



Ottawa, October 2, 2009

MEMORANDUM D3-3-1

In Brief

FORWARDED AND CONSOLIDATED CARGO – IMPORT MOVEMENTS

1. Paragraph 9, Freight Forwarder Carrier/Identifier Codes & Security Requirements of Memorandum D3-3-1, dated September 9, 2008, was revised as the security amount required to transact bonded freight forwarder operations is not specified and unavailable in Memorandum D3-1-1, dated September 16, 2008. The paragraph was also revised to incorporate physical location requirements to transact bonded freight forwarder operations.
2. Only replace **page 1-2** of current Memorandum D3-3-1.





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FORWARDED AND CONSOLIDATED CARGO – IMPORT MOVEMENTS

This memorandum outlines and explains specific Canada Border Services Agency (CBSA) requirements and procedures for secondary reporting and control of in-bond cargo deconsolidated in Canada by deconsolidators and by bonded freight forwarders. Memorandum D3-1-1, *Policy Respecting the Importation and Transportation of Goods*, should be referred to for the general CBSA requirements and administrative policies that apply to all modes of transport.

GUIDELINES AND GENERAL INFORMATION

Definitions

1. From a CBSA standpoint, a **consolidation** exists when a number of shipments are grouped together by a carrier, consolidator or freight forwarder and shipped to the carrier, an agent or a freight forwarder as one shipment and reported to the CBSA on one cargo control document (CCD) and under one cargo control number (CCN).
2. A **deconsolidation** exists when a consolidated shipment is divided into individual shipments consigned to individual consignees and reported to the CBSA on individual cargo control documents known as supplementary reports.
3. For purposes of this memorandum, the term “**freight forwarder**” includes deconsolidators and pool car operators. A “bonded freight forwarder” is defined as an agent who arranges for the transportation of goods, and who may provide other services such as grouping and consolidating shipments, destuffing containers, Customs brokerage and warehousing. Freight forwarders do not transport goods into Canada; but, if in possession of a valid bonded CBSA freight forwarder carrier/identifier code, may transport in-bond goods from point to point within Canada. Bonded freight forwarders provide secondary cargo reports to the CBSA and provide control of in-bond goods.
4. For the purposes of this memorandum, a “**non-bonded freight forwarder**” is defined as a freight forwarder who only transmits electronic Advance Commercial Information (ACI) supplementary reports.
5. For the purposes of this memorandum, a **supplementary cargo report** is defined as a set of data elements transmitted by a carrier or freight forwarder client

to complete an electronic Advance Commercial Information (ACI) cargo report. Data elements include detailed cargo information that is not available on the original cargo report (i.e. ultimate consignee, precise description, & shipper info).

6. For the purposes of this memorandum, a **secondary cargo control document** is defined as a cargo control document that is submitted to the CBSA by a carrier, freight forwarder or importer in order to acquit the primary cargo control document. An example of a secondary cargo control document is remanifest, house bill or abstract.

Freight Forwarder Carrier/Identifier Codes & Security Requirements

7. All freight forwarders, carriers or other parties authorized to report commercial goods to the CBSA electronically or on an approved cargo control document must have a CBSA issued carrier or identifier code. This code is used as the first four digits/characters of the cargo control number on electronic ACI supplementary reports and on secondary cargo control documents.
8. All approved freight forwarders are assigned a four character identifier code beginning with an 8 (also known as an 8000 series identifier).
9. Freight forwarders must be bonded in order to move or transport in-bond goods from one point in Canada to another point(s) in Canada or from arrival warehouses to CW type warehouses. No international movement or transportation of goods is allowed under a bonded freight forwarder carrier code. To apply to conduct bonded freight forwarder operations, an *Application to Transact Bonded Carrier and Forwarding Operations*, Form E370 must be completed as found on the CBSA Web site – www.cbsa.gc.ca. The application must be accompanied by security in the amount of \$25,000. For more information on posting security for transacting bonded operations, please refer to Memorandum D1-7-1. Please note: Only freight forwarders physically located in Canada are eligible to apply for a bonded freight forwarder carrier code.
10. Non-bonded freight forwarders are not allowed the privileges outlined in this memorandum. A non-bonded freight forwarder that is in possession of a valid non-bonded CBSA freight forwarder carrier/identifier code is only allowed to transmit electronic ACI supplementary.
11. Companies seeking to become both primary carriers and freight forwarders should have separate and distinct operating names. A separate application form with the

