



**CANADIAN PRODUCE MARKETING ASSOCIATION**

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**ASSOCIATION CANADIENNE DE LA  
DISTRIBUTION DE FRUITS ET LÉGUMES**

Ports Modernization Review Submission

November 30th, 2018



The fresh fruit and vegetable industry supports ongoing improvements to Canada's trade infrastructure and appreciates the opportunity to provide comments to assist Transport Canada, and, where applicable, its Other Government Departments partners, in improving Canada's ports to support growth in the Canadian economy.

Based in Ottawa, Ontario, the Canadian Produce Marketing Agency (CPMA) is a not-for-profit organization that represents a diverse membership of over 860 members who represent every segment of the produce industry supply chain and are responsible for 90% of the fresh fruit and vegetable sales in Canada from farm gate to dinner plate. CPMA is fortunate to represent a sector that is both a significant economic driver for communities and that also improves the health and productivity of Canadians. [www.cpma.ca](http://www.cpma.ca)

Given the estimate that \$4 out of every \$5 spent on produce in Canada is imported, CPMA's membership has a strong dependence on efficacy at all ports of entry into Canada. Many fresh fruits and vegetable importers import product from off-continent thereby meaning a strong reliance on sea ports.

CPMA has identified that port activities are complicated with many roles and multiple organizations, including that of the Canada Border Services Agency (CBSA), Container Examination Facilities, Pilotage Authorities and Terminal Operators; all have a role to play in the efficient and timely movement of goods to ensure the Canadian economy is not negatively impacted by unnecessary costs and delays. There are often multiple bargaining units operating at each port and the threat of a labour disruption also needs to be managed to ensure the supply chain continues to move effectively and efficiently. The government's overall economic goals cannot be achieved, nor can Canada assume its role in the global economy, in an environment which produces inequities for Canadian importers and exporters when other countries have successfully supported their economy through development of efficient, modern and well-structured ports.

Perishable items, such as fresh produce, cannot sit indefinitely at ports since they can quickly reach a point of zero value as the product has deteriorated to a point where it is unfit for human consumption. Unfortunately, there are many examples of this occurring. Examples of these recent events taking place at ports include:

- MSC Container arrived to Deltaport Mar 24<sup>th</sup> that required full de-stuff inspection. Inspection did not occur until April 4<sup>th</sup> and container pick up could not occur until April 6<sup>th</sup> – 13 days after arrival at the port.
- MSC container into Deltaport April 9<sup>th</sup>. Tailgate exam not completed until April 16<sup>th</sup>
- MSC Arbatax had 31 containers arrive on this vessel at Deltaport on Monday Jan 29<sup>th</sup>. Company tried to book pick up appointments 2 days prior (Saturday). Earliest available was Thursday (3 days after vessel arrival).
- A banana container sent for exam was delayed 10 days – that meant all 400 cases were unsaleable due to the perishability of the item. This led to sales drops (buyers move to other suppliers who can deliver the items and may not revert to original suppliers). In this particular instance it led to \$45,000 in lost sales.

For every day that the bananas were not available for sale due to an exam, the loss in sales was \$3000/day and another \$6000 - \$10,000 in store orders.

When containers sit unnecessarily at any point in the shipment, especially for multiple days, this takes the container out of the supply chain which impacts other shippers. These delays also impact transportation carriers and others in the supply chain such as the packers waiting to pack the product, etc.

The fresh produce industry offers the following comments to support port improvements to address problems which negatively impact Canada's economy and put us at a competitive trade disadvantage with other countries.

## **TRANSPORT CANADA CONSULTATION QUESTIONS**

### **INNOVATION AND TRADE LOGISTICS: REVIEW STREAM 1**

**Q1. What trends will affect port operations and supply chains, and who are the port partners that are key to adapting to these trends?**

#### **Transport Canada**

**Trends: Automation and technology changes; transportation modernization (including rail); containerization; increase in cargo volumes creating backlogs; increased national infrastructure needs focused on facilitating trade; more stringent climate change requirements at ports and surrounding municipalities.**

#### **Global Affairs Canada / Department of International Trade**

**Trends: Increased trade; free trade agreements; changes to NAFTA; changes to sanitary and phytosanitary products.**

#### **Canadian Border Services Agency**

**Trends: Increase in the volume of inspection of cargo; new Integrated Import Document (IID) environment.**

**Q2. Do ports have the appropriate infrastructure and supply chain integration in place to support future demand for transportation services?**

There is currently insufficient infrastructure at ports to properly facilitate trade. This results in significant congestion at ports, which stifles economic activity.

