



Ottawa, July 3, 2009

MEMORANDUM D3-4-2

In Brief

HIGHWAY CARGO – IMPORT MOVEMENTS

1. The Memorandum D3-4-2, dated September 5, 2008, supersedes Memorandum D3-4-2, dated January 31, 1992.
2. This In Brief page has been revised to denote changes made as a result of the Government of Canada's Paperwork Burden Reduction Initiative. This revision replaces the In Brief page dated September 5, 2008.
3. In accordance with the above, the following changes were made:
 - (a) Paragraph 4, Security Requirements (Memorandum D3-4-2, dated January 31, 1992), was revised as the requirements for the Letter of Authorization are available in the Appendix of Memorandum D3-4-2, dated September 5, 2008; refer to paragraph 18, Use of "Letter of Authorization" (Memorandum D3-4-2, dated September 5, 2008).



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Ottawa, September 5, 2008

MEMORANDUM D3-4-2

HIGHWAY CARGO – IMPORT MOVEMENTS

This memorandum outlines and explains specific Canada Border Services Agency (CBSA) requirements and procedures for reporting and control of cargo arriving in Canada in the services of highway carriers. 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. For guidance in regards to the Customs Self-Assessment (CSA) Program guidelines and procedures CSA Carriers should refer to Memorandum D3-1-7, *Customs Self Assessment Program for Carriers*

GUIDELINES AND GENERAL INFORMATION

SECURITY REQUIREMENTS

1. A highway carrier desiring to become bonded under general authorization must file security in a format as outlined in on the CBSA Web site at www.cbsa.gc.ca. The amount of the security shall not be less than \$5,000 per vehicle nor shall it exceed \$25,000 per fleet. In calculating the amount of security, each truck, tractor, trailer or semi-trailer is considered to be a separate vehicle. Any changes in the number of vehicles which serve to increase the fleet must be reported immediately to Carrier and Cargo Programs, Canada Border Services Agency, 150 Isabella St., 4th Floor, Ottawa, ON, K1A 0L8, except where maximum approved security has already been filed.
2. 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.
3. Goods transported by carriers not authorized to transport in-bond goods in Canada must be accounted for at the first point of arrival unless the carrier:
 - (a) Posts a single trip bond to cover the inland movement of the goods; or,
 - (b) Turns the goods over to a CBSA bonded carrier for furtherance to an inland CBSA office for accounting; or,
 - (c) Provides a Letter of Authorization from a CBSA bonded carrier to use their carrier code along with the bar coded Customs Control Document.

Single Trip Authorizations

4. Carriers not requiring general authorization may apply to the CBSA for a single trip bond. Application for single trip authorization shall be filed, in duplicate, at the CBSA office of report, on form E370, *Application to Transact Bonded Carrier and Forwarding Operations*, accompanied by security as outlined in Memorandum D1-7-1, *Posting Security for Transacting Bonded Operations* in an amount prescribed by the CBSA.
 5. Surety bonds for single trip authorizations must be in the format prescribed on the CBSA Web site.
 6. The amount of security will be based on the estimated amount of duty and taxes payable on the goods being transported, but under no circumstances shall security be less than \$1,000.
 7. Single trip bonds may be issued by customs brokers acting as authorized agents of approved guarantee companies, provided the guarantee company is shown as surety on the bond and the relative form E370. Form E370 and surety bonds will not be accepted when customs brokers are shown as surety.
 8. A cargo control document to cover the movement of the goods must be presented to CBSA at the same time as the E370 form and security. The cargo control number will be transcribed onto the E370 form which will be date-stamped.
 9. The original form E370, along with the security, will be filed chronologically by date at the issuing CBSA office. The duplicate copy of form E370 will be returned to the carrier.
 10. Border services officers at the issuing CBSA office must ensure that the carrier is aware of the location of the CBSA office of destination (address of the CBSA office of sufferance warehouse) to reduce instances of irregular delivery.
- ### Carrier Identification
11. For the purpose of identifying bonded carriers and freight forwarders, a four-digit carrier code will be assigned to a company upon authorization of bonded status. This carrier code number must be shown on all cargo control documents presented to CBSA.
 12. Carriers who cross the border more than five times a year must obtain and use their own carrier identifier code, whether they are transporting in bond goods or goods to be cleared at the first point of arrival in Canada. This carrier

identifier code must be incorporated into the bar-coded cargo control number.