appropriate amount of security must be filed for each operation seeking a CBSA carrier or identifier code. For additional application information, please see Memorandum D3-1-1.

Cargo Control Documentation Requirements (Upon Arrival)

12. Cargo shipments deconsolidated in Canada must be documented on an approved cargo control document. Each individual shipment must be documented on a separate cargo control document with all mandatory fields fully and properly completed as outlined in the appendices of Memorandum D3-1-1.

13. Bonded freight forwarders may use the standard *CBSA Cargo Control Document*, Form A8A(B). The bonded freight forwarder may have cargo control documents privately printed in a format acceptable to the CBSA. Cargo control document specifications for privately printed documents as well as completion requirements for Form A8A(B) are outlined in the appendices of Memorandum D3-1-1.

14. Freight forwarders who have their cargo control documents privately printed will be required to have the cargo control number in bar code format, unless exempted from this requirement by the CBSA. The cargo control number must not be duplicated for a three-year period. Bar code specifications for the cargo control numbers are found in the appendices of Memorandum D3-1-1.

15. Deconsolidators who are not bonded are not permitted to deconsolidate goods until after the goods have been released by the CBSA. However, deconsolidators who intend to deconsolidate goods after CBSA release must report those shipments to the CBSA on *Customs Cargo Control Abstract*, Form A10. A separate cargo control abstract, Form A10 must be prepared for each portion of the initial consolidation requiring separate acquittal and the total quantity of the A10's must account for the entire quantity as shown on the carrier's cargo control document. All forms must be numbered in accordance with the abstract numbering system. Further details on abstract cargo control documents can be found in Memorandum D3-1-1.

16. Freight forwarders operating under the post audit system who are consolidating shipments at more than one location in the foreign country for furtherance to Canada must ensure that their cargo control numbers are non-duplicating and are assigned from an accountable series bearing a distinct prefix to identify each location in the foreign country.

Cargo Reporting and Control Procedures (Upon arrival)

17. Since freight forwarders do not transport goods into Canada, the primary carrier must show the freight forwarder

as the consignee on the electronic ACI cargo report and on the cargo control document presented at time of arrival.

18. The primary carrier, on arrival at the authorized destination, will provide the bonded freight forwarder with the long room and customs delivery authority copies of the primary cargo control document as advice of arrival. Upon receipt of these copies, the bonded freight forwarder must provide the CBSA with a detailed breakdown of the grouping or consolidation into separate shipments by presenting a secondary cargo control document for each shipment.

19. Bonded freight forwarders must present the mail and station copies of the secondary cargo control document(s) along with the long room and customs delivery authority copies of the primary cargo document to the CBSA in order to acquit the primary carrier's cargo report, prior to, or at the same time as, the distribution of the notices of arrival to the consignees. The long room and customs delivery authority copies of the primary cargo control document must be presented to the CBSA at the same time as the mail and station copies of all the secondary cargo control documents associated with that primary cargo control document.

20. After the secondary cargo control documents are examined by the CBSA to verify that all goods (as reported on the carrier's primary cargo report) are included in the breakdown, the customs delivery authority copy of the primary cargo control document will be stamped by the CBSA and notation made in the acquittal field indicating the total number of secondary reports/cargo control documents and the range of secondary cargo control document numbers. The customs delivery authority copy is then returned to the sufferance warehouse operator. The long room copy of the primary cargo control document will be filed by the CBSA with the related secondary cargo control document(s).

