



16 June 2017

Peter Hill
Associate Vice President
Canada Border Services Agency
191 Laurier Avenue
Ottawa, ON K1A 0L8

Dear Mr. Hill,

We are writing to express our concern and frustration over the repeated postponement of CBSA's planned stakeholder consultations on the future of the Agency's marine container examination process. Such consultations were originally supposed to occur in the summer of 2016, but have since been delayed on several occasions and now appear to be on hold indefinitely (as per the attached e-mail chain).

We cannot overstate the importance of these consultations, particularly in a context where the Port of Vancouver is constructing a new container examination facility at Deltaport, which is scheduled to open sometime between April and June of next year. Despite this short timeframe, a great deal about the new CEF is still unknown, including who it will be operated by, how much the operator will charge for the exam process, and how the Port will meet its stated goal of recovering the full \$30 million cost of constructing the new facility from stakeholders.

At the same time, it is our understanding that CBSA intends to implement a new examination process once the new facility is open, whereby the majority of LSI exams will be moved off the terminal and conducted at the CEF. Although this will certainly create more work at the CEF, it will also generate a great deal of additional truck traffic (and associated logistical challenges) at what is already Canada's busiest container terminal. Indeed, not only will every container that is tagged for an LSI exam have to undergo four additional moves ((i.e. loading onto the truck for transport to the CEF, unloading off the truck at the CEF, loading onto the truck for transport back to the terminal once the exam has been completed, and unloading off the truck at the terminal), but each of those moves will come with an associated cost that the facility operator will build into the inspection fee schedule.

This last point is especially important, because it illustrates the degree to which CBSA's policy decisions about the container examination process will directly impact the new CEF's operations from a commercial perspective. Indeed, the increased activity that will result from conducting LSI exams at the new CEF will presumably play a significant role in the port's ability to attract an operator for that facility and to negotiate financial terms that are acceptable to both parties. We also assume that the decision to conduct LSI exams at the new CEF will have a positive financial impact on the terminal, which will no longer have to allocate valuable space to CBSA for conducting such exams on the dock. However, these positive impacts must be balanced against the other, less desirable, outcomes that may result from the

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decision to move LSI exams to the new CEF, which include reduced efficiency of the Vancouver gateway from a trade chain perspective, and the creation of an uneven playing field at Deltaport with respect to other terminals, ports and trade routes.

Given these potential impacts, and the fact that the new CEF is expected to be operational in less than a year, we strongly urge CBSA to revisit its decision to cancel its planned stakeholder consultation on the future of marine container exam processes. It is important that stakeholders have an opportunity to discuss these impacts with CBSA **before** any further decisions about the funding and operation of the new CEF are made, and **before the Port of Vancouver issues its request for proposals to operate the new facility this August**. Although an in-person meeting would be the ideal option, a teleconference (or videoconference or webex) would also be acceptable alternatives, especially in view of the need to hold the meeting at the earliest opportunity.

What is of paramount importance from our perspective is not the format of the meeting, but the fact that all of the parties involved have an opportunity to fully discuss the issues at stake. These issues include the need for additional information about the examination process that CBSA will implement at the new CEF, the effect that this process will have on decisions related to the establishment of the new CEF, and the resulting impact of the foregoing on users of the Vancouver gateway and its overall efficiency.

We trust that you will appreciate the urgency of this matter and look forward to your response.

Sincerely,

A handwritten signature in blue ink that reads "Karen Kancens". The signature is written in a cursive, slightly slanted style.

Karen Kancens
Director, Policy and Trade Affairs
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