Some examples are as follows:

- Electronic Logging Devices (ELDs) make drivers very conscious of wait times. Drivers cannot sit at ports for an indefinite amount of time. They are a critical component in the supply chain and pressure to move product quickly through the ports will dramatically impact trade and commerce in Canada if not addressed properly. Many carriers are refusing to go to certain ports due to the lengthy waiting time to pick up containers. The Port of Montreal is a good example where there are not enough carriers because they refuse to take on deliveries which result in no profit due to extreme wait times at the port and the lack of certainty in the process.

- There are no back-up plans at vessel offloading. For example, if a lane at Deltaport goes down due to a mechanical issue, containers in that lane are stuck until the crane is repaired.
- New examination facilities must incorporate required equipment to bring improvement to the examinations process – this does not always occur. For example, at Tsawwassen (in Vancouver) the new facility was built but there is no crane onsite to actually take a container off of a chassis. This means a container still needs to be returned to the port before the customer can pick it up and will potentially remove the efficacy of the new port.
- Refrigeration facilities are required at any port where offloads that require refrigeration occur. This is particularly important to maintain the cold chain and therefore the safety of the items being inspected. The new Canadian Food Safety Regulations (CFIA) place an even greater emphasis on the safety of Canada's food supply and OGDs with a role in ensuring the maintenance of the cold chain have a role to play in compliance.
- The ocean portion of freight moves well but the critical portion is moving product out of the port inland. E.g. there are instances of waits of up to 5 days waiting to get trucks into a port to pick up containers. Additionally, extra costs are being charged because containers sit on the port longer than planned because trucks can't get onto the port to pick up the containers. Extra costs can be up to \$300 - \$500 US/day depending on the port/steamships. A full exam can take 10 – 14 days with the per day charges accruing. Only 24 hours of this 10- 14 days is attributable to CBSA examine/requirements – the balance is due to port and warehouse/inspection facility congestion. These costs can be up to \$6 - \$7,000.  
CBSA requires better agreements that eliminate unnecessary detention or demurrage costs, for example, as these delays occur. Given the exorbitant charges that 3<sup>rd</sup> parties charge, there is no incentive to expedite the movement of containers. Perhaps there is a need to identify caps to charges.

**The Canadian International Freight Forwards Association (CIFFA) has identified a number of areas of improvement for ports which also impact other government departments such as the Canada Border Services Agency (CBSA). CPMA fully supports these recommendations which can be found in Appendix I.**

**Q3. What strategies could link business to research, and research to learners in support of innovative solutions and greater competitiveness?**

- Canada should research the most efficient ports, which are comparable considering the business and ownership environment, and use some of the best practices as the review of the Canadian model for port authorities is underway for Canadian ports. This includes increased automation as included in the following link:  
[https://www.porttechnology.org/news/top\\_10\\_port\\_technology\\_videos\\_of\\_2017](https://www.porttechnology.org/news/top_10_port_technology_videos_of_2017)
- Canada should examine the U.S. Department of Homeland Security/CBP and Mexican SENASICA model for cooperation regarding bilateral importation and exportation of agricultural commodities. This includes joint inspection programs known as Unified Cargo Processing. This has been implemented at several Arizona ports of entry and involves integration of inspection between CBP and Aduanas (the Mexican authority).
- There is a need to increase hours of operation of ports which are not operating at sufficient capacity and during times necessary to meet industry needs. (For example: Fraser Surrey Docks closed weekends and holidays).
- Project planning should include multiple stakeholders from every area (Port, Customs, Truck, Steamship, Municipality, etc.) to ensure needs are considered. This could include roundtable discussions, planning committees, research groups, etc., that help plan the most efficient ports

with proper access. It is crucial that government ensure that improvements reflect the expertise provided during consultations such as these to ensure actual improvements. Recent efforts at the Port of Vancouver are a good example of collaborative efforts towards improvements and government is encouraged to ensure consistency across ports both in the outcomes at the Port of Vancouver and in the planning process.

## **PARTNERING WITH INDIGENOUS PEOPLES: REVIEW STREAM 2**

### **Q4. How can Canada Port Authorities ensure their activities acknowledge Indigenous perspectives and values?**

- Ensure changes/enhancement include consultations with local Indigenous people impacted by the port in question. Level of involvement should be heightened when operations directly impact traditional land.

### **Q5. How can Canada and Canada Port Authorities best identify opportunities to develop mutually beneficial partnerships with Indigenous groups?**

- Need to consider innovative approaches to employment and service delivery which offer opportunity to Indigenous peoples.

### **Q6. What current practices at Canada Port Authorities reflect to Government's commitment to reconciliation with Indigenous peoples and what additional steps can be taken?**

- While the fresh produce industry does not specifically have sufficient expertise to provide significant input in this area, in general the industry supports efforts to engage and respect Indigenous people and their concerns.