21. The long room and customs delivery authority copies of the secondary cargo control document(s) will serve as the consignee's notice of arrival of the goods. These copies must be presented to the CBSA with the corresponding release document(s). When release is authorized by the CBSA, the customs delivery authority copy of the secondary cargo control document will be stamped and returned to the warehouse operator as authority to release the goods. The long room copy of the secondary cargo control document will be retained on file by the CBSA.

22. The warehouse operator's copy of the secondary cargo control document(s) will serve as the warehouse operator's proof of receipt of goods and as notice of the deconsolidation. The bonded freight forwarder will be responsible for ensuring that the sufferance warehouse operator is provided with the warehouse operator's copy of the secondary cargo control document(s). Further details on

warehouse operator's record keeping requirements may be found in Memorandum D4-1-4, *Customs Sufferance Warehouses*.

23. In all cases under this procedure, the bonded freight forwarder's secondary cargo control document acquits the primary carrier's cargo control document in the CBSA system. The bonded freight forwarder becomes responsible for dealing with shortages, reporting overages, and for all such matters as would normally relate to the carrier. For further details on shortages and overages, refer to Memorandum D3-1-1.

Furtherance of Goods

24. Where any shipments move forward to another point in-bond, they may move under the bonded freight forwarder's security and documentation provided that the bonded freight forwarder has an agent handling the load on his/her behalf or operates a sufferance warehouse at destination. Otherwise, the shipment will move under the actual transporting carrier's security and documentation.

25. Where the shipment is to be transported under the bonded freight forwarder's document, the name and location (including locator code) of the sufferance warehouse receiving the goods must be shown in the "Location of Goods" field. The name of the agent handling the load (if applicable) must also be shown on the document.

26. In the above case, although the shipment is in-bond, it will be turned over to the carrier as a domestic shipment with the domestic bill of lading annotated as, "CARGO COVERED BY THE FREIGHT FORWARDER'S CARGO CONTROL DOCUMENT. DO NOT MANIFEST." The transporting carrier must not present the domestic bill of lading to the CBSA as this creates duplicate cargo reports within the CBSA inventory system.

27. Where the onward movement is covered by the bonded freight forwarder's cargo control document, the bonded freight forwarder will be responsible to the CBSA insofar as this shipment is concerned. Therefore, it is in the bonded freight forwarder's best interest to ensure that the transporting carrier is fully aware that the shipment is in-bond, that it is already covered by the bonded freight forwarder's cargo control document in the CBSA system, and that the shipment must be delivered into a sufferance warehouse that has been approved to receive such freight.

28. Where the onward movement is covered by the actual bonded transporting carrier's cargo control document (remanifest), reference must be made to the previous cargo control document (being the bonded freight forwarder's advice note/secondary cargo control document) in order for the CBSA to cancel the bonded freight forwarder's document and to re-establish a new record under the transporting carrier's code at destination.

29. Where one shipment is carried on more than one trailer, a cargo control document for each trailer must be presented to the CBSA. Each cargo control document must have a unique number.

30. In those cases where the bonded freight forwarder prepares the carrier's remanifest, and the document is prepared PRIOR to the submission of the bonded freight forwarder's secondary cargo control document(s) to the CBSA, the carrier's document may be submitted for that portion of the secondary report and will replace the bonded freight forwarder's advice note for that particular shipment. The carrier's remanifest must indicate the prime cargo control number in the "Previous Cargo Control Number" field.

31. These procedures will also apply to single shipments (full load, one consignee) previously consigned to bonded freight forwarders and that are to be forwarded to another CBSA office.

32. Diversion notice procedures are not applicable to shipments covered by a bonded freight forwarder's cargo control document. When the wrong destination (receiving CBSA office) is shown on the bonded freight forwarder's document, the shipment must be remanifested by either the bonded freight forwarder or the carrier to cover the onward movement. Further details on remanifest cargo control documents are contained in Memorandum D3-1-1.

