



Recommendations to improve North American Flow of Goods

When the North American Free Trade Agreement (NAFTA) entered into force over 20 years ago, it wove together supply chains across our three borders and established North America as a leader in international competitiveness. As the Canadian government gathers insight on how to reduce barriers to trade and commerce for its Innovation Agenda, and as the three North American government leaders solicit private sector input, below are recommendations for consideration.

1. Preclearance processes for North American supply chains

Develop the next phase of preclearance policy to include recognition of low-risk goods within trusted supply chains, with consideration of the following preclearance programs for goods:

- NAFTA-bound goods can be pre-released at approved manufacturers' sites, and/or an approved logistics/transportation provider site. For example, offering clearance at the "wheels up" process in the supply chain process.
- All goods can be cleared inland at government sites, with automatic release at the border.
- Completion of CBSA's Sufferance Warehouse Modernization Initiative. All border crossings allow licenses to carriers or manufacturers to move ground imports "in bond" (pending release) directly to an approved carrier's terminal or manufacturers site.

2. Alignment of the trusted traders program

The three NAFTA countries have developed and implemented their own "trusted trader" programs. These programs are intended to streamline border reporting requirements to help both importers and governments deal with resource constraints by providing the necessary data both before importation and release. The Customs Self-Assessment Program (CSA) in Canada, introduced in 2001, allows importers to self-declare their goods to the Canadian Border Services Agency (CBSA) following import. The program has proven to be highly beneficial for expediting clearance and supporting efficient entry of goods.

Recommendations:

- Developing similar programs for the U.S. and Mexico to allow Canadian firms to deliver exports more efficiently to other North American countries. The recent enhancement to the CSA program to include goods domiciled in a U.S. Free Trade Zone, as well as goods imported by non-resident importers, supports the integrated North American Supply Chain. There is further opportunity to extend the expedited border clearance benefits that the CSA and CSA platinum will offer to goods entering the U.S. through the Importer Self-Assessment Program (ISA)

- Reviewing membership criteria for CSA program qualification, as program membership has not expanded quickly. Additionally, the benefits of participation should be marketed to recruit more businesses to the program

3. Digitizing paper based processes

At a time when trade in goods is facilitated electronically, traders in North America who buy and sell NAFTA qualified goods are still encumbered with an outdated paper based processes. These include wet ink signature power of attorney requirements and redundant paper based annual NAFTA certification processes. Moving to a modern day electronic process will improve efficiency for Canadian traders and for CBSA.

Recommendations:

- Creating a more efficient process for CBSA, Canadian importers, courier companies and customs brokers by allowing an electronic signature for power of attorney (POA).
- Moving to an electronic, audit-based process for all shipments, not just those valued at under \$2500.00 CAD.
- The extension of the NAFTA certification period from one year to five years.