



Frontier Duty Free Association Operators Semi-Annual Meeting

Etobicoke, Canada

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Darryl Larson

A/Director General

Trade and Anti-dumping Programs Directorate





Introduction

- Thank you for inviting the Canada Border Services Agency (CBSA) to present to the Frontier Duty Free Association.
- Darryl Larson, Acting Director General of the Trade and Anti-dumping Programs Directorate (TAPD).



Points of Discussion

- CBSA Organizational Structure
- Administrative Updates
 - B117 Reporting
 - CBSA Audits
 - DFS Bonds
 - Consistency of DFS Information
- Duty Free Shop Policy Review
- Update on Regulatory Changes
- FDFA/CBSA Bi-Annual Meetings
- Questions



CBSA Organizational Structure

- The CBSA welcomed a new President, John Ossowski on December 7, 2016
- Kristina (Tina) Namiesniowski remains the Executive Vice-President.
- Martin Bolduc, continues in his role as Vice-President of Programs Branch.
- Brent McRoberts, former Director General (DG) of the Trade and Anti-dumping Directorate left the CBSA to take on a new role as the DG of Operational Planning and Performance with Immigration, Refugees and Citizenship Canada.



CBSA Organizational Structure

- Darryl Larson became the acting DG of Trade and Anti-dumping Programs Directorate on March 20, 2017.
- Antoine Parker remains the Director of the Anti-dumping and Countervailing, Industrial Products, Assessment and Licensing Division and is a main point of contact for the Duty Free Shop (DFS) Program.
- Shawn Riel continues as the manager of the Assessment and Licensing Unit (ALU) responsible for the DFS Program.
- No further organizational changes are anticipated.



Administrative Updates

B117, *Duty Free Shop Summary of Monthly Sales*

- Sales figures were used to calculate DFS licence fees but are no longer required by the DFS Program since the fees were eliminated.
- The *Privacy Act* only allows for the collection of personal information when directly required in the delivery of a program or activity.
- The FDFA raised concerns regarding the Agency's elimination of the consolidation and dissemination of sales statistics.
- The CBSA conducted a holistic review in order to determine if this information was still required in the delivery of the DFS Program.



Administrative Updates

CBSA DFS Verifications

- National DFS inspection procedures have been developed to promote consistency in both how these inspections are conducted and at what frequency.
- These inspection procedures were implemented on May 1, 2017.
- ALU will provide oversight to ensure proper application of these inspection procedures over the 2017-2018 fiscal year.



Administrative Updates

DFS Bonds

- DFS operators are liable for all duties and taxes on goods unless the goods have been sold, are still in the DFS inventory, destroyed, moved to another DFS or bonded warehouse or directly exported.
- CBSA policy sets security at 25% of the highest total value of inventory for the previous year. This percentage was derived from a modelling exercise intended to achieve 100% security of the duties and taxes of the goods held in inventory.
- This methodology contains a weighted calculation for both imported and domestic goods.
- CBSA is receptive to reexamining this methodology recognizing that the requirement is to cover 100% of the duties and taxes.



Administrative Updates

Consistency of DFS Information

- CBSA has been made aware of inconsistencies in processing of certain DFS documents.
- For example, the submission of B116s via email has been identified as an issue.
- The CBSA is in contact with our colleagues in regional operations to maintain consistent program delivery.



Duty Free Shop Policy Review

- Recent events and past situations have demonstrated that the relationship between land owners and DFS operators can present challenges for all parties involved.
- As a result, the CBSA is reviewing current DFS Program policy, Departmental Memorandum D4-3-2, *Duty Free Shop – Licensing*, to ensure alignment with the regulatory provisions and to clearly communicate the CBSA's role in the licensing of DFSs.



Duty Free Shop Policy Review

- The ALU has begun internal consultations, and is working to develop a draft policy.
- The CBSA is committed to consulting with the FDFA and industry stakeholders before finalizing and publishing a revised policy.



Update on Regulatory Changes

- The regulatory changes announced in Customs Notice CN14-031 have been submitted to the Treasury Board of Canada Secretariat (TBS).
- The Regulatory Affairs Unit in CBSA is now working with TBS to address their remaining questions in order to advance these regulatory amendments.



FDFA / CBSA Bi-Annual Meetings

- The CBSA has been informed of the FDFA's interest in holding regular meetings with the Agency and to proactively address important topics.
- The Agency is open to further discussion on this.



Questions?