

January 17, 2008

Mr. Claude St. Denis
Program Development Section
Canada Border Services Agency
191 Laurier Ave
Ottawa, Ontario
K1A 0L8

VIA E-MAIL AND REGULAR POST

Re: Proposed Changes to the PIP Program

Dear Claude:

We are pleased to submit to you in advance of our meeting with officials from your office on Monday, January 21, 2008, our association's comments on the draft Memorandum of Understanding (MOU) and the draft Supply Chain Security Profile – Importer/Exporter for the new Partners in Protection (PIP) program. There are several key issues that we would like to highlight.

Benefits

In order to attract and maintain membership, the PIP program will have to offer significant tangible benefits. We recognize that CBSA cannot identify all of the benefits that it will offer to PIP participants in the MOU. However, we suggest that more benefits be identified and listed in the MOU before the MOU is finalized. We also suggest that there should be a general statement in the MOU that CBSA will provide incentives and benefits to PIP participants and will work with industry to identify, develop and implement new incentives and benefits on an ongoing basis.

In terms of the specific benefits that could be offered to PIP participants, you have indicated that a decision with respect to opening up the FAST program to companies that are not participants in the Customs and Self-Assessment (CSA) program is a decision that will have to be taken by the Admissibility Branch. Other benefits to consider include the following:

- priority in crossing the border in the event of an emergency situation;
- measurable reduction in inspections and examinations as a result of lower risk scoring;
- priority or front of the line inspections and examinations;
- dedicated point of contact within CBSA for all matters related to customs, not just PIP;
- reduced AMPS penalties;

- direct notification of PIP participants of inspections at the border so they can track the benefits of the program directly avoiding miscommunication from the carrier, broker or other service provider.

While we recognize that tax matters are not within the jurisdiction of the CBSA, we would like to see the CBSA actively support the granting of financial incentives by the Department of Finance to participants in the PIP program, such as tax credits or grants for the costs of new or upgraded security hardware and employee training.

Mutual Recognition

One of the key reasons that I.E.Canada and its members have supported strengthening of the PIP program is because they want to see mutual recognition of the PIP program and the Customs-Trade Partnership Against Terrorism (C-TPAT) program in the United States. Because of the additional costs and complexity involved, our members do not want to be in a situation of having to comply with multiple supply chain security programs whether domestically (eg. the air cargo security program) or internationally. To our members, mutual recognition means acceptance in one program results in automatic acceptance into the other. While this may not be achievable by June of this year, we expect CBSA to work diligently towards that goal. In the meantime, “mutual recognition” of the PIP and C-TPAT programs must have meaning and bring with it tangible benefits, including mutual recognition of verifications conducted by CBSA and Customs and Border Protection (CBP) and mutual recognition of each other’s programs for purposes of demonstration of compliance with the business partner security requirements. Other benefits that should be considered include:

- priority in crossing the border in the event of an emergency situation;
- measurable reduction in inspections and examinations as a result of lower risk scoring;
- priority or front of the line inspections and examinations; and
- expedited processing of applications for acceptance into the other program.

Staffing

We are concerned that CBSA will not have sufficient qualified officers to review the applications and to conduct verifications. To help alleviate the problem somewhat, we suggest that CBSA adopt the approach followed under the C-TPAT program in the United States of approving participants and conducting the verifications within a specified timeframe after the application is approved. This approach has the advantage of allowing applicants time following acceptance into the program to implement some of the security measures that they propose to implement in their Supply Chain Security Profile before the verification is carried out by CBSA.

However, even if CBSA follows the approach used in the United States, we still have serious concerns – given the number of existing PIP participants and the need for all of

them to re-apply for the program – whether CBSA will have the necessary qualified personnel to review the applications and re-approve existing PIP members and process new members during a transition period. We are also interested to know how CBSA contemplates that it will sustain the program over the longer term.

Transition Period

Given the staffing situation at CBSA, we recommend that existing PIP members be given one year to reapply and obtain acceptance into the new PIP program.

Appeal Process

Especially because of the business partner requirements under the PIP program and similar supply chain security programs in other countries, including C-TPAT, termination or suspension of the PIP program could seriously damage a company's business. It is not acceptable for the final level of dispute resolution to be through consultation between the parties. It is critical that expedited administrative and judicial appeal processes be established before the new PIP program is implemented and the availability of these appeal processes must be addressed in the MOU. The appeal processes should also be designed in consultation with industry.

The participant's participation in the PIP program should not be terminated or suspended until all avenues of appeal have been exhausted and there is a final decision in favour of the CBSA.

We appreciate the opportunity to participate in the consultation process and look forward to meeting with your colleagues next week to discuss these and other issues in further detail.

Yours truly,



Mary Anderson
President

cc. Ms Kimber Johnston, Vice President, Enforcement Branch, CBSA
Anie Pulsifer, CBSA
Fred Lemay, CBSA
Grace Gregoire, CBSA