13. Carriers who do not transport in bond goods into Canada must apply (or, if crossing into Canada less than five times a year, may apply) for a CBSA non-bonded carrier identifier code.
14. To apply for a carrier identifier code, you must submit one of the following forms:
 - (a) E370, *Application To Transact Bonded Carrier and Forwarding Operations*. This form is available at any CBSA office or by accessing the CBSA Web site.
 - (b) E369, *Application To Transact Non-bonded Carrier Operations at Point of Arrival in Canada*. This form is available at any CBSA office or by accessing the CBSA Web site.
15. Carriers who do not import more than five shipments per year will be allowed to use a 77YY carrier code at the first point of arrival. This will be used for goods that will be accounted for at the first point of arrival.
16. Bonded highway carriers, upon approval of bonded status, will be assigned a four-digit carrier code beginning with the number 2, 3, or 4. Non-bonded carriers who apply for a carrier code will be assigned a four-digit carrier code beginning with the number 1 or 7.
17. Carrier codes beginning with the number 1 or 7 cannot be used on cargo documents that cover shipments moving in bond.

Use of “Letter of Authorization”

18. Bonded highway carriers who have posted maximum security of \$25,000 and Post Audit Carriers may contract with other carriers to transport goods (that are moving in-bond or clearing at the frontier) on their behalf. When the transportation will be effected under the documentation and security of the originating carrier, the contracting carrier must produce, upon request, the Letter of Authorization signed by the originating carrier at time of report. The Letters of Authorization must be printed on company letterhead and must adhere to the format outlined in the Appendix of this memorandum.
19. The bonded or post-audit highway carrier maintains full liability for the goods and the performance of the contracting carrier. Any tracers or penalties will be issued to the authorizing highway carrier.
20. It is the responsibility of the carrier authorizing the use of its carrier code by another carrier to control the distribution and validity of Letters of Authorization.
21. The requirement to provide Letters of Authorization does not apply to carriers reporting air shipments in highway service or authorized carriers moving goods under the marine overland procedure.

CARRIER CODE AND CARGO CONTROL NUMBER REQUIREMENTS

22. Carriers who cross the Canadian border with commercial goods more than 5 times a year must have a carrier code. The carrier code forms the prefix of the barcodes, and combined with a unique shipment number that the carrier chooses, creates a cargo control number. This procedure also applies to highway carriers clearing commercial shipments at the border as well as to freight forwarders for secondary reporting and control of in-bond cargo that is consolidated or deconsolidated in Canada. Information on how to obtain a carrier code can be found in paragraph 14.
23. Highway carriers importing, exporting and remanifesting in-bond commercial shipments are required to have a cargo control number in bar coded format using their own unique carrier code on the cargo control document. Bar code specifications for the cargo control number may be found in the Appendix D of Memorandum D3-1-1 or on the CBSA Web site.

CARGO CONTROL DOCUMENTATION REQUIREMENTS

24. All highway shipments imported into Canada must be documented on an approved cargo control document unless exempt from this requirement by the CBSA. The exemptions are listed in Memorandum D3-1-1. The carrier may use the standard CBSA *Cargo Control Document*, Form A8A(B), available at all CBSA offices. Carriers who wish to obtain a blank Form A8A(B) from the CBSA are required to use bar-coded cargo control number labels and apply them to the form. Alternatively, the carrier may have cargo control documents privately printed in a format acceptable to the CBSA. Carriers may be subject to a penalty for failure to comply with the bar coding requirements. Cargo control document specifications for privately printed documents are contained in Appendix C of Memorandum D3-1-1. Completion requirements for Form A8A(B) are also found in Appendix E of Memorandum D3-1-1.
25. Cargo control numbers must not be duplicated for a three-year period, commencing January of the year following the year the cargo control number was initially used.

CARGO REPORTING AND CONTROL PROCEDURES

26. At the first point of arrival, the carrier must report all goods laden on the vehicle by presenting an approved cargo control document for each separate shipment to the CBSA unless exempted.
27. The actual number of packages, parcels, drums, etc., being imported, must be shown on the cargo control document. The cargo control document may be completed to show the number of pieces in the quantity section of the

document with the number of transportation units (i.e., skids, pallets, containers) shown in the description of goods section. Alternatively, the number of transportation units may be shown in the quantity section with the number of pieces shown in the description of goods section. In both cases, where more than one commodity is reported on a cargo control document, the total pieces must be indicated.

