

PLAN AHEAD

Is it too early to be thinking about **“Peak Season.”** Eventually inventory will need to be re-stocked, and rather than wait to the last minute, it's never too early to start **“Planning.”**

Do you know that the China Dragon Boat Festival has been a tradition for more than 2,000 years? On the fifth lunar month, the Festival honors an ancient poet who drowned himself in protest of corruption. This Year's Festival will run from Thursday, June 22 to Saturday, June 24, 2023, and China will be observing 3 days of public holiday. In Toronto, the Toronto International Dragon Boat Race was held on June 27, 2023.



Our thoughts and prayers are with Canadians across all Provinces affected by the “Worst-Ever” wildfire season. As of June 6, 2023, there are currently 413 active wildfires, including 249 deemed out of control. Approximately 26,000 people are under evacuation orders across Canada.

If any of CN's customers and/or Supply chain partners would like to donate essential goods to those communities in need, CN and/or TransX will ship them free of charge to the impacted areas. If you are interested in participating, email wildfireassistance@cn.ca and a CN representative will contact you to co-ordinate pickup and delivery (this is not affiliated with FCL Fisker).



[1/4] Smoke billows upwards from a planned ignition by firefighters tackling the Donnie Creek Complex wildfire south of Fort Nelson, British Columbia, Canada, June 3, 2023. B.C. Wildfire Service/Handout via REUTERS

Sylvia Beck, Inside Sales

MARINE

June 6 | “Unprecedented Drought Forces Changes Along the Panama Canal”

“We could not have predicted exactly when the water shortage would occur to the degree that we are experiencing now.” A stark warning yesterday from Ricaurte Vásquez Morales, the administrator of the Panama Canal on the worsening drought creating traffic issues for ships transiting the Central American nation, likely to be one of the recurring main shipping news stories of 2023. *Source: Splash 247.com*

June 6 | “Power Cut a ‘Double-Whammy’ for Indian Shippers at APMT Pipavav”

Indian shippers, just recovering from recent cargo flow hiccups at Nhava Sheva Port (JNPT), have received a bigger blow. APM Terminals Pipavav has temporarily shut down operations because of a power outage in the harbour, caused by extreme weather along the west coast at the end of last week.

According to an APMT advisory, strong winds uprooted power transmission towers in and around the dock area, which it estimated would keep quayside operations at the port shuttered until Thursday. “The port may handle container vessels tomorrow at the earliest, subject to regularizing power supply,” said APMT. “We are maintaining back-up power supplies to reefers.”

However, a port official said all operations remain suspended at the moment. *Source: CIFFA / The Loadstar*

June 8 | “Good Boy – K9’s Rodney Can Sniff-Out Lithium Batteries”

Dogs can now be used to sniff out lithium batteries in shipments after just a month of training. In a demonstration on stage at the CNS Partnership conference in Miami this week, German short-haired pointer Rodney decisively sat by a particular box, after having sniffed his way past others, and looked hard at his handler – the box contained two small batteries.

No one has yet employed the dogs for lithium battery detection, airlines and ground handlers are starting to consider it. Undeclared lithium batteries in shipments pose a major threat. *Source: The Loadstar*

June 8 | “Strike Vote at Pacific ports in Canada Sparks Fresh Worries for BCOs”

Cargo owners now have to add the spectre of shutdowns at Canadian gateways to work stoppages at US ports.

Members of the International Longshore and Warehouse Union (ILWU) Canada will vote today and tomorrow on whether to authorize strike action amid contract negotiations with the British Columbia Maritime Employers Association (BCMEA).

