3 sets out the current prescribed timelines for pre-sending cargo and conveyance information for air, marine, rail, and highway modes for carriers and freight forwarders. For the next phase under the ACI programme, the CBSA is currently working to implement the eManifest programme. Once the eManifest programme is fully implemented, carriers, freight forwarders, importers, and customs brokers will be required to electronically transmit commercial and shipping information for all modes of transportation within the prescribed time periods, to be set for each mode.



First, importers can obtain clearance by the CBSA of their imported goods by presenting all the stipulated import and shipping data, any required certificates and permits, and paying all duties and taxes owing at the time the goods arrive at the border. The CBSA needs to review, assess, and process this information and take any other required actions (e.g. contact relevant departments and agencies) before a decision on whether to clear the goods can be made. This takes time and resources, and hence raises the costs of importing goods.

The other three methods provide expedited border release processes. Registered importers can utilize the Release on Minimum Documentation (RMD) programme. This programme allows registered importers or licensed customs brokers who have posted financial security with the CBSA to request release of their goods from the border by submitting interim information on the goods, with payment of duties and taxes and submission of the final data on the goods deferred until later. RMD requests and information must be submitted electronically, either before or when the goods arrive at the border. Their carriers, however, must still electronically send the cargo and conveyance information ahead of the goods arriving within the mode-specific timelines stipulated by the ACI programme.

For import shipments that do not require examination of the goods or further processing on behalf of another department or agency, the goal of the CBSA is to process a RMD request within five minutes unless there is an electronic prompt flagging the need for a review by a border services officer. In the event of a prompt, the goal is to complete the review process within 45 minutes. If the RMD request is submitted through PARS at least one hour before the goods arrive at the border, then, according to the CBSA website, “[w]hen a shipment arrives, the CBSA will release it within minutes unless an examination or further processing is required to meet another department’s regulations”.¹¹

For high-value shipments (exceeding CDN\$ 2,500) under the RMD programme, final documentation must be provided to the CBSA within five business days of the date of release of the goods from the border. For low-value shipments (not exceeding CDN\$ 2,500), the final documentation must be sent to the CBSA on the 24th day of the month (or the previous business day if that day is a weekend or statutory/civic holiday) following the month in which the goods were released. In either case, payment of duties and taxes must be made on the last business day of the month following the month in which the goods were released at the border (i.e. the second month).

¹¹ see Canada Border Services Agency, Pre-Arrival Review System under Other Service Options at http://www.cbsa-asfc.gc.ca/import/services-eng.html#opt_01, last accessed December 11, 2016. While data are not provided for pre-arrival submissions, the CBSA reported that in 2015/16, 74% of the 622,981 post-arrival RMD requests met the CBSA standard of providing a release decision with 45 minutes of receiving a post-arrival electronic request. CBSA Service Standards, Fiscal Year 2015-2016, <http://www.cbsa-asfc.gc.ca/services/serving-servir/standards-normes-2015-2016-eng.html>, last accessed December 14, 2016.



Under the third method, pre-approved importers can use the Customs Self-Assessment (CSA), one of the CBSA's Trusted Trader programmes. The CSA programme allows goods to be released at the border on the basis of limited information sent in advance to the CBSA, with payment of duties and taxes and submission of full data deterred until later, if these importers also use pre-approved carriers. The CSA programme also consolidates the customs processes, reduces the number of required electronic transmissions and provides more flexibility for submitting final documentation and paying duties and taxes after the goods have been released from the border, as compared to the RMD programme. The importers are not required to submit information about the imported goods before or at the time the goods arrive at the border. Carriers, however, are still required to meet the above mode-specific ACI requirements for sending cargo and conveyance data before the goods reach the border, except in the case of CSA-eligible goods entering Canada by highway mode (see below).

To use the CSA programme, importers and carriers must meet the CSA eligibility requirements¹² and undergo a rigorous screening and two-step approval process. The latter includes providing detailed business and financial information, and demonstrating that their financial records and business systems have the required controls and procedures to support CBSA requirements. Carriers are required to maintain control and assume liability for all shipments until goods are released. In the case of highway mode imports for CSA-eligible goods (see below), commercial drivers must be approved under either the Commercial Driver Registration Program (CDRP) or the Free and Secure (FAST) programme (see below).¹³ To qualify under these programmes, commercial drivers must go through a rigorous screening and approval process similar to that required of importers and carriers.

CSA importers gain a further advantage when importing CSA-eligible goods, which are goods not subject to the regulations of another government department or agency (henceforth, unregulated goods) that are shipped, using CSA carriers, directly from the US or Mexico. These goods can move by highway, marine, air, or marine mode. CSA-eligible goods are normally released immediately at the border if an electronic verification of importer's and carrier's barcode identifiers (presented by the carrier at the time of arrival) confirms that both are CSA approved and, in the case of a highway mode importation, the driver has a valid CDRP or FAST card.¹⁴ No other documentation regarding the imported good itself is required to be provided upon arrival of the good at the border.

¹² The eligibility criteria include residency in either Canada or the US, a history of actively importing for at least 90 days, and no history of contraband activity. Carriers are also required to own and control their own dispatch system.

¹³ The main difference between CDRP and FAST is that the former was created to handle CSA shipments before FAST was established and is valid only for entry into Canada. Since FAST is a joint initiative between Canada and the US, its membership card is recognized in both countries.

¹⁴ As is the case in all customs importation circumstance, customs border officers retain the right to seek additional information about the shipment and its goods at the time of arrival before making a release decision, and to detain the goods until any outstanding matters are resolved.



