Partners in Protection Program
Memorandum D23-1-1

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In brief

This memorandum has been revised to include the following changes:

New policy:

1. References to the use of the FAST lane has been amended to state that you must be a member of CSA and PIP, or PIP only to access the lanes.
2. Courier Low Value Shipment (CLVS) amount has been changed from $2500 to $3300.
3. Appendix B: Current description of current Minimum Security Requirements.

Language clarification:

4. Eligibility criteria
5. Terms and conditions
6. Action plans
7. Transfer of membership
8. Denial, suspension, cancellations and appeals
9. Seal requirements

Repealed:

10. Trusted Trader Program Email List.
11. References to awareness sessions.

This memorandum outlines and explains the policies and membership requirements of the Partners in Protection (PIP) program. PIP is a voluntary Canada Border Services Agency (CBSA) program that enlists the cooperation of private industry to enhance border and trade chain security while providing pre-approved, low-risk businesses with streamlined and efficient border processes.

Legislation

Customs Act
Criminal Code

Guidelines and general information

Definitions

1. The following definitions apply to this memorandum:

Action plan

Issued by the CBSA to a PIP applicant or member, the Action Plan outlines necessary corrective action and a reasonable time frame for completion in order to comply with PIP Minimum Security Requirements (MSR)s. If the Action Plan is acted upon accordingly, a PIP applicant can avoid being denied program membership or a PIP member can avoid suspension or cancellation of their program membership.

Applicant

A business that applies to the PIP program by completing the application form. The business remains an applicant until an approval decision is rendered. At that time they become a member.

Articles of incorporation (AI)

A legal document creating a corporation and outlining its purpose and regulations in order to be deemed "incorporated". In Canada, this document is filed with a provincial, territorial, or federal government by the founders of a corporation. In the United States, it is filed with a state and is governed by the laws of that state.

Authorized economic operator (AEO)

A party involved in the international movement of goods in a function approved by (or on behalf of) a national customs administration as complying with World Customs Organization (WCO) or equivalent supply chain security requirements as outlined in the SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework). Term also used to describe national customs administration's commercial trade programs that align with the SAFE Framework.

Authorized officer

An authorized officer is an individual with legal signing authority who acts in an official capacity to represent a business and make decisions on behalf of that business. Examples may include Chief Executive Officer (CEO), Chief Financial Officer (CFO), President, Vice-President, Owner, Partner, Secretary Treasurer, Executive Director, Director, or other authorized individual. This individual will become the TTP account owner with responsibility for accepting the Terms and Conditions of program membership, completing the Certification and Authorization to Disclose Information (CADI), and receiving notifications related to the PIP application or membership status of the business. For the purposes of administering membership in the PIP program, the CBSA may request documented proof of the individual's authorized status.

Bill of Lading (or Manifest)

A document issued by a shipper to a carrier containing the terms of the contract for cartage and a list of all goods to be shipped. The shipper is responsible for completing the bill of lading and providing it to the carrier when the shipment is sent. The carrier, in turn, is responsible for providing a copy to the importer as evidence of the transfer of goods and acknowledgment of their receipt.

Border services officer (BSO)

Officers who were formerly designated as customs officers, immigration officers and food inspection officers.

Business

A corporation, sole proprietorship or partnership.

Business number (BN)

A 15-character alphanumeric identifier assigned by the Canada Revenue Agency (CRA) to identify a business. It consists of a nine-digit registration number and six- character account identifier (e.g., 123456789RM0002: the registration number 123456789 identifies the legal entity and RM0002 identifies an account).

Carrier code (CC)

A unique four-character identifier issued by the CBSA to identify a specific carrier.

Certificate of amalgamation

Legal document denoting the combination of multiple companies into a new entity.

Certificate of incorporation

Legal document relating to the formation of a company or corporation. It is a license to form a corporation issued by a state, provincial or federal entity.

Certification and Authorization to Disclose Information (CADI)

A form informing PIP members about the collection, use, and disclosure of their information. It allows PIP members to provide consent at their discretion to the following: CBSA website, Mutual Recognition Arrangements and Harmonization (MRA). The CADI allows PIP members to authorize the exchange of program-related information between the CBSA and other customs organization(s) under an established MRA in order to receive benefits in the other country.

Commercial goods

Goods imported into Canada for sale or for any commercial, industrial, occupational, institutional, or other similar use.

Courier Low Value Shipment (CLVS) Program

A commercial program intended to help simplify the process to import low value goods. The program streamlines the customs processing of shipments valued at CAN$3,300.00 or less and provides the courier industry with expedited release.

