

FREQUENTLY ASKED QUESTIONS

ADVANCE CARGO REPORTING – MARINE & the 24-HOUR RULE

Canada Border Services Agency (CBSA) formerly Canada Customs and Revenue Agency, has received numerous questions concerning the advance cargo reporting requirements for marine and the administration of the 24-hour rule. The following document provides answers for the most frequently asked questions. This document is designed to assist our clients in understanding the new requirements that come into effect on April 19, 2004.

The questions and answers are grouped into four sections: General, Conversion / Cut-Over, Carrier and Freight Forwarder. As this document will be updated on a regular basis we recommend you regularly log on to the Advance Commercial Information website for new questions and answers

Note: Some of the questions and answers in this document are similar to those found on the United States Customs and Border Protection (CBP) website in their document entitled Frequently Asked Questions on the 24-hour Rule. That is because Canada and the U.S. have harmonized their processes to the maximum extent possible.

GENERAL

Q 1. How can I get my advance cargo data electronically to Canada Customs?

A 1. There are currently five Electronic Data Interchange (EDI) options for clients to transmit to Canada Customs' host system. Below is a brief description of each.

Third Party Service Provider: There are several third party service providers who have expressed their plans to test and transmit ACI data to Canada Customs, using a variety of different communication modes. A list of these service providers is available on request from the Electronic Commerce Unit (ECU).

VAN (Value Added Network): A VAN is a public EDI network which provides an opportunity to exchange EDI transactions with a large number of trading partners using a single communication interface. VANs generally offer a wide range of EDI services. A list of VANs is available on request from the ECU.

Customs Internet Gateway (CIG): Canada Customs developed the CIG to provide clients a method to transmit and receive data over the Internet. Canada Customs adopted a Public Key Infrastructure (PKI) to provide for the security and integrity of the data. Clients are required to purchase the Entrust software for encryption and decryption and to develop or purchase the protocol software to connect to the CIG. Clients would need to transmit the data from a Canadian office as the certificate is only assigned to a device residing in Canada.

Direct Connect to Canada Customs: The Direct Connect is a more expensive alternative (approximately \$45K in set-up costs and \$15K in annual costs), but provides clients with a direct connection to Canada Customs.

CADEX Communication Line: A CADEX line consists of a point-to-point connection (3770 SNA/RJE protocol) between the host program at Canada Customs and the remote device on the client's side. For information on acquiring a CADEX communication line, please contact the Electronic Commerce Unit.

Please note: Canada Customs does not endorse any particular service and its responsibility is limited to making this information available to clients. Any decision on transmission services is the client's and any agreement to purchase is strictly between the vendor and the client. Before submitting an application for EDI services, the client is to ensure that the transmission option chosen is available for the Customs application they wish to use. The client is responsible for all transmission costs to Canada Customs.

The Electronic Commerce Unit can be contacted by telephone at 1-888-957-7224, for callers from within Canada and the United States. Otherwise, please call 1-613-954-6353. Service will be provided in English and French during normal business hours.

Q 2. When will the test environment be available to start testing the changes with Canada Customs?

A 2. The test environment will be available on or before February 23, 2004.

Q 3. What if my system is not ready to begin transmitting data on April 19, 2004?

A 3. The Canada Border Services Agency is committed to implementing ACI and the 24-Hour Rule. Every effort is being made to ensure that our systems are ready and external testing processes are initiated in a timely manner. It is our clear intention to proceed with implementation on April 19, 2004. The external client testing process is anticipated to be available on or before February 23, 2004. Clients located in Canada or the United States should contact the Electronic Commerce Unit (ECU) at 1-888-957-7224 to arrange their testing schedule. For clients outside Canada/U.S. please contact the ECU at 1-613-954-6353. Service will be provided in English and French only.

Clients who fail to provide accurate data electronically in a timely manner will be subject to loading delays in the foreign port and increased examination rates. Clients who believe that they will not be ready to initiate testing by April 1, 2004 should contact a service provider to arrange for transmissions to be conducted on your behalf. In the case of freight forwarders, the option to provide the detailed data to the carrier for direct transmission is also available.

Clients who are testing with the CBSA before April 19, 2004 but are not yet approved will have their readiness status assessed and may be authorized, in special circumstances, to temporarily submit paper cargo and supplementary reports to the CBSA in the required timeframes. Details regarding presentation procedures and processes will be established with the individual clients as required.