CSA importers are responsible for their own self-assessment. For shipments exceeding CDN\$ 2,500, the importer has the choice of providing the required import information to the CBSA either on the 18th day of the month following the month in which the good was imported and released or, if the good was released from the border between the 19th of one month and the 18th of the second month, by the last business day of the second month. The information for low-value shipments (not exceeding CDN\$ 2,500) must be presented to the CBSA by the 24th day of the month following the month in which the goods were released. Payments of duties in both cases is due on the last business day of the second month, but, unlike with non-CSA importers, the payments can be made to the importers' own financial institutions. CSA participants are expected to maintain very high levels of compliance in meeting these reporting and payment requirements, and, more generally, are subject to verifications to ensure ongoing compliance with the terms and conditions of the programme.

CSA importers can still take advantage of the other benefits of the CSA programme discussed above when they import non-CSA-eligible goods (i.e. regulated goods) directly from the US or Mexico, import goods from any other country, or use non-CSA carriers.

Pursuant to the Canada-US Beyond the Border Action Plan (discussed below), the CBSA has introduced the CSA-Platinum programme. CSA-approved importers are eligible to apply for this augmented programme if they have attained the highest rate of compliance with the CBSA's trade programmes, such as tariff classification, preferential tariff treatment, and value for duty. The CBSA will review the importers' internal controls and business systems and identify where improvements can be made. CSA Platinum members are responsible for conducting their own trade compliance tests and reporting the results to the CBSA on an annual basis, although the CBSA reserves the right to conduct or have the participant perform verifications for high-risk or sensitive issues, including targeted verification priorities. Participants also receive enhanced access to CBSA officers to address issues and problems. The CBSA may choose not to resort to more punitive penalties as a first response to cases of non-compliance with its trade compliance programmes.

The Courier Low Value Shipment (CLVS) Program is a special expedited programme for express courier shipments, valued at CDN\$ 2,500 or less, of non-regulated goods. Couriers wishing to participate in the CLVS Program must meet several requirements, including being a resident company in Canada, bonded and an approved carrier under Partners in Protection (PIP), which is discussed below. They must also operate an acceptable courier proprietary system that the CBSA can use for report, release, risk assessment, and other purposes.

The cargo/release list replaces the normal documentation required for release of the goods at the border, but it must contain the specified minimum information about the goods (e.g. quantities, descriptions, values, countries of origin) and the vendors, importers, and consignees. The list is



required to be sent electronically at least one hour before arrival at the border by highway mode and four hours prior to arrival by air, or at time of departure if the flight is less than four hours.

Unless selected for examination, the shipments will be released upon arrival at the border, provided that the importer has posted financial security. Examined shipments will be either released or removed from the cargo/release list. If the latter, then the shipment in question is subject to the CBSA's normal formal release processes.

For shipments released through the cargo/release list process, the CLVS courier is responsible for providing the importer with all release information and supporting documentation within two days after the border release. The importer is required to provide the final information to account for the goods by the 24th day of the month following the month in which the goods were released, with payment of duties and taxes due by the end of that month.

Trade Facilitation and Security/Safety Programmes and Initiatives

In conjunction with the above customs clearance processes and programmes, the CBSA has introduced a number of programmes and initiatives to facilitate trade and to further enhance the protection of security and public safety.

Partners in Protection (PIP)

The PIP programme is an integral part of the CBSA's suite of Trust Trader programmes designed to meet the CBSA's dual mandate; it directly enlists the co-operation of the private sector. Membership is open to importers, exporters, carriers and couriers, freight forwarders, warehouse operators, customs brokers, and shipping agents.

As in the case of the CSA programme and FAST (see below), participants must first meet the eligibility criteria, which include owning and operating businesses in Canada or the US, being solvent and actively engaged in trade, having no convictions under Canadian law, and having a good compliance record with CBSA's trade programmes. Businesses can use the CBSA's secure online tool, the Trusted Trader Portal (TTP), to submit their PIP applications, and are required to provide a security profile and undergo a risk assessment and site visit. CSA participants are automatically eligible to apply for the PIP programme.

If an applicant qualifies for the PIP programme, the CBSA provides security and awareness (e.g. on smuggling trends) assessments, and expertise, including recommendations on how the company can improve its security. PIP participants who are also CSA members are automatically eligible to apply to the FAST programme (see below) and to participate in the CLVS programme. PIP participants are recognized as Trusted Traders, not only at the Canadian border, but also by the customs services of the US, Mexico, Singapore, and South Korea under the CBSA's mutual recognition arrangements with the customs services of these countries.



PIP participants are required to keep their information updated and provide annual confirmations, and can do so using the TTP. Membership is validated every four years. The CBSA can also, at any time, request an updated security profile and conduct a renewed risk assessment and site visit to ensure members are meeting the terms and conditions of the programme.

Free and Secure Trade (FAST)

FAST is a joint voluntary programme between the CBSA and US Customs and Border Protection (CBP) that is designed to expedite the release of goods at the border for approved importers, carriers, and commercial drivers. Participation in this programme allows the use of dedicated lanes at highway border crossings, where available, and the release of imports on the presentation of minimum documentation at the border. Currently, dedicated FAST lanes are located at three major bilateral crossing points (Windsor, Ontario/Detroit, Michigan; Sarnia, Ontario/Port Huron, Michigan; and Pacific Highway, British Columbia/Blaine, Washington).

In order to be eligible to use FAST to import goods into Canada, the importers and carriers must be approved in the CSA programme (hence, have been risk assessed) and have signed a PIP memorandum of understanding. In the case of shipments to the US, the importer and carrier must be approved, and goods must be eligible, under the US Customs – Trade Partnership Against Terrorism (C-TPAT) programme. In both countries, drivers must have valid FAST cards, which are valid for five years if all the terms and conditions of the programme continue to be met.

FAST-approved importers include retail chains, automotive manufacturers, primary product producers, and high technology industries. The list of FAST-approved carriers includes transportation companies from all areas of both Canada and the US.