Customs trade partnership against terrorism (CTPAT)

A voluntary supply chain security program administered by U.S. Customs and Border Protection (CBP) and focuses on improving the security of private business' supply chains.

Customs and border protection (CBP)

A federal law enforcement agency of the United States Department of Homeland Security charged with regulating and facilitating international trade, collecting import duties, and enforcing U.S. regulations, including trade, customs, and immigration.

Customs self-assessment (CSA)

A pre-approval commercial program that simplifies border requirements to give approved importers, approved carriers, and registered drivers the benefits of a streamlined clearance option for CSA eligible goods.

Dunnage

Any materials used to secure, support, and/or transport cargo while in transit, including wooden pallets, racks, straps, bags, packaging, etc.

Facility

Any location at which a member conducts business operations in relation to the cross-border movement of commercial goods, including locations where cargo is handled and/or stored. A list of all facilities must be provided in the security profile.

Free and Secure Trade (FAST)

A joint Canada-U.S. initiative that provides an accelerated commercial clearance option to pre-approved importers, carriers, and registered drivers to move pre-approved eligible goods across the border.

Freight forwarder code

A unique four-character identifier issued by the CBSA to identify a specific freight forwarder.

GCKey

This is a unique username and password of your choosing that protects your online communications with the Government of Canada. This is the recommended credential for the TTP. This allows the Government of Canada to authenticate your identity. Credentials provide you with safe and secure access to information and services. All individuals, even if they are from the same business, will require their own credential to access the TTP.

High-security seal

For PIP purposes, high-security mechanical freight container seals are categorized as seals that meet or exceed the current ISO/PAS 17712 standard for freight container mechanical seals. Seals that conform or exceed this standard are manufactured with strong metal materials with the intent to deter intrusion, and the seals generally require removal with bolt or cable cutters. Seals are categorized into the following security levels: indicative (I), security (S), or high-security (H). Businesses must agree to use seals that meet the “H” (high security) level for PIP purposes.

ISO/PAS 17712

International Organization for Standardization / Publicly Available Specification 17712 defines the various types of security seals available and describes in detail the general performance requirements for each product type as well as details of testing specifics.

Legal entity

An association, corporation, partnership, proprietorship, trust, or individual that has legal standing in the eyes of the law. A legal entity has legal capacity to enter into agreements or contracts, assume obligations, incur and pay debts, sue and be sued in its own right, and to be held responsible for its actions.

Letter of Authorization

A letter provided by the applicant/member business to the CBSA authorizing a third party representative to provide information to the CBSA on behalf of the business. The business maintains full liability for all information provided to the CBSA by their representative.

LTL/LCL

Less-than-truck-load (LTL) and less-than-container-load (LCL) are terms used when a quantity of freight does not fill a standard truck or container and/or more than one shipper's freight or consignment occupies a single container. This often applies to businesses doing pick-up and delivery operations wherein cargo is added to an existing load en route.

Member

Once an approval decision has been made, the applicant becomes a member of the PIP program.

Minimum security requirements (MSR)

A set of security requirements, covering all components of a business' supply chain, that must be met in order to be recognized as a PIP member. They are outlined in the PIP security profile.

Mutual recognition arrangement (MRA)

An arrangement that expands the international trade network of accredited low-risk businesses. An MRA between the CBSA and compatible national customs agencies means that both countries customs-trade partnership programs apply similar security standards and site validation practices when approving businesses for membership in their respective programs, and both countries recognize each other's members and may grant them similar benefits. PIP members can receive benefits in countries with which the CBSA has an MRA, provided the member has provided consent in the CADI.

Partners in protection (PIP)

A cooperative program between private industry and the CBSA aimed at enhancing border and trade chain security.

Post-incident analysis (PIA)

The activities undertaken with a PIP member following a breach of supply chain security. The PIA will investigate the incident, identify any mitigating circumstances, and formulate a strategy for the prevention of future incidents.

Risk assessment

A screening process which verifies a business' eligibility for PIP membership, identifies potential vulnerabilities, and evaluates an acceptable level of risk.

SAFE Framework of standards to secure and facilitate global trade (SAFE Framework)

The SAFE Framework of Standards to Secure and Facilitate Global Trade is a regime developed by the WCO to enhance the security and facilitation of international trade. It sets forth principles and standards and presents them for adoption as a minimal threshold by WCO members.