Work stoppages at the ports of Vancouver and Prince Rupert could happen as early as 24 June. It also raises the spectre of paralysis of traffic flows along the coast from British Columbia to California and is the first-time contract negotiations are threatening disruption on both sides of the Canada-US border. *Source: The Loadstar*

Update: June 15: “PMA, ILWU Reach Tentative Deal on 6-Year Contract”

The Pacific Maritime Association and International Longshore and Warehouse Union announced Wednesday night they had reached a tentative agreement on a six-year contract covering workers at 29 West Coast ports. *Source: Supply Chain Dive*

June 9 | “Shipping will have to Contend with the Onset of El Nino Weather Phenomenon”

As widely expected, the onset of the El Niño weather phenomenon was officially confirmed yesterday, news that will have significant ramifications for the global shipping industry over the following 12 months. “El Niño conditions are present and are expected to gradually strengthen into the Northern Hemisphere winter,” the Climate Prediction Center at the National Oceanic and Atmospheric Administration in the US said in an advisory published Thursday, adding that there is an 84% chance that this El Niño will be stronger than normal.

El Niño is a weather pattern that builds in the Pacific Ocean that can impact weather conditions around the globe. The good news for shipping is that it tends to mean a lower hurricane season in the Atlantic. The bad news is myriad, however – from a more stormy Pacific to further draft restrictions along key waterways including the Panama Canal, and severely disrupt agricultural production around the world. *Source: Splash 247.com*

June 13 | “Cyclone Shuttles Already Congested Ports on India’s Busy West Coast”

All Indian ports along the coastline of Gujarat have halted operations until further notice in the wake of Cyclone Biparjoy heading towards the country's north-west corridor.

The affected ports are some of the country's leading container handlers, such as Mundra, Pipavav and Hazira. Across the ports, ships already at berth have been shifted from jetties and authorities have been told to halt further vessel movements and immediately secure harbour equipment. *Source: CIFFA – The Loadstar*

June 16 | “Port of Vancouver Disappointed by Poor Efficiency Ranking, Says Change is Coming”

After placing near the bottom in a global port efficiency ranking two years in a row, Peter Xotta, the Vancouver Fraser Port Authority's vice president of operations and supply chain, said port expansions and investments will buck the trend, even as he called into question the accuracy of the ranking system.

Xotta said he was disappointed the port placed second last of 348 container ports in a ranking compiled by World Bank and S&P Global Market Intelligence. The study used vessel wait-times as an indicator of overall efficiency, with Vancouver ranking third-last in its 2022 report.

"I think the ratings system is challenged to be accurate at a time when we've got this level of volatility in the supply chain," he said, referring to the ongoing fallout from issues like the COVID-19 pandemic and the 2021 atmospheric river that paralyzed B.C.'s road and rail systems.

Xotta said each port is different and questioned the methodology authors used to make fair comparisons. Read more in an [article from CBC News](#). *Source: CIFFA*

June 27 | “Uncertain Future for B.C. Ports as Longshoring Strike or Lockout Looms”

A potentially disruptive labour dispute for the B.C. and Canadian economy looms.

Thousands of longshore workers in British Columbia and the BC Maritime Employers Association can either strike or lock out workers at any time now with 72-hour-notice, which would have far-reaching implications.

UPDATE: June 29: “Canada’s Turn to Feel the Heat as Port Workers Agree to July Strike”

Following a ‘tentative agreement’ averting an ILWU strike across the US West Coast, International Longshore and Warehouse Union Canada is opting to go ahead with its own 72-hour strike at the ports of Vancouver and Prince Rupert.

Port workers have been attempting to negotiate a new contract with employer British Columbia Maritime Employers Association (BCMEA) since the last document expired in March, but thus far no agreement has been reached. *Source: The Loadstar*

AIR

June 2 | “Air Canada Flight Communicator System Breaks Down, Causing Widespread Delays”

Air Canada is experiencing an issue with one of its internal systems, leading to flight delays across its network. The airline said Thursday it is “experiencing a temporary technical issue with its communicator system, one of the systems that we use to communicate with aircraft and monitor operational performance.”

The issue is causing delays across the system, with 234 flights delayed so far on Thursday and 34 cancellations. *Source: CIFFA / CBC News*

June 13 | “Cargo Airlines get Eight more Weeks to move from Mexico City Airport”

Cargo airlines have been given some breathing space to shift operations out of Benito Juárez International Airport, Mexico City’s congested main gateway. Freighter operators have been under the gun to move flights out of Benito Juárez before 7 July, following a decree by the Mexican government in January banishing all-cargo activities, citing perennial congestion as the reason for its decision to make the airport exclusive to passenger services. *Source: The Loadstar*

ROAD / RAIL

June 5 | “Atlantic Truckers Welcome Coming Port of Halifax Rail Link”

A new rail line between two container terminals is expected to alleviate heavy truck congestion in downtown Halifax, and the head of the Atlantic Provinces Trucking Association (APTA) is “cautiously optimistic” the infrastructure will help make local trucking activities more efficient.