Cargo Control and Sufferance Warehouse Modernization

In certain cases, goods are allowed to be transported from the border crossing by bonded carriers to inland licensed warehouses, including sufferance warehouses,¹⁵ before being released by the CBSA to physically enter Canada. All other CBSA requirements, such as providing carrier information before the goods arrive at the border, still apply to such imports.

The CBSA is currently developing and consulting with interested parties on its Cargo Control and Sufferance Warehouse Modernization (CCSWM) initiative to modernize the electronic tracking of in-bond cargoes. The goal is to allow bonded carriers to deliver such shipments directly to their own inland facilities or those of a third party. Participants will need to be approved by the CBSA and will

¹⁵ Sufferance warehouses are privately owned and operated facilities licensed by the CBSA for the short-term storage and the examination of imported goods not yet released by the CBSA.



be required to accept liability of the goods and to electronically send the CBSA information on the arrival and departure of goods from their warehouses. Any required examination of the goods will be done at designated inland centres as opposed to each sufferance warehouse. The CBSA, however, will continue to assess the goods upon arrival at the first customs point at the border to ensure security and safety requirements are met.

Automotive Pre-Clearance Program (Transport Canada)

Motor vehicles account for about 7% of the value of total Canadian imports, with over 60% of this value imported from the US. Imported motor vehicles must comply with the Canadian safety standards established under the Motor Vehicle Safety Act and the Motor Vehicle Safety Regulations, which fall under the responsibility of Transport Canada. As is the case of other regulated goods, when the new motor vehicles or trailers arrive at the border, the importers involved are normally required to provide the CBSA with the appropriate certifications from Transport Canada that the vehicles meet Canadian regulatory safety standards.

Under Transport Canada's Pre-Clearance Program, authorized importers can import new motor vehicles and trailers directly from approved foreign manufacturers without providing the required certificates at the border. The imported vehicles and trailers must fully comply with Canadian safety standards and not have been sold at retail, owned, titled, or licensed before the time of importation. Transport Canada has established two lists for its Pre-Clearance Program. The first comprises the major global motor vehicle manufacturers who, acting as the importer, can import any of their motor vehicles or trailers intended for sale in Canada. The second list consists of specific vehicles and trailers made by the listed foreign motor vehicle manufacturers which can be imported by any registered commercial importer with the intent for sale in Canada.¹⁶ These importers on either list must, nevertheless, meet all other import requirements when entering their vehicles into Canada.

Advance Rulings Program

To provide greater transparency and predictability for traders and producers, the CBSA issues advance rulings for the tariff classification of goods and for whether products meet the rules of origin under Canada's various free trade agreements (i.e. FTA rules of origin). It also issues national customs rulings (NCRs) concerning valuation, country of origin markings, or if a good qualifies for tariff preferences under a preferential scheme (e.g. Least Developed Country Tariff) other than one of Canada's free trade agreements (henceforth, origin).

¹⁶ See sections on F Appendix and G Appendix Pre-Clearance Programmes in Importation of Motor Vehicles, Memorandum D19-12-1, <http://www.cbsa-asfc.gc.ca/publications/dm-md/d19/d19-12-1-eng.html>, last accessed December 18, 2016.



Advance rulings for tariff classification can be requested by importers in Canada (or their authorized agents, such as their customs broker) and by exporters or producers outside of Canada. Those for FTA rules of origin application are limited to importers in Canada (or their customs brokers) and to exporters or producers located in Canada's free trade partners. Importers can also seek NCRs for valuation, while NCRs on origin or country of origin marking can be requested by importers, exporters, or producers. A request, with complete information, for an advance ruling or NCR must be submitted to the CBSA at least 120 days prior to the importation of the good. The CBSA will issue the advance ruling within 120 days of receiving all the required information. The CBSA's standard for providing NCRs is 30 days upon receipt of sufficient information, although when laboratory or other complex analysis is required, the standard is 120 days.

Advance rulings and NCRs are binding on both the CBSA and the recipient as long as the original information provided by the recipient remains unchanged or the ruling or NCR is modified or revoked. If the recipient consents, the ruling is then published on the CBSA's website, thereby providing an accessible public repository of rulings for other interested parties.

Given that its responsibilities extend beyond customs clearance of goods, the CBSA also has an array of other programmes, such as those related to travellers (including business travellers), consulting with the private sector, administering trade remedies, and enforcement and penalties for non-compliance, which are not covered by this note.

The Canada-US Beyond the Border Action Plan

The US Customs and Border Protection (CBP) has many programmes that are similar to the CBSA's, which are designed to facilitate trade and safeguard security and safety and which use risk assessment and electronic transmissions. For example, the US Customs-Trade Partnership Against Terrorism (C-TPAT) and US Importer Self-Assessment (ISA) programmes share similar objectives, requirements and functions to the CBSA's PIP and CSA – Platinum. Like CBSA's FAST, the US Free and Secure Trade for Commercial Vehicles (FAST) provides dedicated lanes for approved commercial drivers on both the Canadian and Mexican borders, linking the North American supply chain. The CBP's Automated Customs Environment (ACE) system programme is being transitioned to an ACE Single Window, similar to CBSA's Single Window initiative.