Seal

See High-security seal

Security profile

The fundamental document of the PIP program in which applicants or members provide tombstone information and details on their business operations, including supply chain partners, cargo-handling facilities and procedures, security practices, physical access controls, sealing protocols, information technology infrastructure, etc.

Site validation

A physical inspection of an applicant's or member's premises to verify the information provided in the security profile.

Supply chain partner

A third-party facility involved in a member's business operations in relation to the cross-border movement of commercial goods, such as domestic or foreign suppliers, manufacturers, distribution centres, conveyances, warehouses, truck yards, and cargo handling/storage areas.

Terms and conditions

A voluntary agreement between a PIP member and the CBSA to enhance the security of the member's supply chain and to certify their participation in the PIP program.

Tombstone information

Basic applicant or member identifying information, including the business' names, divisions, points of contact, location addresses, telephone numbers, e-mail addresses, business numbers, carrier codes, etc.

Trusted trader portal (TTP)

A secure online tool that allows members of the trade community to complete and submit applications for membership in the PIP program, as well as maintain their membership documentation online.

World Customs Organization (WCO)

An organization whose primary purpose is to facilitate the development of international trade through the improvement and harmonization of customs procedures.

General information

2. The PIP program is designed to establish partnerships with trusted businesses in order to enhance the integrity of Canada's borders and the security of the international supply chain.

3. PIP members agree to implement and adhere to high security standards, while the CBSA agrees to support program members through the assessment of their physical and procedural security measures. Members are recognized as being Trusted Traders and enjoy benefits such as border recognition, facilitated processing, enhanced industry marketability, and access to the Trusted Trader Portal (TTP), while the CBSA is able to focus its resources on areas of higher or unknown risk.

4. To use FAST lanes into Canada, carriers and importers must be authorized under the PIP program or both the Custom Self Assessment (CSA) and PIP programs and the driver must be registered in either the FAST Commercial Driver Program or Commercial Driver Registration Program (CDRP). Only eligible goods qualify to use the FAST lane. For U.S. based highway carriers wishing to access FAST lanes when entering Canada, PIP membership remains mandatory.

Note: For additional information on CSA or FAST, refer to the CBSA website.

5. The PIP program is an AEO program, which means it is aligned with the WCO SAFE Framework. The SAFE Framework establishes universal standards for supply chain security that have been adopted by customs organizations worldwide.

6. Based on the SAFE Framework, PIP specifies a set of specific program eligibility requirements called Minimum Security Requirements (MSRs), see Appendix B, that must be met in order to be recognized as a PIP member. The MSRs are outlined in the PIP security profile. The MSRs cover all components of a business' supply chain, including the following categories:

- (a) physical security and access controls
- (b) procedural security
- (c) container, trailer, and rail car security
- (d) data and document security
- (e) personnel security
- (f) security training and awareness
- (g) business partner requirements and
- (h) supply chain security planning

7. In addition to the requirements outlined in the MSRs, the PIP security profile includes recommendations which are suggested best practices for businesses to further enhance their security practices. Some examples of recommendations include:

- (a) Security awareness program for employees
- (b) code of conduct regarding security violations
- (c) security policy manual
- (d) monitoring business partners to ensure conformity with PIP MSRs
- (e) electronic-security, including protection of electronic assets and information technology (IT) infrastructure

8. The CBSA continues to reserve the right to examine any shipment or conveyance that crosses the border into Canada, regardless of program membership. The CBSA may refer a PIP member's shipment for verification activities such as:

- (a) documentation review
- (b) contraband inspection
- (c) cab check or
- (d) random examination

Privacy statement

9. Information collected by the PIP program will be used to determine the eligibility of an applicant and to conduct compliance reviews (e.g. to ensure that members continue to adhere to program requirements) and may be disclosed internally for the purposes of investigation and enforcement activities relating to program applicants and members. The information may also be used for statistical purposes, and to evaluate the program. Disclosure of the information collected in the PIP program application and supporting documents is governed by section 107 of the *Customs Act*.

Program membership

Eligibility criteria

10. Program eligibility requirements allow the CBSA to properly assess applicants prior to their authorization as well as validate, on a periodic basis, that existing members continue to meet these requirements. Having these processes ensures a fair and equitable treatment to all applicants and members.