The project, first approved in 2019, aims to connect the south-end Atlantic Hub and north-end Fairview Cove terminals by 2026. *Source: CIFFA / Today’s Trucking*

CUSTOMS

June 9 | “Canada Extends Waiving of Tariffs on Ukrainian Goods”

The Deputy Prime Minister and Minister of Finance, the Honourable Chrystia Freeland, today announced that Canada will extend the Ukraine Goods Remission Order until June 9, 2024. This will ensure the continued tariff-free import of Ukrainian goods to Canada, including steel and in-quota supply-managed goods.

The Ukraine Goods Remission Order, in force since June 9, 2022, supports the Ukrainian economy by increasing exports to Canada through the temporary and exceptional remission of customs and trade remedy duties on imports of goods originating in Ukraine.

Today's extension builds on the Canada-Ukraine Free Trade Agreement (CUFTA) and its modernization [as announced by the Prime Minister on April 11, 2023](#). Since CUFTA came into force on August 1, 2017, tariffs have been eliminated on 99.9 per cent of imports from Ukraine, including fish and seafood, sunflower oil, and minerals; 99.9 per cent of manufactured products; and 99.9 per cent of agricultural products.

Canada is committed to standing with the brave people of Ukraine in their defence of Ukraine's sovereignty and democracy in the face of Russia's illegal full-scale invasion, which is limiting Ukraine's ability to export goods to other countries. Canada's temporary duty relief for Ukrainian goods is among the most comprehensive packages of tariff waivers in the G7 and the world. [Full Article](#). *Source: CSCB*

June 27 | “World Customs Organization (WCO) News Magazine”

For the latest edition of the WCO News Magazine, featuring articles on current Customs topics from global perspective, including:

- Gender Equality and Diversity in Customs
- Enabling Customs Conflict-Affected Situations
- Finnish Customs experiments with carbon footprint calculator
- Turkish Customs response to earthquakes, and more.

The WCO News Magazine can be accessed here: <https://mag.wcoomd.org/latest> *Source: WCO*

June 20 | “CBSA Proposed Changes to Customs Valuation - Consultation Period Extended”

The CBSA is proposing amendments to the Valuation for Duty Regulations. These proposed regulatory amendments were published in the Canada Gazette on May 27, 2023, with a 30-day consultation period – **now extended an additional 30 days until July 26, 2023**. In brief, the proposed change would shift Canadian customs valuation from first sale to a Canadian purchaser, to the last sale. The last sale rule may reflect a domestic re-sale price, or price of goods sold to consumers (including ecommerce sales). As a result, duties and taxes would be calculated on a higher value, resulting in higher import costs and duty/tax liability. Therefore, we strongly encourage importers to submit their comments to CBSA on the proposed changes.

Comments can be provided in the [Canada Gazette, Part I, Volume 157, Number 21: Regulations Amending the Valuation for Duty Regulations](#).

According to CBSA, the existing legislative and regulatory framework governing the methods of determining the value for duty (VFD) of imported goods creates an unfair advantage for non-resident importers (NRIs). This advantage exists due to NRIs' ability to declare a lower VFD on goods they import to Canada by using an earlier sale price and not the sale to an actual buyer located in Canada that brought the goods into Canada. The earlier sale price that is used in these instances occurs in the earlier stages of the supply chain, including a sale transaction between a foreign-based manufacturer and an NRI.

The proposed regulatory amendments would clarify which sale is to be used to calculate the duty on imported goods in order to address a regulatory gap that unduly benefits businesses located outside of Canada (NRIs) that ship goods to customers in Canada by (i) defining the term "sold for export to Canada"; and (ii) amending the definition of the term "purchaser in Canada".