Given the importance of their bilateral trade, there is a long-standing tradition of close customs co-operation between Canada and the US. This co-operation, however, has intensified in recent years. In 2011, Canada and the US took action to further this co-operation significantly by launching the Beyond the Border Action Plan to enhance security and promote economic competitiveness. This multifaceted, multi-year joint initiative focuses on four areas of co-operation: addressing threats early; trade facilitation, economic growth and jobs; cross-border law enforcement; and critical infrastructure and cybersecurity. It involves the departments and agencies on both sides of the Canada-US border responsible for security, transportation, law enforcement, product safety,

travellers, and imports and exports of goods.¹⁷ The activities under the Action Plan include sharing of information and intelligence, joint enforcement, upgrading border infrastructure, and aligning and harmonizing relevant programmes.¹⁸

In the area of customs clearance, Canada and the US have set out a common framework to align their customs programmes with the goal to streamline and simplify bilateral customs clearance processes for low-risk importers, carriers and shipments while ensuring safety and security. On the Canadian side, CBSA's efforts to date have focused particularly on the CSA – Platinum and PIP programmes.¹⁹ The CBSA has also raised its thresholds for the Courier Low Value Shipment (CLVS) programme to align with those of the US.

In addition, the CBSA, Transport Canada, and US CBP are jointly developing the Integrated Cargo Security Strategy (ICSS). This initiative is designed to establish harmonized screening processes, including harmonized advance data requirements and targeting and risk assessment methodologies as well as sharing examination results, for cargos arriving in either country from offshore, with the desired end-state of 'cleared once, accepted twice'. The testing and evaluation of three pilot projects launched in 2012 and 2013 were completed in 2015, with the results providing 'lessons learned' for the ongoing development of the ICSS.

In 2015, Canada and the US signed the Agreement on Land, Rail, Marine, and Air Pre-clearance, which, once fully implemented, will see the establishment of pre-clearance operations on both sides of the border for all four modes of transportation. Other customs-related activities include conducting a pilot project on truck cargo pre-inspection along the Canada-US border, reviewing border fees, and harmonizing inspection processes for mitigating the risk of wood packaging material pests from offshore.

Other Canadian departments are also involved with their US counterparts on initiatives outside of customs that could, nevertheless, further facilitate the cross-border flow of goods, such as developing harmonized approaches for mitigating plant and animal health risks. In conjunction with the Beyond the Border Action Plan, in 2011 Canada and the US established the Regulatory Cooperation Council (RCC). A number of joint work plans have been advanced pursuant to the RCC's

¹⁷ On the Canadian side, in addition to the CBSA, the Canadian Food Inspection Agency, Citizenship and Immigration Canada, Global Affairs Canada, the Privy Council of Canada, the Royal Canadian Mounted Police, Public Safety Canada and Transport Canada are participating in the Border Action Plan. The US counterparts are the US Coast Guard, US Customs and Border Protection, US Department of Agriculture, US Immigration and Customs Enforcement, US State Department and the US Transportation Security Administration.

¹⁸ For more information, including on the customs related initiatives, see Public Safety Canada (2016a and 2016b)

¹⁹ The corresponding US programmes are the US Importer Self Assessment (ISA) and the US Customs-Trade Partnership Against Terrorism (C-TPAT) programmes.



goal of better aligning the regulatory approaches of the two countries in support of economic competitiveness without compromising the protection of health, safety, and the environment.²⁰

The Auditor General of Canada's 2016 Fall Report examined whether selected departments and agencies, including the CBSA, were making progress in their commitments under the Action Plan to enhance security and expedite the legitimate flow of travel and trade. Overall, the Auditor General concluded that, although a number of the commitments had been met, various departments and agencies were facing challenges and lacked performance indicators to assess results. With respect to trade facilitation, some initiatives had not moved forward significantly, while others were not working as intended or had low adoption rates. In particular, the CBSA's initiatives to extend access to the dedicated FAST lines to all PIP members and to allow companies to have to apply only once to join both its PIP programme and the US C-TPAT programme, had been delayed by problems related to information technology (IT) systems. In addition, the adoption by traders of the CBSA's Single Window programme had been slower than expected because it was not mandatory and traders faced considerable upfront and ongoing investment costs in IT systems. The CBSA has accepted all the recommendations made by the Auditor General to address the problems in implementing its commitments under the Action.²¹

Co-operation with Other Countries and the WTO Agreement on Trade Facilitation

The CBSA also actively co-operates with the customs services of other governments, and in the World Customs Organization, on matters related to security and facilitation of trade. For example, Canada has Customs Mutual Assistance Agreements for exchanging information related to customs fraud with China, the EU, France, Germany, Israel, Mexico, the Netherlands, South Africa, South Korea, and the US.

On 16 December 2016, Canada ratified the WTO Agreement on Trade Facilitation. The required implementing legislation was enacted on 12 December 2016. Since Canada is already meeting almost all of the provisions of the Agreement, the legislative amendments focused on the areas of imported non-compliant regulated goods and goods in transit.

North American Free Trade Agreement (NAFTA)

Chapter Five of the North American Free Trade Agreement (NAFTA) sets out the provisions related to the administration and enforcement of the NAFTA rules of origin, which are the responsibility of the CBSA in Canada. These provisions include the Certificate of Origin requirements, the record-keeping requirements for traders, and the origin verification procedures. The Chapter also provides

²⁰ For more details on the RCC and the work underway under it, see Treasury Board Secretariat (2016).

²¹ See Auditor General of Canada (2016).



for advance rulings on whether goods qualify as NAFTA originating and hence eligible for the NAFTA tariff preferences. It also stipulates that producers and traders will have recourse to review and appeal for the origin determinations and advance rulings issued by the customs authorities in the three countries.

The Uniform Regulations provision of Chapter Five was included to ensure uniform and consistent application, administration, and enforcement of the rules of origin across the three countries. The three parties jointly prepared the detailed domestic regulations for the NAFTA rules of origin, with the result that these domestic regulations are identical in Canada, Mexico, and the US, except for country-specific references to names of domestic institutions and accounting practices.

The Chapter also establishes a trilateral Working Group on Rules of Origin and Customs Sub-Group. The purpose of both is to further ensure effective and consistent administration of the rules of origin and, where needed, to propose amendments to the rules of origin to keep them 'always living'. Over the years, the three parties have made amendments to the NAFTA product-specific rules of origin, mainly involving changes to reflect changes in product and production technologies and input availability and sourcing patterns (e.g. emergence of supply chains).