11. To be eligible for membership in the PIP program, an applicant must meet all of the program eligibility requirements outlined in this Memorandum:

- (a) own or operate facilities based in Canada or the U.S. that are involved in the cross-border movement of commercial goods
- (b) have cross border trade history for the past 12 months with at least one movement or causes to move within 90 days prior to applying
- (c) be solvent and have no unresolved debts to the Crown or undischarged bankruptcy

- (d) have no convictions (for which a record suspension has not been received) under the *Criminal Code* of Canada or under any other federal or provincial legislation
- (e) have no convictions outside of Canada under foreign law that, if enforced in Canada, would constitute an offence under an Act of Parliament or under any other federal or provincial legislation
- (f) have no history of significant contraventions under the *Customs Act* or any of its regulations, or under any act or regulation enforced by the CBSA, Other Government Departments (OGD) or other international customs organization and
- (g) be compliant with all MSRs outlined in the PIP security profile unless special consideration is given to the business' particular operations or security structure at the discretion of the CBSA

12. For businesses based in Canada, membership in the PIP program is available to the following lines of business:

- (a) **Commercial carriers operating in the highway, rail, marine and/or air modes, including couriers** – defined as an individual or business with a valid CC issued by the CBSA that undertakes, in a contract of carriage, to transport commercial goods by highway, rail, sea, or air, or by a combination of these modes.
- (b) **Importer or exporter** – defined as an individual or business with a valid BN that brings commercial goods from a source outside of Canada into the Canadian domestic market, or vice versa, in the course of trade.
- (c) **Warehouse operator (including marine terminal operator)** – defined as an individual or business with a valid BN or sublocator code that charges a fee for the receipt, storage, and handling (or other value-added service) of goods belonging to others.
- (d) **Freight forwarder** – defined as an individual or business with a valid (bonded or non-bonded) freight forwarder code issued by the CBSA that arranges for the transportation of goods, and may provide other services such as consolidation and deconsolidation of shipments and de-stuffing containers. Note: For further information on freight forwarder codes refer to Memorandum D3-1-1, Policy Respecting the Importation and Transportation of Goods and/or contact the CBSA's CRU.
- (e) **Shipping agent** – defined as an individual or firm that transacts all business in a port on behalf of ship owners or charterers.
- (f) **Customs broker** – defined as an individual or business licensed to carry out customs-related responsibilities on behalf of a client.

Note: For further information on the CBSA's broker licensing requirements refer to Memorandum D1-8-1, Licensing of Customs Brokers.

Note: For further information on BNs refer to the Canada Revenue Agency website.

13. For businesses based in the U.S., membership in the PIP program is available to carriers in all modes of transport, provided that they hold a valid Canadian CC, and to importers that conduct business in Canada (i.e., hold a valid Canadian BN and file Canadian customs declarations).

Note: PIP membership remains mandatory for U.S.-based highway carriers wishing to access FAST lanes when entering Canada.

Application process

14. There is no fee for applying to the PIP program. Applicants with a BN, CC, Warehouse Sublocator Code or Freight Forwarder Code (FFC) must submit their application electronically through the TTP.

15. In order to apply for PIP membership, an applicant's Authorized Officer must:

- (a) visit the TTP to request an activation code, obtain an online credential, such as a GCKey, and register for a TTP account
- **Note:** TTP activation codes will only be sent through a secure method where the identity of the recipient can be verified.
- (b) submit a completed security profile
- (c) accept the Terms and Conditions of program membership
- (d) fill out the CADI form and
- (e) provide the AI (in the case of a corporation) or first page of the Minute Book (in the case of a U.S. resident), including the certificate number, date of issue, and number of years in existence. In the case of a sole proprietorship, the following must be provided: criminal record check, credit check, and proof of operating as a business for a period of no less than one calendar year

16. The purpose of these Terms and Conditions is to set out the roles and responsibilities the CBSA and PIP members play to enhance the physical security and integrity of the production, transportation, importation, and/or exportation processes of members. Its purpose is also to formalize the applicant's commitment to uphold the Terms and Conditions of the PIP program in the event that the applicant becomes a PIP member. The roles and responsibilities of PIP members set out in these Terms and Conditions do not affect any legal obligations of the members under any Act of Parliament. These Terms and Conditions represent mutual commitments between the CBSA and PIP members that are not intended to be legally binding or enforceable before the courts. Nothing in the document is intended to create a relationship of agency, financial partnership, employer-employee, or joint enterprise between the CBSA and PIP members. The applicant and the CBSA agree with the roles and responsibilities set out in these Terms and Conditions.