28. A shortage is any deficiency in the actual number of pieces in a shipment against the quantity reported on the cargo control document.

29. As the carrier's report to the CBSA is proof of the goods being on board the vehicle, all goods reported to the CBSA are deemed to have landed in Canada.

30. Carriers not on the post audit system must present all copies of the cargo control document to the CBSA for review prior to the unloading or furtherance of the vehicle. These documents will be scrutinized for acceptability.

31. If the cargo control documents presented by the carrier are acceptable, the Mail and Station copies of the cargo control document(s) will be date stamped and retained by the CBSA. When goods are released at the frontier examining warehouse, the Warehouse Operator's copy will be retained by the CBSA at the first point of arrival.

32. If the cargo control document is illegible, or if there is insufficient data for proper control of the goods for CBSA purposes, the carrier will be requested to supply a corrected or rewritten cargo control document. For more information concerning corrected or rewritten documents, refer to Memorandum D3-1-1.

33. In certain cases, it is the carrier's practice in the preparation of multi-page probills, to assign a unique number to each page. Where this is encountered, the totals of the weight and quantity on the last page must be brought forward to the first page. The number assigned to the first page will be used in the CBSA system as the cargo control number. In these instances, it is the carrier's responsibility to staple all Mail copies together. The Long Room copies must also be stapled together.

34. Where shipments have been referred to the Canadian Food Inspection Agency (CFIA) for inspection, and the goods are approved for admittance to Canada by the CFIA, the Long Room copy of the cargo control document will be impressed with the stamp of the CFIA, prior to CBSA release or authority to move inland by the CBSA.

35. Shipments refused admission at the first point of arrival due to prohibition, control or regulations pursuant thereto (e.g., *Export and Import Permits Act*, Schedule VII of the *Customs Tariff*, etc.) are to be returned immediately to the United States. In these cases, the cargo control document will be taken to account in the normal manner and acquitted by a reference to the outward report number as provided for in Memorandum D3-1-8, *Cargo – Export Movements*.

36. Where one shipment is carried on two or more trailers, hauled by one tractor, one probill/cargo control document can be presented to cover this shipment provided the entire shipment is travelling to the same destination, each trailer is identified in the vehicle identification field of the cargo control document, and the description field indicates the number of pieces and trailers comprising that shipment, e.g., "100 pieces contained in two trailers".

37. Where the shipment carried on more than one trailer does not meet all the conditions outlined in paragraph 34 of this memorandum, a separate probill/cargo control document for each trailer must be presented to the CBSA. Each probill/cargo control document must have a unique cargo control number. These part lot bills may be given entirely different pro-numbers or the master pro-number may be used with a numeric or alpha suffix making each part lot bill number unique.

38. Shipments that have not been sealed by the CBSA at the first point of arrival may be unloaded by the carriers into highway frontier examining warehouses, highway sufferance warehouses, or they may be transferred from one vehicle to another for furtherance without CBSA supervision. For operational purposes, carriers may proceed to their own terminal before delivering the freight to the authorized release point for CBSA clearance. Goods may only be delivered into the frontier examining warehouse at the CBSA point where the goods arrived in Canada. It is the carrier's responsibility to physically check all shipments at the point of unloading. Any discrepancies found must be reported to the CBSA immediately.

39. Less than truckload shipments which have been checked at the first point of arrival or inland CBSA point of lading may be transhipped at bonded carriers' terminals to other bonded carriers if manifested by the original bonded carrier on to the final destination. In such cases, the receiving bonded carrier is held responsible for delivery of the goods to the CBSA. Where the goods are not delivered to the CBSA, the receiving bonded carrier is liable for the applicable duty and taxes on the goods. The foregoing applies irrespective of the number of bonded carriers participating in the moment of the in-bond shipment to destination.

40. Domestic goods shipped from one point in Canada to another point in Canada found astray in the United States and returned to Canada, must be reported by a cargo control document showing the CBSA office of re-importation as the receiving office. After verification of the facts, the CBSA will release the shipment to the carrier. Verification will consist of satisfactory evidence provided by U.S. Customs & Border Protection or the carrier. The cargo control document will be acquitted by a reference to this memorandum.