The proposed regulatory amendments would also:

- ensure that Canadian importers that compete with NRIs are not at a disadvantage as a result of the current regulatory framework, which allows the latter to declare a lower purchase price when calculating VFD;
- provide a legal basis to ensure the government collects duties on the sale that brought the goods to Canada, thereby preventing revenue leakage stemming from NRIs ability to declare an earlier sale in the supply chain;
- ensure that Canada meets its obligations under the World Trade Organization's Customs Valuation Agreement and to Canada's trading partners regarding the methods of calculating VFD; and
- ensure that Canada fosters a fair and predictable environment for the trading community that is consistent with the objectives of free and liberalized trade and in compliance with the internationally agreed methods of calculating VFD.

June 21 | "Canada's Bill S-211 – Fighting Against Forced Labour and Child Labour in Supply Chains"

Public Safety Canada has published guidelines on the upcoming implementation of Bill S-211, outlined on their webpage [here](#): The measures introduced through [Bill S-211: An Act to enact the Fighting Against Forced Labour and Child Labour in Supply Chains Act and to amend the Customs Tariff](#), aim to increase industry awareness and transparency and drive businesses to improve practices.

Bill S-211 received Royal Assent on May 11, 2023. It is expected to come into force on January 1, 2024, and contains two parts.

1. Reporting Obligation

The first part of the Act imposes an obligation on certain entities and government institutions to submit an annual report to the Minister of Public Safety by May 31 of each year on the step taken during the previous financial year to prevent and reduce the risk that forced labour or child labour is used by them or in their supply chains.

Reports will be made available to the public in two ways:

- In an electronic registry on Public Safety Canada's website.
- In a prominent location on the reporting entity or government institution's website.

A summary of the information received will be tabled in an annual report to Parliament by the Minister of Public Safety.

2. Change to the Customs Tariff

The second part amends the Customs Tariff to expand the prohibition on the importation of goods mined, manufactured or produced, in whole or in part by forced labour, to also include child labour.

This further enhances restrictions on goods of this nature. In May 2021, Canada introduced import prohibition on goods mined, manufactured, or produced wholly or in part by forced labour as established by the *Canada–United States–Mexico Agreement Implementation Act (CUSMA, or USMCA)*. This is outlined in CBSA's Directive D9-1-6: Goods manufactured or produced by prison or forced labour.

Reporting Requirements for Certain Entities

The Act applies to any corporation, trust, partnership, or other unincorporated organization whose activities include producing, selling, or distributing goods in Canada or elsewhere, importing goods into Canada, or controlling an entity engaged in these activities. Additionally, the entity must either be listed on a stock exchange in Canada or have a place of business in Canada, do business in Canada or have assets in Canada and meet two of the following three criteria for at least one of its two most recent financial years:

- \$20 million or more in assets
- \$40 million or more in revenue
- 250 or more employees

June 29 | “Sustainability Blueprint – An Introductory Guide to Sustainability for CIFFA Members”

CIFFA's Sustainability Committee has been through a discovery process, learning about the origins of sustainability, various tools, reference materials and networks, with an interest in raising awareness for members and to explore opportunities for CIFFA. These findings have been outlined in the following: Sustainability Blueprint – An Introductory Guide to Sustainability for CIFFA Members.

Access the report [here](#). *Source: CIFFA*

June 29 | “CARM Onboarding – Reminder to Importer Clients”

CBSA has prioritized CARM Release 2 and has drafted a report summarizing industry feedback on the CARM Regulatory Package - to be published soon. In the meantime, CBSA and the trade community are working diligently to prepare for the upcoming requirements, which represent fundamental changes to customs reporting and accounting systems and forms.