So How is the Canada Border Services Agency Doing on Customs Clearance and Trade Facilitation?

The World Bank's Logistics Performance Index (LPI) provides a tool to compare Canada's customs clearance performance with that of other countries. The LPI is based on bi-annual surveys of logistical professionals (i.e. multinational freight forwarders and major express carriers) who operate in foreign countries.²² The LPI ranks the international logistics performance of 160 countries based on six elements: 1) the efficiency of customs and border management clearance (customs); 2) the quality of trade and transport infrastructure; 3) the ease of arranging competitively-priced shipments; 4) the competence and quality of logistics services; 5) the ability to track and trace consignments; and 6) the frequency with which shipments reach consignees within scheduled or expected delivery times (timeliness).²³ Countries are ranked from low to high on a scale of one to five.

Table 4 shows the overall LPI and Customs and Timeliness sub-index scores for 2016 for Canada and a number of other major trading developed countries, and for the OECD countries as a group. Table 5 provides the same information on the basis of the weighted average of the scores for 2010, 2012, 2014, and 2016; this is intended to smooth out yearly variations.

²² In 2016, 1,051 logistics professionals participated in the LPI survey. See Arvis et al (2016).

²³ See Arvis et al (2016) and World Bank (2016).

The other sub-indices are not included in the two tables as they deal with matters that are not likely to be significantly related to the time and efficiency of the customs clearance process.²⁴

As shown in Tables 4 and 5, Canada ranked 14th in the overall LPI in 2016, and 13th during the 2010–2016 period, although it would be appropriate not to over-interpret the magnitude of the differences in the scores between countries. The key point is that Canada’s overall performance compares well with that of other developed countries, including those in the EU where the scores and ranking reflect responses from logistics professionals involved in internal EU trade as well as external EU trade.

The question asked for the Customs sub-index is: “Rate the efficiency of the clearance process (speed, simplicity, and predictability of formalities) by border control agencies, including Customs in ...?”²⁵ As shown in the two tables, Canada ranked 6th in 2016 and 13th for the 2010–2016 period, and above the average for the OECD countries as a group for both periods. The higher ranking in 2016 as compared to the longer period would suggest there has been improvement in Canada’s customs performance, following a decline in Canada’s score in 2012 and 2014 from that in 2010 (and in 2007, the first year for which LPI scores are available), although it could also reflect a single-year variation. Even taking this possibility into account, Canada’s customs performance fares well when compared with that of the US, major members of the EU, and the OECD countries as a group, and ranks above most other countries around the world.

The World Bank’s results on timeliness have been included in Tables 4 and 5 for transparency purposes, but caution is needed in interpreting what this sub-index may say about customs clearance performance, particularly with respect to border release times. The question on timeliness is: “When arranging shipments to ... how often do they reach the consignee within the scheduled or expected time?”²⁶ As such, it covers the time it takes for the goods to move from the point of exportation to the location of the consignee inside the importing country. The time spent by the goods at the customs border point from its arrival to customs release is only one segment of the journey time. There are many factors covering both the journey to the customs border point and the journey after customs release at the border that can affect whether the goods reach the consignee within the scheduled or expected time.

²⁴ Canada’s ranking for the other sub-indices for 2016 and 2010-2016 are, respectively: 9 and 9 for infrastructure; 29 and 28 for ease of arranging competitively priced shipments; 15 and 12 for logistics; and 9 and 16 for tracking and tracing.

²⁵ *ibid*

²⁶ *ibid*

Canada's score and ranking for the Timeliness sub-index for 2016 is 4.01, slightly below the OECD score of 4.09. Canada ranked 25th. Canada's score and rank for this sub-index for the 2010–2016 period are 4.12 and 16, respectively. Looking at the survey results for 2010 through 2014 individually shows a decline over this timeframe in both Canada's score and ranking on timeliness. In 2010 and 2012, Canada was ranked 5th and 3rd, respectively, but its ranking fell to 11th in 2014, before dropping to 25th in 2016. It is not clear what the reasons are for Canada's relative decline in the Timeliness sub-index over this period; however, the improvement in Canada's score and ranking on the Customs Index in 2016 from those of 2012 and 2014 suggests that the relatively lower score and ranking in 2016 on timeliness are due to factors other than the time and efficiency of customs release of goods at the border.

This view would appear to be supported by other findings in the World Bank's 2016 LPI study. Table 6 reports for the same countries the results of the LPI survey of logistical professionals operating in the country of importation on clearance time and on the percentage of shipments that undergo physical inspection. For the question on clearance time, the logistics professionals are asked to provide "an estimate of the average amount of time between the submission of an acceptable customs declaration and the notification of clearance of the shipment".^{27 28} As Table 6 shows, with zero days (i.e. less than 24 hours) at the border and only 3% of shipments facing physical inspection, the survey results place Canada's performance in the top ranks of the major developed countries.

Overall, the World Bank's LPI survey suggests that Canada's performance on customs release and clearance compares favourably with that of other major developed countries and ranks high globally.

The OECD has developed Trade Facilitation Indicators (TFIs) for over 150 countries that are designed to measure the extent to which countries have implemented trade facilitation programmes and to identify each country's relative strengths and weaknesses in the area of customs processes. These indicators are used to estimate the impact of implementing trade facilitation measures on bilateral trade flows and trade costs. The purpose of these estimates is to help governments prioritize where they should focus their efforts on improving their trade facilitation and where they should target their technical assistance and capacity-building efforts for developing countries. They also offer a tool for assessing the potential impact of implementing the provisions of the WTO Trade Facilitation Agreement.²⁹

²⁷ *ibid*

²⁸ In this note, the term "release" is equivalent to "customs clearance" as defined for the purposes of this question in the World Bank's LPI index as both refer to when the good can physically leave the border and enter into the country.