41. Carriers reporting air shipments at highway frontier offices must use the International Air Transport Association (IATA) format air waybill with the air carrier's code. A bar coded cargo control document is not required in this instance. Air waybill completion instructions as well as CBSA's requirements and reporting procedures are outlined in Memorandum D3-2-2, *Air Cargo – Import Movements*.

Post Audit Carriers

42. Carriers operating under post audit CBSA control must utilize combined probill and cargo control documents, privately printed, in a format acceptable to the CBSA. The documents will be pre-numbered in accordance with the carrier's accounting practice, issued in consecutive order by terminal and must indicate "post audit" on the document. Each terminal in the carrier's system may be designated by an alphabetical or numerical prefix. However, if a company has its accounting and probill number computerized for billing purposes, the computer assigned probill number will be used as the CBSA control number. In this case, the traffic moving from the United States to Canada must be isolated from other traffic on a computer printout.

43. The probill system applies to inbound cargo arriving in Canada from the United States as well as in-bond goods that have entered the carrier's system in Canada. In the latter case, carriers to whom post audit privileges have been given will number cargo control documents with the probill number assigned to the consignment within the carrier's system. The probill number will be prefixed by the carrier code number.

44. Upon arrival into Canada, the carrier will report to the CBSA all cargo on the vehicle by presenting the Mail copy of each probill/cargo control document.

45. The Mail copy of the probill/cargo control document, after being reviewed for completeness and legibility, will be date stamped by the CBSA and used to establish a cargo inventory. When the document is found incomplete or illegible, a corrected or rewritten cargo control document will be requested from the carrier.

46. If it is the carrier's practice to prepare a master probill for revenue purposes, this probill must be retained on file at the carrier's central freight accounting office for audit purposes and not be presented to the CBSA. For more information on the Post Audit Carrier process please see Memorandum D3-1-6, *Customs Post Audit System*.

Sealing of Vehicles

47. Goods arriving in Canada in vehicles or in compartments therein deemed secure by the CBSA at the first point of arrival, must be sealed with CBSA seals or the company's seals and may be permitted to be transported to an approved inland destination. Seal numbers must always be shown on the cargo control document.

48. Post audit and Customs Self Assessment (CSA) carriers may move inland without a seal except when a vehicle is selected for inland examination under the A 28 System.

49. Where CBSA seals have been affixed to the load at the first point of arrival for an outturn check at destination, the load must be delivered to the release point with the CBSA seals intact. If company seals are already affixed, it is not necessary to replace these seals with yellow ball seals however the load must be delivered to the release point with the seals intact.

50. Where the size, nature or routing of the shipment makes sealing of the vehicle impracticable, other measures of control must be employed. For example, individual boxes or packages can be bound or sealed in a manner that prevents undetected removal or substitution of contents. In the case of uncrated machinery or equipment, serial numbers can be used for control purposes. Seal numbers, serial numbers or a notation of how packages have been secured must be indicated on the cargo control document, and Form A28, *Inspection or Operational Report* (where applicable), by the examining border services officer. Where the border services officer determines that the goods cannot be securely sealed, the goods must be checked against the cargo control document. Any unloading for this purpose must be done by and at the expense of the carrier.

51. A border services officer may permit a load to be moved in bond to destination under convoy of a border services officer, where the nature of the goods or the type of vehicle used does not permit the merchandise to be placed under seal, or unreasonable time and labour would be involved in unloading and checking the goods, or for other reasons at the CBSA's discretion. This movement would be at the expense of the carrier.

MIXING OF RELEASED AND IN-BOND GOODS

52. Permission to transport a mixed load of released and in-bond freight may be granted in the following circumstances:

- (a) a bulkhead exists to seal the in-bond goods; or
- (b) the load, including the released goods, will be off-loaded at a sufferance warehouse under CBSA supervision; or
- (c) if the released goods are to be off-loaded prior to reporting at the inland sufferance warehouse; i.e., at the importer's premises, provision must be made for the appropriate inland CBSA office to supervise the breakage of seals and resealing. Should a border services officer be available for this purpose, special service charges would be applicable. If a border services officer is not available, the mixed load must be delivered to the inland sufferance warehouse.

53. Post audit and CSA carriers moving inland without a seal will be permitted to mix domestic and in-bond freight in a single vehicle. Should sealing be required for inland examination purposes, the procedures outlined in paragraph 51 of this memorandum will be applicable.