## **SUSTAINABILITY AND PORT COMMUNITIES: REVIEW STREAM 3**

### **Q7. How can ports ensure their operations and future development remain environmentally sustainable and adapted to climate risks?**

- Environmental sustainability and ongoing awareness of how inefficiencies contribute to negative climate risks must be considered in existing ports, as ports are modernized and when new ports are built. This requires resources devoted to monitoring the ports, advances in technologies which support sustainability and better environmental programs/practices.
- As the body providing oversight and enforcement of all environmental requirements, the Government of Canada must put contracts in place with its partners (such as the ports) to require them to comply with requirements and assess penalties (using the AMPS model) when they do not.

### **Q8. How can Canada Port Authorities contribute to building healthier communities?**

- Building modern ports with proper access and infrastructure will create better relations and healthier communities with reduction of traffic, congestion, and long lines of trucks on streets waiting to get into ports. Each truck that sits in line waiting to load/unload is running/idling and contributing to climate risk. If the average truck is waiting two to three hours at port, and you

have hundreds or thousands of trucks at the port each day, that's a significant impact even if the wait time is just cut in half.

- Municipalities need to be included as an additional partner to ensure infrastructure is in place to handle the flow of trucks in and out of the ports; however, municipality input must be balanced with trade considerations as it could be a natural inclination of municipalities to favour improvements in areas such as local transit as opposed to rail and truck infrastructure.

**Q9. What mechanisms could be put in place to increase Canada Port Authority transparency relating to their environmental performance?**

- See above. There is probably a measurement that can be related directly to the amount of time a truck spends at the port and the climate impact and it would be easy to track truck waiting times. This information directly links to putting in place procedures which both identify problems and highlight areas for focus including how the Canada Port Authority implements improvements/corrective actions.
- As technology, equipment and vessels improve, it is imperative that the Port Authorities and government remain abreast of the improvements and consider impacts/improvements to the environment as a result. These potential improvements must then be considered in terms of how the port operates and perhaps even which vessels are allowed at the port.

## Appendix I

### CIFFA Recommendations

#### Within the CBSA

- Adequate resourcing by the CBSA to ensure that it has the human resources available to examine containers which have been identified for exam. We have received several examples, particularly at the Port of Montreal, where containers have been called for exam before a long weekend or Christmas and not examined until days and sometimes weeks after the holiday. A contributing factor appears to be availability of officer(s).
- Training and communications with officers at every port on the impacts of container examinations and their costs.
- Review of targeting versus random examinations and the consequences of calling containers for examination where there are inadequate resources available to conduct the examinations.
- Implement a requirement for CBSA officers to sign examination time sheets and to provide evidence that the examination has taken place. [For example, a CBSA stamp on a time sheet which could then be shared with the steamship line and on through the chain to the forwarder, customs broker, and finally to the poor importer – or exporter for that matter - who must pay the bill. Today, there is no accountability by the Agency for delays in the examination of cargo – its officers do not seem to equate time with cost. And today there is no physical evidence that the CBSA has examined a container other than a bill from the CEF which is sent to the steamship line.

#### At Container Examination Facilities (CEF)

- Implement service level agreements with CEF operators to hold them accountable for the timely pick-up and return of containers from the port.
- Require all CEF operators to publish rate sheets for container pick-up & return and de-vanning, backed up by time sheets.
- Implement service level agreements and time sheet with all CEF operators for container examinations including time permitted for de-vanning and re-loading of the container itself.
- Implement a requirement for photos of all containers that are de-vanned fully or partially and re-loaded. Share those photos with the importer (or his representative) to be used in cases of claims for damage and delay. [Damages caused by the CEF are quite common and claims handling is a nightmare due to lack of evidence, photos and accountability.]

#### At Terminal Operations

- Implement service level agreements with all terminal operators mandating the requirement for identified containers to be presented to the CBSA within a reasonable time. [For example, terminal operators should be required to make the container available to the CBSA for examination within 24 hours of vessel discharge. Today, particularly at the Port of Vancouver, containers are buried in the stacks and are not presented to the CBSA for four, five and most recently + six weeks after vessel discharge. This is completely unacceptable.]
- Prohibit terminal operators from charging on dock storage or detention for containers which it is unable to provide to the CBSA within the agreed service level (i.e. 24hours). [Today, terminal operators have no incentive to locate identified containers or present them to the CBSA for delivery to the CEF as the terminal charges storage / demurrage for containers sitting on its dock for any reason at rates of \$150 - \$200 per container per day. Terminal operators are profiting from their own inefficiencies to the detriment of Canada's traders]
- Prohibit steamship lines from charging equipment detention or demurrage on containers which have been called for examination.
- Require terminal operators to allow containers identified for examination to have special access to reservations at the gate for CEF transfers and returns and prohibit the terminal from charging for those reservations.