Q 4. What Administrative Monetary Penalty System (AMPS) provisions have been developed for ACI? Under what circumstances will penalties or sanctions be assessed? Will penalties be applied against carriers or freight forwarders?

A 4. No specific AMPS have been created for the initial implementation of ACI. Instead clients who fail to provide accurate data electronically in a timely manner will be subject to loading delays in the foreign port and increased examination rates. In extreme circumstances, vessels may be refused entry to a Canadian port or containers could be refused authorization for unloading in a Canadian port. In addition, freight forwarders who fail to provide accurate data electronically in a timely manner will lose their direct transmission privileges and be required to provide detail data to the carrier.

Existing AMPS related to the Report of Goods and Conveyances and Transportation will continue to be applicable. Eventually, new AMPS provisions will be introduced. In the case of the 24-hour rule for marine these AMPS will only be applicable to carriers. However, it must be emphasized that carriers will not be assigned penalties where they exercise due diligence to ensure accurate data is provided in a timely manner but are misinformed by shippers or freight forwarders.

We will also be initiating changes to legislation to require Canadian freight forwarders to provide secondary data and importers to provide key import data in advance of arrival. In the case of the marine mode, we expect to require this data 24-hours prior to arrival in Canada.

Q 5. What constitutes a detailed commodity description?

A 5. A detailed commodity description is a description of an item that is clear and concise. The description should be in plain language and detailed enough to allow Canada Customs to identify the size, shape and characteristics of the commodity. Only the commodity description should be included in this field of the EDI transmission. Superfluous information, not relevant to the commodity description i.e., type of packaging, carrier disclaimers, etc., should not be transmitted in the commodity description field.

The following descriptions are not acceptable and may result in "Hold for Examination" or "Hold for More Information" notices. Unacceptable descriptions include: freight of all kinds (FAK); said to contain (STC); shippers load stow and count (SLAC); general merchandise and other similar vague descriptions. A less detailed description will be accepted from the marine carrier if the complete and accurate description is being provided in a supplementary cargo report from the freight forwarder.

The following list, provided by U.S. CBP, is a guide to acceptable and unacceptable descriptions. This list is not exhaustive and will continue to expand as acceptable descriptions are further refined.

Not Acceptable	Acceptable
Apparel Wearing Apparel Ladies' Apparel Men's Apparel	Clothing Shoes Footwear Jewelry (may include watches)
Appliances	Kitchen Appliances Industrial Appliances Heat Pump
Autoparts Parts	New Autoparts Used Autoparts
Caps	Baseball Caps Blasting Caps Bottle Caps Hub Caps
Chemicals, hazardous Chemicals, non-hazardous	Actual Chemical Name (not brand name) Or U.N. HAZMAT Code Identifier #
Electronic Goods Electronics	Computers Consumer Electronics, Telephones Electronic Toys (can include Gameboys, Game Cubes, Dancing Elmo Doll etc.) Personal/Household Electronics (i.e. PDA's, VCR's, TV's)
Equipment	Industrial Equipment, Oil Well Equipment, Automotive Equipment, Poultry Equipment, etc.
Flooring	Wood Flooring, Plastic Flooring, Carpet, Ceramic Tile, Marble Flooring
Foodstuffs	Oranges Fish Packaged Rice, Packaged Grain, Bulk Grain
Iron	Iron Pipes, Steel Pipes
Steel	Iron Building Material, Steel Building Material
Leather Articles	Saddles Leather Handbags Leather Jackets, Shoes
Machinery	Metal Working Machinery

	Cigarette Making Machinery
Machines	Sewing Machines Printing Machines
Pipes	Plastic Pipes PVC Pipes Steel Pipes Copper Pipes
Plastic Goods	Plastic Kitchenware, Plastic Houseware, Industrial Plastics Toys, New/Used Auto Parts
Polyurethane	Polyurethane Threads Polyurethane Medical Gloves
	Personal Effects Household Goods
Rubber Articles	Rubber Hoses Tires Toys Rubber Conveyor Belts
Rods	Welding Rods Rebar Aluminum Rods Reactor Rods
Scrap	Plastic Scrap Aluminum Scrap Iron Scrap
STC (Said to Contain) General Cargo FAK (Freight of All Kinds) "No Description"	
Tiles	Ceramic Tiles Marble Tiles
Tools	Hand Tools Power Tools Industrial Tools
Wires	Electric Wires Auto Harness Coiled Wire (Industrial)

Q 6. When are changes/corrections to the cargo, supplementary and conveyance reports to be transmitted?