²⁹ See OECD (2016)

The TFIs cover 11 elements of customs processes: advance rulings; appeal procedures; information availability; streamlining of procedures; internal co-operation; external co-operation; fees and charges; simplification of documents; automation; involvement of trade community; and governance and impartiality.³⁰ The OECD has also developed an average trade facilitation performance index to measure a country's overall performance. The TFI values range from 0 to 2, with 2 representing the best performance that can be achieved relative to the entire sample of countries included in the study. The OECD published TFIs in 2012 and released updated TFIs in 2015, based on the most recent data available for each country. This allows the progress in improving a country's performance to be compared to that of other OECD countries.

The TFIs offer insights into each country's relative customs process performance. Table 7 reports the TFIs for Canada, the OECD as a group, the Best Practice Average Top Quartile (henceforth, Best Practice Quartile), and for certain developed countries. Canada's score of 1.7 for Average Trade Facilitation Performance is exceeded only by Australia at 1.8, matches the scores of the US and the UK, and comes out ahead of the score of 1.6 for Germany, France, and Japan. For the other countries listed in the earlier tables but not included in Table 7, the scores are 1.7 for Netherlands and New Zealand, 1.6 for Sweden, South Korea and Italy, 1.5 for Spain, and 1.4 for Belgium. In short, on the overall TF indicator, Canada's overall trade facilitation performance compares favourably with that of other top-ranking developed countries.

Also as shown by Table 7, Canada's TFI values provided in the OECD's 2015 report for many of the specific elements compare favourably with those of the OECD average, the Best Practice Quartile and the other individual major OECD countries listed in Table 7. Canada's relatively low 2015 TFI value for automation, however, clouds Canada's overall positive trade TFI (and Canada's relatively high Customs sub-index and ranking in the World Bank's 2016 LPI survey). The decline in Canada's 2015 automation indicator from its score of 2 in 2012 indicates that the progress made by Canada lagged behind that of the Best Practice Quartile and most other OECD countries between 2012 and 2015. The lower relative performance for Canada in 2015 on automation apparently reflects lower scores on the percentage of import and export declarations cleared electronically, and the percentage of procedures that can be expedited electronically, as compared to those of other major OECD countries.³¹

³⁰ *ibid*; also see Notes to Table 7.

³¹ Information obtained directly from the OECD. The OECD's specific 2016 recommendation for Canada on automation was to expand the proportion of export procedures expedited electronically.; see OECD (2016)

The updated 2015 OECD TFI study covered the 2012–2015 period. The decline in Canada’s TFI score on automation could very well reflect the challenges and teething problems that the CBSA faced during this period in introducing or updating its border processing procedures and associated EDI systems. For example, the CBSA only started in early 2015 to interface its EDI systems with those of other departments under its Single Window initiative, with the last two of the nine departments connected only in late 2016. As noted earlier, traders’ adoption of the Single Window programme had been slower than expected, and the CBSA experience problems related to its IT systems in its efforts to update its PIP programme and FAST.

As regards the other two TFI indicators directly related to border release and clearance formalities, Canada’s score of 1.64 for procedures (i.e. streamlining border procedures) exceeds that for the OECD average, the Best Practice Quartile and all the major OECD countries listed in the table except the US, and represents a significant increase from 1.17 in 2012.

In the case of documents, Canada’s score declined from 1.50 in 2012 to 1.33 in 2015. Nevertheless, Canada’s 2015 score placed it ahead of that for the OECD average and the US, Germany, France, and Japan, but behind the Best Practice Quartile score of 1.68 and the scores for the UK and Australia. The main factors for explaining Canada’s lower 2015 score on documentation, as compared to that of the Best Practice Quartile and the above two countries, apparently relate to the restricted acceptance of the use of copies of documents in either hard or electronic form, the number of required import documents and the fact that Canada has not ratified the 1990 Convention on the Temporary Admission of Goods (Istanbul Convention).³²

As regards the other individual TFIs, Canada either maintained or improved its already high TFI value between 2012 and 2015 for the following elements: information availability; streamlining procedures; advance rulings; appeal procedures; and governance and impartiality. Canada’s TFI values declined for fees and charges, involvement of the trade community and, as noted above, automation and documentation. The OECD does not report 2012 values for internal and external co-operation.

Overall, the OECD TFI indicators for Canada would appear to support the view that Canada’s customs clearance processes and trade facilitation efforts compare positively to those of the major OECD countries.

³² Information obtained directly from the OECD. The OECD’s specific 2016 recommendation for Canada on documentation was to expand the acceptance of the use of copies of documents; see OECD (2016)



Final Observation

As a last word, the CBSA, like all customs services around the world, continues to face a challenging and ever-changing environment in meeting its dual mandate of safeguarding security and safety while expediting and facilitating trade to support economic progress. As discussed above, this has required ongoing changes in the way the CBSA manages and operates its border release and clearance programmes and systems. The one certain thing is that the need for continuing to adapt and improve on an ongoing basis will remain a constant demand on the CBSA and its resources.

