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Brennen Young
Director
Policy and Strategic Planning
Regulatory Affairs Sector
Treasury Board of Canada Secretariat
90 Elgin Street
Ottawa, ON K1A 0R5

COMMENTS ON TARGETED REGULATORY REVIEWS – ROUND 2

Dear Mr. Young,

We are writing with respect to the regulatory modernization initiative that is being led by the Treasury Board of Canada, and its request for stakeholder comments on round 2 of the targeted regulatory reviews that began in 2018. Our comments are provided from the perspective of the ocean shipping sector - specifically the owners, operators and agents of foreign-flagged, deep sea ships which carry Canada's exports and imports to and from world markets. Our members represent over 200 shipping companies whose ships make thousands of voyages between Canadian ports and international markets every year, carrying hundreds of millions of tonnes of cargo, ranging from dry bulk commodities such as grain and coal – to liquid bulks such as crude oil and oil products – to containerized consumer and manufactured goods.

We are particularly interested in the current review's focus on how digitalization and the application of international standards could simplify the regulatory process and reduce the related administrative burden for our industry, and how this could increase our sector's competitiveness and contribute to the development of a more efficient Canadian supply chain overall.

Role of International Conventions in Regulating Ocean Shipping

Before elaborating on the above, we wish to stress that the deep sea shipping industry is already strictly regulated through a framework of conventions developed by the International Maritime Organization (IMO), which cover every facet of shipping activity - from safety to security to environmental protection to maritime labour standards - and help ensure a stringent yet predictable regulatory environment for ocean ships regardless of where in the world they trade. As a founding member of the IMO, Canada has a strong record of contributing to the development of international maritime conventions and applying and implementing their provisions through national legislation and regulation.

The above being said, one crucial area in which Canada has NOT kept pace with the IMO framework lies in the facilitation of international maritime trade, which is aimed at ensuring more efficient management of maritime borders through the modernization and standardization of the documentary and reporting processes associated with the arrival, stay and departure of ships engaged in international voyages.

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Although Canada is a long-time signatory to the IMO convention that deals with trade facilitation and border management (the *Convention on the Facilitation of International Maritime Traffic, 1965* – more commonly referred to as the *FAL Convention*), it has not consistently implemented either its standards or recommended practices. Not only does this place Canada out of step with many of its international trading partners, it also represents a missed opportunity to reduce the regulatory burden that ships carrying Canada's exports and imports currently face when calling Canadian ports, and to thereby introduce greater efficiency into the transportation supply chain overall.

The key elements of the *FAL Convention* that we wish to bring to the Treasury Board's attention are contained in section 1(c) of the Convention's annex, which sets out the steps that public authorities should take to establish systems for the electronic exchange of information related to maritime traffic, and recommends that member states develop a "maritime single window," by means of which all the information required by public authorities in connection with the arrival, stay and departure of ships, persons and cargo would be submitted through a single portal without duplication. These concepts, which are already in various stages of development by a number of countries, including those of the European Union, offer tremendous potential to facilitate the movement of ships and cargo by enabling carriers to electronically submit individual data elements only once, and making that data available to the various public authorities and agencies that require such information based on their individual requirements.

Current Regulatory Reporting Requirements and Supply Chain Impacts

We strongly believe that the implementation of these concepts in Canada (i.e. transition to a fully electronic reporting capability supported by a single window platform) would significantly reduce the impact of the reporting requirements that ships carrying Canada's imports and exports face when crossing the maritime border and calling at Canadian ports. These ships have a regulatory obligation to provide cargo, conveyance and crew / passenger information and documentation to a number of government authorities upon entry into Canadian waters, including the Canada Border Services Agency, Transport Canada, and the Canadian Coast Guard, among a host of others. In order to comply with these requirements, carriers must submit multiple transmissions to multiple authorities for any given voyage, often providing the same data elements and documentation over and over again. In addition, the manner in which this information must be submitted varies among (and sometimes even within) the government authorities involved, which leads to a multiplicity of disparate reporting methods and platforms that have no ability to communicate with one another.¹

From a marine carrier perspective, this unnecessarily complex patchwork of reporting requirements presents numerous opportunities for error and delay – all of which serve as impediments to the efficient operation of the supply chain serving Canada's importers and exporters – and all of which are antithetical to the trade facilitation objectives of the *FAL Convention*. Given the key role that supply chain efficiency plays in a country's overall competitiveness, the World Bank publishes a biennial "Logistics Performance Index," which ranks the world's trading nations based on the performance of the various elements of their logistics system. According to the most recent edition of that report (published in 2018), Canada has fallen from 12th place in 2014 to 20th place today. Moreover, of the six indicators the report uses to assess performance, Canada's lowest score was for the efficiency of its border management processes. There is clearly work to be done to improve the performance of Canada's logistics and border

¹ Reporting requirements for ocean-going vessels entering and exiting Canadian waters are set out in a number of different regulations that are enforced by various departments and agencies. Key regulations in this respect are the *Reporting of Imported Goods Regulations*, the *Reporting of Exported Goods Regulations*, the *Reporting of Goods Regulations*, the *Transportation Information Regulations*, the *Marine Transportation Security Regulations*, the *Port Authorities Operations Regulations*, the *Transportation of Dangerous Goods Regulations*, the *Vessel Traffic Service Zones Regulations*, and the *Immigration and Refugee Protection Regulations*. Please note that this list is not exhaustive and does not include reporting requirements that are imposed in particular circumstances (rather than as a matter of course).

management system, and we strongly believe that simplifying and streamlining vessel reporting requirements through the development of a maritime single window in Canada represents a key means towards that end.