A 6. Changes/corrections are to be transmitted to CBSA as soon as they are known. Electronic changes/corrections to primary and supplementary cargo reports will be accepted up to the point of release or acquittal. Requests for changes/corrections after release must be requested at the local Customs office. Corrections to the A6 conveyance report must be provided electronically prior to the arrival of the vessel in Canada.

Q 7. Are there any data elements that, if changed prior to loading, would not restart the 24-hour clock?

A 7. All changes prior to loading will re-start the 24-hour clock.

Q 8. How far in advance of loading can marine carriers and freight forwarders transmit primary and supplementary cargo reports?

A 8. The carrier report and all supplementary reports must always be transmitted at least 24-hours prior to loading of the goods but can be transmitted as early as the information is available. Carriers must ensure that there is sufficient time for freight forwarders to transmit their data 24-hours in advance of loading. When a supplementary report is applicable, the Estimated Date and Time of Loading (EDTL) is mandatory. The CBSA will complete the risk assessment process and notify the carrier of any Holds by the EDTL.

If a supplementary report is not applicable the EDTL is not mandatory. The CBSA will guarantee that the risk assessment process will be completed within 24-hours of transmission.

Q 9. When can a container be loaded if a "HOLD" notice is received?

A 9. A container may only be loaded after the carrier receives a "HOLD REMOVAL" notice.

Q 10. Do we need to complete an application and a Memorandum of Understanding (MOU) if we are using the services of a Service Provider?

A 10. Yes. Canada Border Services Agency (CBSA) requires an application and MOU on file for each client. If your Service Provider has a CBSA approved form which details the clients' business information, such as, contact and address information; carrier or freight forwarder code; methods of transmission and the type of maps your provider will use, the CBSA will accept this in place of the application and MOU.

Q 11. Will the Canada Border Services Agency (CBSA) make public a list of Service Providers who will transmit cargo and conveyance reports?

A 11. A list of potential service providers, who have expressed an interest in becoming software/service providers for Advance Commercial Information (ACI), is available by contacting the Electronic Commerce Unit (ECU). Their telephone number is 1-888-957-7224.

Q 12. For business and financial reasons "To Order" appears on the cargo report when there is no consignee. How are "To Order" shipments to be reported?

A 12. The Canada Border Services Agency (CBSA) acknowledges that "To Order" in the consignee field is a common business practice. However, the CBSA requires the name and address of the cargo's owner or owner's representative in the consignee field. In addition, when the "To Order" cargo is an importation, the address to where the cargo is being delivered in Canada, must be reported in the Delivery Address fields. To help clarify our requirements the following examples illustrate what information is to be transmitted in what fields.

Example 1: "To Order of Shipper"

The shipper's name and address, as reported in the shipper's name and address fields, would be repeated in the consignee name and address fields. The delivery address would provide the Canadian address, where by contract, the shipment is to be delivered.

Example 2: "To Order of a Bank on behalf of"

The consignee's name and address would be the complete name and address of the bank as the owner or owner's representative. The ultimate consignee's name and address, if known, would be reported in the Notify Party fields. The delivery address would provide the Canadian address, where by contract, the shipment would be delivered.

NOTE: For in-transit and FROB shipments the reporting requirements for the consignee field are the same. The delivery address would be in the U.S. or the country to where the goods are destined.

Q 13. How does the Canada Border Service Agency (CBSA) define shipper?

A 13. In the Participants Requirements Documents (PRDs) shipper (consignor) is defined as: "Name of party which, by contract with a carrier, consigns or sends goods with the carrier, or has them conveyed by the carrier." The CBSA interprets shipper to mean the party who actually has possession of the goods when they start their journey to Canada. In circumstances where the shipper is a freight forwarder, the CBSA expects that the original shipper(s) will be provided on the supplementary cargo report(s). This shipper is the party who actually has possession of the goods when they start their journey to Canada.

Q 14. Will the Canada Border Services Agency (CBSA) delay implementation of Advance Commercial Information (ACI) and the 24-hour rule until negotiations with foreign agencies are finalized?