Table 1

Examples of Commonly Imported Regulated Goods and Their Associated Federal Government Department or Agency

Department, Agency, or Programme	Products
Canadian Firearms Program	Firearms
Canadian Heritage	Cultural products
Canadian Food Inspection Agency	Food, plants, animals, and related products Food labelling and food recalls Wood packaging International waste and used machinery/equipment
Canadian Nuclear Safety Commission	Radioactive isotopes
Competition Bureau Canada	Clothing labels Marking of precious metals Packaging and labelling of non-food products
Controlled Goods Program	Goods and technologies that have military or national security significance
Environment and Climate Change Canada	Endangered or threaten plant and animal species Hazardous waste and recyclable material Ozone-depleting substances (ODS) and products containing ODS Wild animal and plant trade
Global Affairs Canada	Agricultural products, firearms, and other goods under trade controls or embargoes Monitoring of imports of steel and textile and clothing
Health Canada	Consumer goods, drugs, food, medical devices, natural health products, pesticides, pharmaceuticals,



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	radiation-emitting devices, toxic substances, and vitamins
Innovation Science and Economic Development Canada	Radio communications Telecommunications equipment
National Energy Board	Butane, ethane, electricity, gas, oil, and propane
Natural Resources Canada	Explosive (including fireworks) and ammunition Minerals and metals Regulated energy-using products
Transport Canada	Transportation of dangerous goods Vehicles and tires

Source: Canada Border Services Agency: <http://www.cbsa-asfc.gc.ca/import/reflist-listeref-eng.html>.

Table 2

Information About the Good Required by the Canada Border Services Agency

- Vendor (name and address)
- Date of direct shipment to Canada
- Other references (include purchaser's order number)
- Consignee (name and address)
- Purchaser's name and address (if other than consignee) and their Business Number (BNN)
- Country of transshipment
- Country of origin of goods
- Transportation mode and place of direct shipment to Canada
- Conditions of sale and terms of payment (i.e. sale, consignment shipment, leased goods)
- Currency of settlement
- Number of packages
- Detailed specification of the goods (kind of packages, marks and numbers, general description and characteristics (i.e. grade, quality), and condition of goods if not new), and tariff classification
- Quantity (state unit)
- Selling price: unit price and total invoice price
- Total weight: net and gross
- Commercial invoice number
- Exporter's name and address (if other than vendor)
- Originator (name and address)
- Any applicable CBSA rulings (e.g. advance ruling on tariff classification)
- Transportation charges, expenses and insurance from the place of direct shipment to Canada, and to place of direct shipment to Canada
- Costs for construction, erection, and assembly incurred after importation into Canada
- Export packing cost
- Amounts for commissions other than buying commissions
- Identify if royalty payments or subsequent proceeds are paid or payable by the purchaser, or if the purchaser has supplied goods or services for use in the production of these good

Source: Canada Border Services Agency: <http://www.cbsa-asfc.gc.ca/publications/dm-md/d1/d1-4-1-eng.html> and <http://www.cbsa-asfc.gc.ca/publications/dm-md/d17/d17-1-4-eng.html>.

Notes: The CBSA allows some exceptions to meeting all of these information requirements in certain situations, such as for shipments below CDN\$ 2,500.

Table 3

Prescribed Timelines for Submitting Advance Cargo and Conveyance Data

Mode	Type of Data	Timeframe
Marine	Cargo and data	<ul style="list-style-type: none"> <input type="checkbox"/> 24 hours prior to loading in the foreign port (except US ports) for containerized cargo <input type="checkbox"/> 24 hours prior to arrival for containerized cargo loaded in US ports <input type="checkbox"/> Different timeframes sometimes apply to other types of cargo (e.g. bulk, break bulk) and empty containers depending on where the cargo was loaded
	Conveyance data	<ul style="list-style-type: none"> <input type="checkbox"/> 96 hours prior to arrival for conveyances with containerized cargo, 24 hours in the case of cargo loaded in the US <input type="checkbox"/> Different timeframes may apply to conveyances carrying other types of cargo (e.g. bulk, break bulk) and empty containers depending on where the cargo is loaded
Air	Cargo and conveyance data	<ul style="list-style-type: none"> <input type="checkbox"/> Four hours prior to arrival for flights longer than four hours <input type="checkbox"/> Before aircraft's time of departure for flights less than four hours
Highway	Cargo and conveyance data	<ul style="list-style-type: none"> <input type="checkbox"/> One hour before arrival at the border
Rail	Cargo and conveyance data	<ul style="list-style-type: none"> <input type="checkbox"/> Two hours before arrival at the border
Freight Forwarder	House bill data	<ul style="list-style-type: none"> <input type="checkbox"/> Within the timeframes prescribed for each mode (see above)

Source: Canada Border Services Agency, Advance Commercial Information, <http://www.cbsa-asfc.gc.ca/prog/aci-ipec/menu-eng.html>.

Table 4

World Bank's Logistics Performance Index (LPI): Overall Index and Customs and Timeliness Sub-Indexes: Canada and Selected Countries: 2016

Country	Overall LPI	Ranking	Customs	Ranking	Timeliness (from point of export to consignee)	Ranking
Canada	3.93	14	3.95	6	4.01	25
US	3.99	10	3.75	16	4.25	11
UK	4.07	8	3.98	5	4.33	8
Germany	4.23	1	4.12	2	4.45	2
Sweden	4.20	3	3.92	8	4.45	3
Belgium	4.11	6	3.83	13	4.43	4
Netherlands	4.19	4	4.12	3	4.41	5
France	3.90	16	3.71	17	4.25	13
Italy	3.76	21	3.45	27	4.03	22
Spain	3.73	23	3.48	24	4.00	26
Norway	3.73	22	3.57	20	3.77	39
South Korea	3.72	24	3.45	26	4.03	23
Japan	3.97	12	3.85	11	4.21	15
Australia	3.79	19	3.54	22	4.04	21
New Zealand	3.39	37	3.18	37	4.12	19
High-Income Countries: OECD	3.75	n.a	3.57	n.a.	4.09	n.a



Source: Arvis et al, 2016.

Notes: The other top 15 countries for the overall LPI not listed in the table are Luxembourg (2), Singapore (5), Austria (7) and Hong Kong SAR, China (9), Switzerland (11), United Arab Emirates (13) and Finland (15).