In accordance with the PIP program's Terms and Conditions, members must:

- a) ensure that security measures and systems continue to meet or exceed the MSRs set out in the PIP Security Profile and conduct yearly reviews of security measures and systems
- b) inform the CBSA of any security issues and the inability to correct an identified security and/or non-conformity with the minimum security requirement, or eligibility criteria

- c) train and ensure employees follow the security measures and the Terms and Conditions of the PIP program and ensure employees cooperate fully with the CBSA and ensure procedures are in place for employees to advise the CBSA of any suspicious circumstances involving potential or suspected illegal customs or immigration activities
- d) conduct business dealings with entities that agree to take steps to ensure, that their security measures and systems meet or exceed the MSRs set out in the PIP Security Profile
- e) advise the CBSA of any substantive company changes within the specified timeframe, including any material changes affecting its Security Profile and/or company contact information
- f) report any drugs or contraband found by an employee, without handling and without delay, to the CBSA and the appropriate law enforcement agency
- g) refer any suspicious activities to the member's CBSA local CBSA office
- h) provide the CBSA, upon request, with access to any security monitoring systems within the member's control that are utilized for premises security and
- i) make the CBSA familiar with relevant internal information and security systems and processes, where practicable and upon the request of the CBSA

17. The CADI is a form through which businesses may authorize the exchange of program-related information with other AEO programs through the CBSA's established MRAs. This means both countries can recognize each other's members and may grant them similar benefits. Businesses may modify the CADI at any time to extend or revoke information sharing permissions. The CADI also provides a Privacy Statement, and authorizes publishing of the business name on the CBSA website and info sharing for harmonization purposes.

18. The processing of a PIP application consists of two distinct stages:

- (a) **preliminary review** of the information submitted to confirm program eligibility and ensure completeness and
- (b) **validation** of the accuracy of the information submitted through the conduct of site visits. This confirms compliance with program MSRs and includes risk assessment and the identification of potential vulnerabilities

19. A request for additional or revised information will be sent to the applicant if any errors or omissions are identified at any stage in the application process. Failure to respond to such a request within the specified timeframe will result in denial of the application.

20. Upon final approval of membership in the PIP program, an official certification letter will be sent to the member.

21. Once accepted into the PIP program, members must confirm their continued participation, and verify their security profile information, on an annual basis. This may be done by logging on to the TTP. In addition, members are responsible for providing updates through the TTP regarding any changes to their business information, as they occur.

Denial of applicant

22. Reasons for denial of a PIP program application may include, but are not limited to:

- (a) submission of false or misleading information
- (b) failure to respond to requests for additional or revised information within the specified timeframe
- (c) failure to notify the CBSA of changes to the business as they occur, including any changes to the supply chain, business structure, security practices, location(s) of operations, or contact information
- (d) failure to meet PIP program eligibility requirements or MSRs
- (e) failure to pass a risk assessment or site validation
- (f) refusal to undergo a site validation
- (g) failure to comply with the requirements of an action plan or to address security deficiencies in a satisfactory manner within the specified timeframe and/or
- (h) a security incident prior to program membership approval, such as an enforcement action at the border, a security breach involving cross-border freight, or an instance of cargo theft

23. Applicants are required to respond within the specified timeframe to all requests from the CBSA regarding their PIP program status, including requests to confirm or update business or contact information, schedule an on-site validation or PIA, provide additional details on business or security practices, submit or verify information in the TTP, etc. Failure to respond to a request from the CBSA may result in denial of an application.

24. A letter of notification stating the reason(s) for denial will be sent to the applicant following a denial decision. Denial of a PIP program application is subject to appeal.

Reapplication following denial

25. An applicant may reapply following a denial decision once the reason(s) for denial have been addressed. The standard reapplication timeframe relating to application related issues is six months. However, the CBSA reserves the right to specify reapplication timeframes on a case-by-case basis, and to disallow reapplication indefinitely for serious cases.

Site Validations

26. Applicants to the PIP program must undergo a site validation to verify that the information provided in the security profile accurately reflects their supply chain. A CBSA officer will conduct an on-site validation of the business' facilities to assess compliance with PIP MSRs. Businesses must respond within the specified timeframe to all validation requests made by the CBSA.

27. Should the business decide to hire a third party to represent them during a site validation, and/or in any other interactions with the CBSA, they must provide the CBSA with a Third Party Authorization letter signed by an Authorized Officer (see Appendix A for details) of the business. The letter of authorization should be printed on the business' letterhead and should follow the suggested format outlined

in Appendix A of this memorandum. The business maintains full liability for all information provided to the CBSA by their representative.

28. If the business has a complex business structure with multiple lines of business, divisions and/or locations, the CBSA will validate each mode and **reserves the right to visit as many facilities as deemed necessary** in order to ensure a thorough validation of the business' entire supply chain. At the discretion of the CBSA, a site validation may be extended to include the business' supply chain partner(s).