33. Consolidations consigned to post audit international rail freight forwarders may be unloaded into an approved sufferance warehouse without CBSA supervision.

34. Consolidations consigned to bonded freight forwarders may only be unloaded when authorized by the CBSA; in no circumstances will the conveyances, containers or parts thereof in which goods are transported be opened or the seals removed without the permission of the CBSA.

35. In the event that bonded or post audit freight forwarders fail to adhere to any of these procedures, they may be required to submit all CBSA copies of the secondary cargo control documents for validation, prior to distribution to the importer.

In-transit Sea-Air Shipments to an Authorized Freight Forwarder for Transshipment Through Canada

36. This procedure allows consolidated in-transit sea-air shipments to move from the CBSA office of importation directly to a class CW warehouse at the airport of export on the bonded freight forwarder's documentation. The airline's Outward Report will acquit the bonded freight forwarder's secondary cargo control documents (house bills). The bonded freight forwarder will be fully liable for the goods from the time of their arrival into Canada until they are exported.

37. An authorized bonded freight forwarder's secondary cargo control document (house bill) will be accepted as a primary cargo report to the CBSA when it covers only shipments for deconsolidation and transshipment through Canada.

38. The cargo control number must be prefixed with a "T" to readily identify for CBSA purposes that the goods are being transhipped through Canada, e.g., 8000 T1234.

39. An individual secondary cargo control document (house bill) must be presented to the CBSA for each shipment in the container. The secondary cargo control document (house bill) must be manifested onto the airport from which the shipment will be exported. However, the goods may enter the bonded freight forwarder's class CW sufferance warehouse either at an airport or off-site for deconsolidation as per each individual secondary cargo control document (house bill). The "Location of Goods" field must indicate the name and location of the authorized class CW sufferance warehouse for deconsolidation.

40. The "Consignee Name and Address" field must include the name and address of the person or firm importing the goods in the country of destination, c/o the Canadian bonded freight forwarder (name) handling the goods.

41. The container identification number must be included in the "Description of Goods" field.

42. If in-transit goods are diverted to domestic use in violation of the intent of these procedures, the CBSA will suspend the acceptance of the bonded freight forwarder's secondary cargo control documents (house bills) as primary report to the CBSA.

Combined Loads

43. Where one bonded freight forwarder includes shipments for other bonded freight forwarders in the consolidation, the primary bonded freight forwarder must provide the CBSA with a breakdown of the grouping by presenting a secondary cargo control document for each consignee. In turn, the secondary bonded freight forwarders will then prepare a secondary cargo control document for each ultimate consignee within their own consolidation. In these cases, the same cargo reporting and control procedures as previously outlined in this memorandum are to be followed.

Shippers Load and Count

44. When goods carried under shipper's load and count arrangements are consigned to a freight forwarder, the freight forwarder will be held responsible for reporting the actual number of pieces on the secondary report.

45. When the secondary documents account for less than the number of pieces declared on the original cargo control document, the freight forwarder must provide evidence, such as a consist sheet or telex from the shipper, to

substantiate the discrepancy. The evidence must be presented to the CBSA with the secondary documents. The original carrier will not be required to provide a rewritten cargo control document.

46. When the freight forwarder cannot immediately furnish proof of the actual number of pieces, a secondary cargo control document must be prepared by the freight forwarder to cover the shortage. The cargo control document must bear the notation "Goods Short" in the "Consignee Name and Address" field and be cross-referenced to the original cargo control document. When proof is available, it must be presented to the CBSA along with the long room and customs delivery authority copies of the secondary cargo control document.

47. When the freight forwarder's secondary documents account for more pieces than the number of pieces declared on the original cargo control document, the CBSA will note on the original cargo control document the voluntary disclosure of the additional pieces. The original carrier will not be required to provide a rewritten cargo control document.