Implementation of Maritime Single Window in Canada

Introducing a maritime single window platform in Canada would not only require amendments to the myriad of marine carrier reporting requirements (and methods) that are currently prescribed by the various departments and agencies that play a role in regulating shipping activity, but also a wider commitment among these authorities to harmonize and increase the interoperability of the data systems that each of them operates individually. Although this is a major undertaking, we believe that the *FAL Convention* serves as a very useful “roadmap” in this respect, by setting out a series of technical and operational standards for moving to a streamlined and digitized reporting environment, while also providing more general principles and guidance for member states to consider throughout this process.²

A particularly instructive example with respect to the latter can be found in section 2(b)(1.7) of the Convention’s annex, which recommends that the transition to a modernized electronic reporting environment be based on the following key considerations:

When planning for, introducing or modifying systems for the electronic exchange of information for clearance purposes, public authorities should:

- a) Afford all interested parties, from the outset, the opportunity for consultation;*
- b) Evaluate existing procedures and eliminate those which are unnecessary;*
- c) Determine those procedures which are to be computerized;*
- d) Use United Nations (UN) Recommendations, WCO Information packages and relevant ISO Standards to the maximum extent practicable;*
- e) Adapt these systems for multimodal applications*
- f) Take appropriate steps to minimize the cost of implementing these systems to operators and other private parties; and*
- g) Give attention to the desirability of obtaining compatibility with other relevant information systems*

We strongly support this list of principles – particularly those related to stakeholder consultation, elimination of unnecessary procedures, consistency with international standards, interoperability of systems, and a disciplined approach to costs – and believe that they provide an excellent framework for guiding the transition to an electronic, single window approach to managing maritime reporting and the related border processes.

The *FAL Convention* also recommends (in section 7(d) of the Annex) that member states establish a national facilitation committee – composed of the various government departments and agencies that regulate international shipping activity, as well as other relevant stakeholders such as port authorities, port facilities, terminals and shipowners – to lead the development and implementation of measures to facilitate the movement of international maritime traffic across their borders. We believe that the creation of such a committee in Canada (which would be co-chaired by Transport Canada and CBSA - in recognition of their role as the two government authorities with the highest level of involvement in

² Key elements of the [FAL Convention](#) “roadmap” for streamlining and modernizing vessel reporting processes can be found in Section 2 (arrival, stay and departure of the ship), Section 3 (arrival and departure of persons), and Section 5 (arrival, stay and departure of cargo and other articles) - all of which cover the documents and related data elements that should be required in relation to either the ship, its cargo or the persons on board, as well as the procedures that public authorities may take to verify compliance.

shipping and border management activities) would provide a solid and much-needed foundation from which to begin moving towards a single window environment from a Canadian perspective.

Conclusion

As previously noted, the implementation of a maritime single window capability in Canada is a major undertaking that will require a great deal of collaboration, skill and effort from a range of government departments and agencies, as well as other stakeholders. The fact that Canada has long had a “silo” approach to managing vessel reporting requirements with limited (if any) sharing of information between departments and agencies will certainly not make transition to a new system any easier, nor will the institutional resistance to change that has characterized the vast majority of discussions on this issue in the past. That being said, we cannot overstate the impact that marine border processes have on the efficiency of the supply chain overall and on the resulting ability of Canada’s exporters and importers to be competitive in world markets. Such efficiency is particularly important for a country such as Canada, which relies almost exclusively on foreign-flagged, deep sea ships to carry goods to and from overseas markets and for which trade expansion and trade diversification are major policy objectives for the future.

We believe that the current regulatory modernization initiative, and its focus on how digitalization and the application of international standards can reduce regulatory burdens and improve competitiveness, provides the ideal opportunity for moving forward with the implementation of the maritime single window concept in Canada. It is worth noting that the Standing Committee on Transport, Infrastructure and Communities also expressed support for this concept in a recent report to Parliament, in which it recommended that the government “study the introduction of a single window approach to gather all of the information required by the Canadian authorities regarding the arrival and departure of ships in Canadian waters.”³ It is also worth noting that in its official response to the Standing Committee’s report, the government expressed agreement in principle on the need for further study of the single window approach in Canada, and noted that any future effort to introduce such a concept must reflect international practices and be done in cooperation with the various government agencies that are responsible for ships and trade, as well as other stakeholders.⁴

All illustrated by the above, the time is clearly right to give serious consideration to the potential benefits of moving to a maritime single window environment in Canada, and we urge the Treasury Board to prioritize this as an action item on its regulatory modernization agenda.

We appreciate the opportunity to provide our views on this matter and would be pleased to provide any additional information as required.

Sincerely,



Karen Kancens
Vice President
SHIPPING FEDERATION OF CANADA

³ [Interim Report](#) on Establishing a Transportation and Logistics Strategy (page 8, recommendation 17), published February 2019

⁴ [Government response](#) to the 27th Report of the Standing Committee on Transport, Infrastructure and Communities (page 13, Theme 5 - Border Fluidity and Entry into Canadian Waters), presented to the House of Commons on June 11, 2019