A 14. The CBSA will implement advance electronic cargo and conveyance reporting and the 24-hour rule, in the marine mode, effective April 19, 2004, even if agreements have not been reached with foreign agencies. The process will be essentially the same as the U.S. approach for non-CSI ports.

CONVERSION / CUTOVER

Q 1. What are the conversion/cut-over plans for ACI implementation?

A 1. Effective **Saturday April 17, 2004, at 11:30 p.m. EST** - Current EDI format marine transmissions will no longer be accepted. Current EDI Carriers should transmit data for as many of their current transactions as possible prior to this cut-off point. We will not maintain parallel EDI systems.

Effective **Monday April 19, 2004, at 00:01 a.m. EST** - New EDI format transmissions will be accepted. Corrections to old format EDI transmissions will be accepted provided the new format is used for the correction.

Effective **Wednesday April 21, 2004, at 07:00 a.m. EST** - Data for all containerized and non-authorized break bulk shipments that will be loaded in the foreign port on or after April 21 at 7:00 a.m. EST must be reported in the new EDI format, at least 24 hours prior to loading. This includes any applicable supplementary reports from freight forwarders. Data for all bulk and authorized break bulk shipments that will arrive in Canada on or after April 21 at 7:00 a.m. EST must be reported in the new EDI format at least 24 hours prior to arrival at the first port of call or discharge in Canada.

Note that we are asking carriers to provide us with electronic transmissions in the new format for all shipments that are destined for Canada as of April 18, 2004 even though they are not subject to the 24-hour rule. Shipments for which an electronic transmission is provided on or after April 19, 2004 will no longer automatically require the submission of paper bills of lading (although they may be requested for shipments loaded prior to April 21 at 7:00 a.m. EST). Paper bills of lading, A6 and A6A reports will be required in accordance with today's timeframes for all shipments that are loaded prior to April 21 at 7:00 a.m. EST if an electronic transmission is not provided.

Finally, the conversion process will be facilitated if carriers include the EDTL for any shipments that are loaded prior to April 21 at 7:00 a.m. EST even if there is no supplementary report.

CARRIER

Q 1. What are the reporting requirements for multiple Canadian Ports of Discharge? For example, a vessel calls into the Port of Montreal where it discharges cargo then proceeds to Hamilton to discharge cargo and on to Sault Ste. Marie where more cargo is discharged.

A 1. Marine carriers will transmit all cargo reports and the conveyance report electronically in accordance with the advance reporting timeframes. The individual cargo reports will reflect the appropriate Canadian Port of Discharge, i.e., Montreal, Hamilton or Sault Ste. Marie. Upon arrival in Montreal there are no additional reporting requirements. On departure from Montreal, the marine carrier will present a paper A6 outward conveyance report. A paper A6 inward conveyance report will be presented in Hamilton along with duplicate paper A6A cargo reports for the cargo to be discharged in Hamilton. On departure from Hamilton a paper A6 outward conveyance report will be presented. The paper process will be repeated at the Port of Sault Ste. Marie, i.e., paper A6 inward report and paper A6A cargo reports for the cargo being discharged.

The requirement for duplicate cargo reporting on paper for the subsequent Canadian Ports of Discharge is an interim process and will be eliminated in a future phase of ACI.

Q 2. What are the advance reporting timeframes for mixed cargo, i.e., bulk goods in the cargo hold and containers on deck?

A 2. In the case of mixed cargo, the containerized cargo will be reported 24-hours prior to loading at the foreign port. The bulk cargo must be reported at least 24-hours prior to arrival at the first Canadian Port of Call and/or Discharge. The conveyance report must be transmitted within 24-hours of departure of the vessel from the last foreign port of loading.

Q 3. What are the advance reporting requirements for cargo loaded in the United States?

A 3. U.S. loaded cargo, including Puerto Rico, is not subject to advance electronic reporting timeframes. Marine carriers may continue to report U.S. loaded cargo using paper cargo reports in the same manner as today. Advance reporting requirements for marine cargo loaded in the U.S. will be implemented in a future phase of Advance Commercial Information.

Q 4. How will the marine carrier know that supplementary cargo reports are required?