Single Shipments

48. When a single shipment consigned (i.e., addressed) to a bonded freight forwarder will be CBSA cleared at the point of unloading, the bonded freight forwarder may advise the consignee of the arrival of the goods either by presenting their own secondary cargo control document (house bill)/advice note or by surrendering the primary carrier's cargo control document for subsequent presentation to the CBSA with the applicable release document.

49. The following procedures must be adhered to in those instances where a bonded freight forwarder chooses to present their own secondary cargo control document (house bill) to the consignee as the notice of the arrival of the shipment.

50. Upon receipt of the arrival notice from the primary carrier (two copies of the cargo control document), the bonded freight forwarder will prepare their secondary cargo control document (house bill)/advice note. All information as shown on the primary cargo control document, including the primary carrier code and cargo control number, is to be transcribed onto the secondary cargo control document (house bill)/advice note.

51. The mail and station copies of the secondary cargo control document (house bill)/advice note must be removed from the block and destroyed by the bonded freight forwarder to ensure that the data already on file with the CBSA is not duplicated. The long room and customs delivery Authority copies of the secondary cargo control document (house bill)/advice note will be given to the consignee in lieu of the carrier's copies for presentation to the CBSA with the applicable release document.

52. Bonded freight forwarders who repeatedly make errors in the transcription of the information from the carrier's document may be required to submit the carrier's advice notes for verification by the CBSA or may have this privilege withdrawn.

53. These procedures do not apply when single shipments are to be remanifested to another CBSA office for clearance on the bonded freight forwarder's document or when a single shipment has been split, i.e., when the total quantity does not arrive in a single shipment.

Delivery Requirements and Transfers to Sufferance Warehouses

54. Consolidated cargo consigned to a bonded freight forwarder may be transferred from a primary rail, marine or highway sufferance warehouse to the bonded freight forwarder's type CW sufferance warehouse (or agent thereof) providing:

- (a) The warehouse is licensed to receive the freight; and
- (b) The secondary documents (house bills) are presented to the CBSA prior to the transfer.

55. Consolidated and single shipments consigned to a bonded freight forwarder may be transferred from a primary air sufferance warehouse to the bonded freight forwarder's type CW air sufferance warehouse (or agent thereof) on the original air cargo control document or freight forwarder's secondary documents (house bills) providing:

- (a) The warehouse is licensed to receive the freight; and
- (b) The location of the goods is clearly indicated on the air cargo control document; or
- (c) When house bills are used, they are presented to the CBSA prior to the transfer.

56. Single or consolidated shipments consigned to a bonded freight forwarder arriving by rail, marine or highway may be transferred from the primary rail, marine or highway sufferance warehouse to the bonded freight forwarder type CW sufferance warehouse (or agent thereof) providing:

- (a) The warehouse is licensed to receive the freight; and
- (b) The shipment is documented on the freight forwarder's cargo control document; and presented to the CBSA prior to the transfer.

57. Single or consolidated shipments consigned to a bonded freight forwarder and documented under the marine overland movement procedure may be delivered directly to the bonded freight forwarder's type CW sufferance warehouse (or agent thereof) providing:

- (a) The warehouse is licensed to receive the freight;

(b) The warehouse has been approved as a designated release point under the marine carrier's overland movement authority; and

(c) The secondary documents (house bills) for consolidated cargo are presented to the CBSA prior to deconsolidation

58. Consolidated in-transit sea-air shipments documented under an authorized bonded freight forwarder's cargo control document may be transferred directly to a bonded freight forwarder's type CW sufferance warehouse at the airport of export providing:

- (a) The bonded freight forwarder's cargo control document is accepted as a primary report to the CBSA; and
- (b) The cargo control document covers only shipments for deconsolidation and transshipment through Canada.