Table 5

**World Bank's Logistics Performance Index (LPI): Overall Index and Customs and Timeliness
Sub-Indexes: Canada and Selected Countries: Weighted mean Scores
for 2010, 2012, 2014 and 2016**

Country	Overall LPI	Ranking	Customs	Ranking	Timeliness	Ranking
Canada	3.90	13	3.79	13	4.12	16
US	3.95	9	3.73	15	4.21	10
UK	4.02	7	3.92	5	4.32	7
Germany	4.17	1	4.07	2	4.41	2
Sweden	4.08	4	3.48	9	4.37	4
Belgium	4.06	6	3.82	10	4.38	3
Netherlands	4.12	2	4.03	3	4.36	5
France	3.88	14	3.68	17	4.21	11
Italy	3.72	21	3.41	24	4.04	19
Spain	3.71	22	3.51	21	4.03	22
Norway	3.80	17	3.74	14	4.01	24
South Korea	3.70	24	3.45	23	4.01	23
Japan	3.95	10	3.81	12	4.22	8
Australia	3.79	18	3.64	19	4.04	20
New Zealand	3.48	31	3.45	22	3.94	28
High-Income Countries: OECD	3.71*	n.a	3.55	n.a.	4.05	n.a.



Source: Arvis et al, 2016.

Notes:

- a) To calculate the mean score, each year's scores in each component were given the following weights: 6.7% for 2010, 13.3% for 2012, 26.7% for 2014, and 53.3% for 2016.
- b) * calculated by applying the above weights to the overall score for each year for the High-Income: OECD.
- c) The other top 15 countries for the overall LPI not listed in the table are Singapore (3), Luxembourg (5), and Hong Kong SAR, China (8), Austria (11), Switzerland (12), and Finland (15).

Table 6

World Bank Logistics Performance Index: Number of Customs Forms, Clearance Time, and Percentage of Shipments Subject to Inspections: 2016

Country	Clearance Time (days)* Without Physical Inspection*	Clearance Time (days) With Physical Inspection	Percentage of All Imports Shipments Subject to Physical Inspection	Percentage of Shipments Subject to Physical Inspections Subject to Multiple Inspections
Canada	0	3	3	1
US	1	2	4	3
UK	1	1	4	2
Germany	1	2	3	2
Sweden	0	1	2	2
Belgium	1	2	2	1
Netherlands	0	1	2	1
France	1	2	3	n.a
Italy	1	2	4	2
Spain	1	1	5	3
Norway	0	1	1	1
South Korea	n.a.	n.a.	n.a.	n.a.
Japan	1	2	1	1
Australia	2	4	3	1
New Zealand	n.a.	n.a.	n.a.	n.a.
High-Income Countries: OECD	n.a	n.a	n.a	n.a

Source: Arvis et al (2016)

Notes: * zero indicates less than 24 hours; 1 indicates 24 to 48 hours, etc.

Table 7

OECD Trade Facilitation Performance Indicators for Canada, OECD, Best Practice Quartile, and Selected OECD Countries

	Canada	OECD	Best Practice Average Top Quartile	US	UK	Germany	France	Japan	Australia
Average Trade Facilitation Performance	1.7	n.a,	n.a	1.7	1.7	1.6	1.6	1.6	1.8
Information Availability	1.83	1.49	1.88	1.67	1.67	1.39	1.61	1.71	1.89
Formalities – Procedures	1.64	1.26	1.55	1.67	1.22	1.18	1.57	1.50	1.35
Formalities – Automation	1.29	1.64	1.92	1.71	1.43	1.71	1.57	1.14	1.71
Formalities – Documents	1.33	1.26	1.68	1.17	1.50	1.20	0.86	1.17	1.43
Fees and Charges	1.50	1.54	1.80	1.50	1.67	1.75	1.33	1.75	1.75



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Advance Rulings	2.00	1.60	1.83	2.00	2.00	1.90	2.00	1.70	1.56
Appeal Procedures	1.67	1.77	1.89	1.50	2.00	1.20	2.00	2.00	2.00
Governance and Impartiality	2.00	1.76	1.90	1.50	1.89	2.00	2.00	2.00	2.00
Co-operation – Internal	2.00	1.51	2.00	1.89	1.67	1.50	1.25	1.50	2.00
Co-operation – External	2.00	1.62	1.74	1.80	2.00	2.00	2.00	2.00	2.00
Involvement of Trade Community	1.60	1.58	1.95	1.60	1.60	1.40	1.60	1.60	1.60

Source: OECD: Trade Facilitation Index, Compare Your Country: <http://www2.compareyourcountry.org/trade-facilitation>, last accessed December 20, 2016

Notes:

a) 2 is best performance that can be achieved

b) Definitions:

- Advance rulings: Prior statements by the administration to requesting traders concerning the classification, origin, valuation method, etc., applied to specific goods at the time of importation; the rules and process applied to such statements
- Appeal procedures: The possibility and modalities to appeal administrative decisions by border agencies
- Co-operation - External: Co-operation with neighbouring and third countries
- Co-operation - Internal: Co-operation between various border agencies of the country; control delegation to customs authorities
- Fees & charges: Disciplines on the fees and charges imposed on imports and exports



- Formalities (Automation): Electronic exchange of data; automated border procedures; use of risk management
- Formalities (Documentation): Simplification of trade documents; harmonization in accordance with international standards; acceptance of copies
- Formalities (Procedures): Streamlining of border controls; single submission points for all required documentation (single windows); post-clearance audits; authorized economic operators
- Governance & impartiality: Customs structures and functions; accountability; ethics policy
- Information availability: Publication of trade information, including on internet; enquiry points
- Involvement of the trade community: Consultations with traders



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