Mandatory Importer Registration

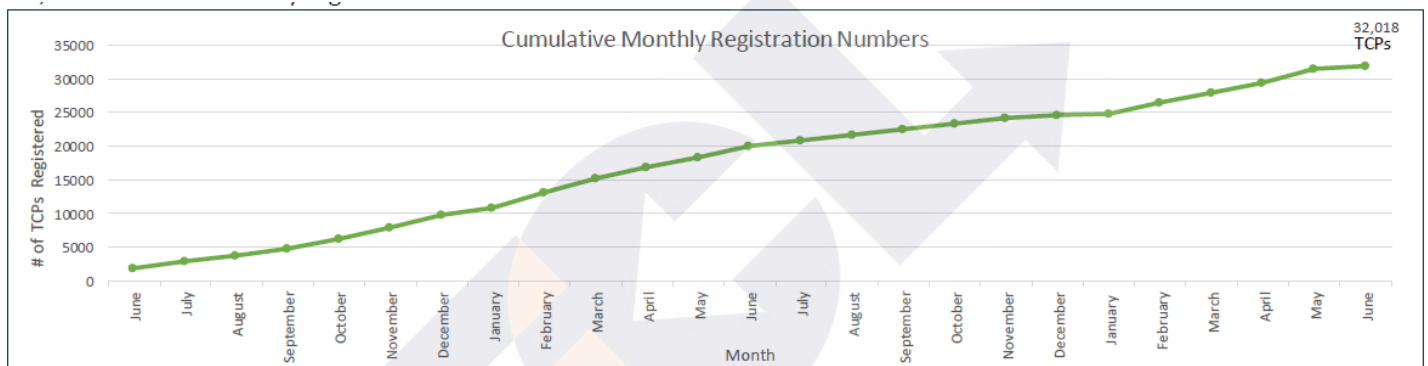
Importers who have not yet registered, are encouraged to do so, as soon as possible. It is important to ensure that you have assigned team members to take the CARM roles of BAM and PAM, Business Account Manager and Program Account Manager respectively.

Also, link in CARM with Fisker Customs to provide 'Delegation of Authority' as your Customs Broker, to enable clearance before Release 2 goes live. CBSA is taking a 'big bang' approach, and importers are required to register prior to Release 2, to avoid service disruption and continued business with CBSA.

The current timeline for CARM R2 implementation is October 16th, 2023. It's important to note that Non-Resident Importers (NRIs) will need at least one month to establish the required CBSA forms, including the updated [BSF900 Records Agreement form](#) which supports records maintenance requirements. BSF900 must be completed, signed (refer to [CBSA signature requirements here](#)), and submitted to CBSA by mail/courier, we recommend submitting it simultaneously via email. It is critical to ensure the updated form is properly completed and submitted, to ensure there are no service delays with CBSA. We have seen a recent example of a duty drawback claim by NRI rejected by CBSA, based on the NRI lacking the required BSF900 form. CBSA also has the right to delay an import clearance, on the same basis.

Importers who register will instantly benefit from the features available in Release 1, to view their transactions and statements of account, request an advance ruling, and pay invoices with new electronic payment options.

CBSA has provided recent onboarding statistics, in the below snapshot:



		Registration Numbers							Total
		Last 2 weeks (May 24th to June 6th)	Prior 2 weeks (May 10th to May 23rd)	Month over Month					
				March	April	May	June		
All TCPs		890	894	1693	1380	2131	311	32,018	
Brokers	All Brokers	1	0	3	1	1	0	271	
	All Importers	889	894	1690	1379	2130	311	31,747	
Importers	Top 3000 Importers (value)	52	41	60	47	95	24	2129	
	Top 3000 Importers (volume)	62	35	58	35	98	20	2050	
	CSA Importers	0	0	2	1	0	0	99	
	Top 2150 C-Type Importers	13	11	10	11	20	8	227	

• Top 3000 Importers (volume) make up ~80% of Total Importer Volume. Top 3000 Importers (value) make up >80% of Total Importer A/R.
 • CSA Importers account for 35% of Total Importer A/R. Top 2150 C-Type Importers transact at least once per month on average.

Updated June 7, 2023

Importers should refer to the following CBSA publications:

- Onboarding documentation for the CARM Client Portal is accessible [here](#)
- CBSA's guidance on how the trade community can prepare, can be viewed [here](#).
- Importer financial security - Release Prior to Payment (RPP) at CARM R2 - FAQ: access [here](#)

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