A 4. As a general rule, containers consigned to a freight forwarder require at least one supplementary report. The marine carrier must be satisfied that the freight forwarder will provide detailed data in a supplementary report in the required timeframes. In such cases the carrier must provide the freight forwarder with the Cargo Control Number (CCN). Otherwise the carrier must obtain the details of the shipment, e.g., actual shipper, ultimate consignee, etc., from the freight forwarder. It is the responsibility of the marine carrier to indicate on their cargo report that a supplementary report is applicable. When a supplementary report is required the marine carrier must transmit the Estimated Date and Time of Loading. Note times must be shown as Eastern Standard Time (EST).

Q 5. How will the marine carrier know it is OK to load the container?

A 5. Canada Customs will not issue OK to load messages. The marine carrier will assume the cargo is OK to load if Canada Customs has not issued a "HOLD" notice within 24-hours of successful data transmission of the cargo report. If a supplementary report is applicable, Customs will issue a "HOLD" notice by the Estimated Date and Time of Loading (EDTL).

Q 6. Who creates the Conveyance Report Number (CRN) and why must the CRN be reported on every cargo report?

A 6. The master carrier establishes the Conveyance Report Number. The CRN links all cargo reports to the vessel the cargo is to arrive on. Therefore, the CRN must be reported on all cargo reports of each consortium partner. The master carrier must assign and communicate the CRN to all consortium partners well in advance of the first load port in order that all carrier's, in the consortium partnership, can transmit their cargo reports 24-hours prior to loading.

Q 7. Did the advance reporting timeframes for empty containers and conveyance reports change?

A 7. Based on feedback from the marine carriers the Canada Border Services Agency (CBSA) has **changed** the advance timeframe for reporting conveyances and empty containers **from** "within 24 hours of departure from the last foreign port of loading" **to** "at least 96 hours prior to arrival at the first Canadian Port of Call and/or Discharge". For voyages less than 96 hours, the reports would be required at the time of departure. The requirements for reporting conveyances for bulk goods and authorized break-bulk goods remains 24-hours prior to arrival.

The following chart summarizes the advance timeframes for reporting conveyances and empty containers.

Conveyances for Containerized Cargo	96-hours Prior to Arrival
Conveyances for Non-authorized Break-bulk Cargo	96-hours Prior to Arrival
Conveyances for Authorized Break-bulk Cargo (i.e. application approved)	24-hours Prior to Arrival
Conveyances for Bulk Cargo	24-hours Prior to Arrival
Empty Containers	96-hours Prior to Arrival

FREIGHT FORWARDER

Q 1. Can foreign freight forwarders transmit supplementary cargo reports to CBSA?

A 1. Foreign freight forwarders may transmit supplementary cargo reports to CBSA if they have an 8000 series carrier code and are capable of transmitting data electronically to CBSA either directly or through a service provider. Foreign freight forwarders interested in providing the supplementary cargo data must apply for and obtain a carrier code. The form E369-1 Application to Obtain a Carrier Code (for Foreign Freight Forwarders) is available on our website at http://www.cbsa.gc.ca/menu/AFAF_E-e.html. Foreign freight forwarders are not required to post bond with CBSA if they are only involved in providing electronic data to CBSA. Approved foreign freight forwarders will be issued an 8000 series code, containing an F to identify them as foreign, once they or their service provider has contacted our Electronic Commerce Unit and set up a testing plan.

Q 2. Should foreign freight forwarders, with a Canadian affiliate, apply for an 8000 series code?

A 2. It is a business decision of the freight forwarder whether to apply for an 8000 series code. Some freight forwarders may obtain agreement to use the 8000 series carrier code assigned to the Canadian affiliate to report all supplementary cargo reports from all foreign locations.

Q 3. What is the supplementary reference number? Can this number be the same number used by the freight forwarder to report their deconsolidation reports (secondary house-bills) in Canada?

A 3. Freight Forwarders choosing to transmit their supplementary cargo reports must assign a unique number to each supplementary cargo report, prefixed by their 8000 series carrier code. This unique number must not be the same number used to report the deconsolidation, i.e., secondary house-bill. Note: the supplementary reference number may not be repeated for a period of three years.

Q 4. Can the freight forwarder transmit supplementary cargo reports before the marine carrier transmits the primary cargo report?

A 4. Yes. There are no rules respecting the order in which electronic cargo data is received. For example, the freight forwarder may transmit their supplementary cargo reports before the marine carrier transmits their primary cargo report and vice versa. The reports are linked in the Customs system by the carriers' Cargo Control Number (CCN), which the freight forwarder will quote on their supplementary reports.