NOTICE OF ARRIVAL

54. On arrival at destination, the carrier will advise the consignee of the arrival of the shipment by means of the Long Room and CBSA Delivery Authority copies of the cargo control document. This procedure does not preclude advice of arrival by telephone or other means. In addition, the carrier must present the goods along with the Warehouse Operator's copy of the CBSA cargo control document to the highway sufferance warehouse operator as notification of arrival of the goods.

55. Where a complete load consists of a commodity that may, by CBSA authority, by-pass the sufferance warehouse (i.e., liquor, tobacco products for licensed manufactories, etc.), the Warehouse Operator's copy will be filed with the CBSA at time of release. In this case, the acquittal document will be filed at the main long room rather than at a long room established at a highway sufferance warehouse.

56. When an importer wishes to clear only a portion of the manifested quantity, CBSA *Cargo Control Abstract*, Form A10, must be used. For more information see Memorandum D3-1-1.

57. The CBSA Delivery Authority copy of Form A10 is to be signed by the releasing border services officer when release is authorized, and turned over to the warehouse operator as authority to allow delivery of the goods to the consignee.

DELIVERY REQUIREMENTS AND TRANSFERS TO SUFFERANCE WAREHOUSES

58. Cargo arriving by highway for furtherance inland under a highway cargo control document must be delivered to a type B sufferance warehouse unless exempted from this requirement. A list of exemptions is contained in Memorandum D3-1-1.

59. Cargo may be transferred to another authorized type B sufferance warehouse within the same CBSA office jurisdiction or to another CBSA office after presentation of a re-manifest.

60. Consolidated shipments may be transferred from a highway sufferance warehouse to a bonded freight forwarder's type CW sufferance warehouse (or agent thereof) after presentation of house bills to the CBSA.

61. Cargo arriving by air, rail or marine service for furtherance in bond under a highway cargo control document should be re-manifested at the primary sufferance warehouse, and delivered to the type B sufferance warehouse at destination.

62. Intact containers arriving under a highway cargo control document for furtherance in bond for export may be delivered to the exporting sufferance warehouse providing the highway cargo control document indicates the goods are for export.

63. Cargo may only be delivered into the highway frontier examining warehouse at the CBSA point through which it was initially imported into Canada unless exempted from this requirement as outlined in Memorandum D3-1-1.

PENALTY INFORMATION

64. For information on administrative penalties, please refer to Memorandum D22-1-1, *Administrative Monetary Penalty System*. Information on AMPS penalties is also available on the CBSA Web site.

65. Other administrative sanctions, such as the revocation of program privileges and penalties of Other Government Departments, may also be applicable.

66. 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

67. 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.

68. For more information on Carrier and Cargo Programs, visit the CBSA Web site.

69. 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

APPENDIX

LETTER OF AUTHORIZATION

SAMPLE ONLY

COMPANY LETTER HEAD

DATE _____

To: Canada Border Services Agency

Subject: Letter of Authorization

This is to advise you that:

NAME OF CARRIER: _____

ADDRESS: _____

CITY/PROVINCE/STATE: _____

POSTAL/ZIP-CODE: _____

is authorized by:

NAME OF CARRIER: _____

Carrier Code: _____

ADDRESS: _____

CITY/PROVINCE/STATE: _____

POSTAL/ZIP-CODE: _____

To report goods to the Canada Border Services Agency (CBSA) under the above carrier code.

(Company Name) has posted a \$25,000 bond with the CBSA and acknowledges that by authorizing the use of its carrier code (____), it assumes all responsibility for customs liabilities including but not limited to carrier infractions, record keeping, and outstanding duties and taxes as stipulated in the *Customs Act* and related regulations.

This authorization is valid for a maximum of one year from the date of issue or until _____.

Authorized Signature: _____

Title: _____

Telephone Number: _____

REFERENCES

<p>ISSUING OFFICE – Carrier and Cargo Programs Commercial Border Policy Division Admissibility Branch</p>	<p>HEADQUARTERS FILE – 7700-1</p>
<p>LEGISLATIVE REFERENCES – <i>Customs Act</i>, sections 12 – 23 <i>Export and Import Permits Act</i> <i>Customs Tariff</i>, Schedule VII</p>	<p>OTHER REFERENCES – D3-1-1, D3-1-6, D3-1-7, D3-1-8, D3-2-2 and D22-1-1</p>
<p>SUPERSEDED MEMORANDA “D” – D3-4-2, January 31, 1992</p>	

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