Freight Forwarder Reporting under Advance Commercial Information (ACI)

59. Under ACI, the actual shipper name and address, ultimate consignee name and address, and detailed commodity description are mandatory and must be sent electronically in accordance with the timeframes outlined in Memorandum D3-2-2, *Air Cargo – Import Movements* and in Memorandum D3-5-2, *Marine Cargo – Import Movements*. Freight forwarders have the option of electronically transmitting this mandatory information on an ACI supplementary cargo report directly to the CBSA, through a service provider, or by providing the details to the carrier. Supplementary cargo reports must also cross reference the ACI cargo report number (the primary carrier's cargo report number). For more information please refer to Memorandum D3-2-2 and Memorandum D3-5-2.

60. In the marine mode, foreign freight forwarders (including U.S. freight forwarders) may transmit electronic ACI supplementary cargo reports for import, in-transit and Freight Remaining on Board (FROB) movements.

61. In the air mode, foreign freight forwarders (including U.S. freight forwarders) are not allowed to transmit supplementary cargo reports for import shipments, and may only transmit ACI supplementary cargo reports for an in-transit or FROB movement when no Canadian entity is involved.

62. A CBSA 8000 series identifier code is required for transmitting ACI supplementary cargo reports to the CBSA.

63. Freight forwarders wishing to obtain a non-bonded CBSA identifier code, must apply using an *Application to Obtain a Non-Bonded Freight Forwarder Code (to Supply Electronic Supplementary Data for Advance Commercial Information (ACI) Only)*— form E369-1. This form can be found on the CBSA Web site at www.cbsa.gc.ca under "Publications and Forms". This non-bonded identifier code only authorizes the freight forwarder to transmit electronic

supplementary ACI cargo reports. For additional information regarding ACI cargo reporting, please see Memorandum D3-2-2 and Memorandum D3-5-2.

64. The existing deconsolidation and secondary reporting, upon arrival, procedures and requirements apply and are outlined in this memorandum.

65. The unique ACI supplementary cargo report number used for the ACI supplementary cargo report cannot be used on the secondary cargo control document(s). The secondary cargo control document must have a different and unique cargo control number. All secondary cargo control documents will be linked to the primary carrier's cargo report, which is the primary cargo control document/report for the cargo.

Penalty Information

66. For information on administrative penalties, please refer to Memorandum D22-1-1, *Administrative Monetary Penalty System (AMPS)*. Information on AMPS penalties is also available on the CBSA Web site at www.cbsa.gc.ca.

67. Other administrative sanctions, such as the revocation of program privileges and penalties of other government departments, may also be applicable.

68. In some situations, failure to comply with the CBSA requirements outlined in the *Customs Act*, may result in the seizure and forfeiture of the goods and/or conveyance, and in serious cases criminal charges may be applicable

Additional Information

69. The CBSA's Border Information Service (BIS) line responds to public inquiries related to import requirements of other government departments, including Industry Canada. You can access BIS toll-free throughout Canada by calling **1-800-461-9999**. If you are calling from outside Canada, you can access BIS by calling 204-983-3500 or 506-636-5064 (long-distance charges will apply). To speak directly to an agent, please call during regular business hours from Monday to Friday (except holidays), 8 a.m. to 4 p.m. local time. More BIS information can be found on the CBSA's Web site at www.cbsa.gc.ca.

70. For more information on Carrier and Cargo Programs, visit the CBSA Web site at www.cbsa.gc.ca.

71. Please direct all applications to:

Carrier and Cargo Programs
Commercial Border Policy Division
Admissibility Branch
Canada Border Services Agency
150 Isabella Street, 4th floor
Ottawa ON K1A 0L8

Fax: 613-957-9717

REFERENCES

ISSUING OFFICE – Carrier and Cargo Programs Commercial Border Policy Division	HEADQUARTERS FILE – 7718-0
LEGISLATIVE REFERENCES – <i>Customs Act</i>	OTHER REFERENCES – D3-1-1, D3-2-2, D3-5-2, D4-1-4, D22-1-1
SUPERSEDED MEMORANDA “D” – D3-3-1, January 31, 1992	

Services provided by the Canada Border Services Agency are available in both official languages.