29. Upon approval of PIP membership, the date of the site visit will become the membership's effective date. Company will be subject to revalidation following their four year anniversary date.

Site revalidation

30. PIP membership requires a renewed site visit or alternate form of validation as defined, following their four year anniversary date. For example, an applicant that became an approved PIP member in August 2020 will be revalidated by, no later than, the end of 2024. Unless otherwise determined by the CBSA, membership will remain active throughout the revalidation process. Members will be notified when they are due for revalidation.

31. At the discretion of the CBSA, PIP members are subject to compliance reviews and/or site visits at any time, during the regular four-year revalidation cycle, in order to ensure alignment with MSRs and all other applicable requirements under the *Customs Act*.

Withdrawal

32. A PIP application or membership may be withdrawn at any time. An application or membership that has been withdrawn will not be reinstated and a full reapplication will be required in order to be reconsidered for PIP membership.

Transfer of membership

33. Ongoing applications and approved memberships in the PIP program may be transferable if acquired through corporate amalgamation. Membership cannot be sold or disposed of.

34. PIP applicants or members that will undergo corporate amalgamation or acquisition, will need to contact the PIP Program to have their new corporate structure and program eligibility reviewed in order to be considered for continued participation in the PIP program.

Membership list

35. As a service to our members, the CBSA publishes a list of approved PIP members on the CBSA website. The members listed are those that have consented on the CADI form to have their names posted and therefore this may not be a complete list of all PIP-approved members.

Action plans

36. If supply-chain security gaps and/or breaches are identified either during a site validation or when an incident arises, the CBSA may initiate an Action Plan to outline the corrective measures necessary for compliance with MSRs or other applicable obligations under the *Customs Act* and its regulations. An Action Plan constitutes a mutual agreement between the applicant/member and the CBSA.

37. The applicant/member must agree to the terms and timeframe specified in the Action Plan. A reasonable timeframe will be established by the CBSA officer in consultation with the applicant/member. Failure to abide by the terms of an Action Plan within the specified timeframe may result in denial of an application or the suspension or cancellation of program membership.

38. The business will be notified when an action plan is required. Completion of an Action Plan must occur within 90 calendar days from the date of issuance.

39. If requested, an extension to the Action Plan timeframe may be granted at the discretion of the CBSA. Such requests will be reviewed by the CBSA on a case-by-case basis.

40. A CBSA officer will follow up with the applicant/member upon completion of an Action Plan to verify that corrective measures have been appropriately implemented.

Suspension or cancellation

41. Suspension of PIP membership constitutes an interruption of all program-related benefits, including access to FAST lanes, and removal of the member's name from the list of approved PIP members on the CBSA website.

42. Suspension is intended to be a temporary status that will lead to either reinstatement or cancellation of program membership. The duration of the suspension and reinstatement timeframes will be included in the suspension notification received sent by the CBSA. Duration and timeframes may vary depending of the reason for the suspension and the corrective measures that will need to be implemented prior to reinstatement.

43. Cancellation of PIP membership constitutes full cessation of all program-related benefits, including access to FAST lanes, dissolution of the Terms and Conditions, and termination of program membership. The member's name will be removed from the list of approved PIP members on the CBSA website.

44. Reasons for suspension or cancellation of PIP membership may include, but are not limited to:

(a) submission of false or misleading information

(b) failure to respond to requests for additional or revised information within the specified timeframe

(c) failure to notify the CBSA of changes to the business as they occur, including any changes to the supply chain, business structure, security practices, location(s) of operations, or contact information

(d) failure to disclose information that directly impacts the member's Security Profile, including security-related incidents or breaches

(e) failure to abide by the obligations outlined in the Terms and Conditions of PIP membership

(f) failure to continue to meet PIP program eligibility requirements as stated in paragraph 11

(g) failure to pass a site validation or renewed risk assessment

(h) refusal to undergo a site validation

(i) failure to submit updated Security Profile information for revalidation of PIP membership within 30 days following the receipt of a warning letter

(j) failure to comply with the requirements of an Action Plan or to address security deficiencies in a satisfactory manner within the specified timeframe

(k) commission of an infraction under the *Customs Act* or any of its regulations, or under any legislation enforced by the CBSA or other international customs organization and/or

(l) lack of cooperation with the CBSA, such as repeatedly asking for extensions, neglecting to return phone or e-mail correspondence, failing to provide requested documentation, or refusing to grant access to the business' premises

45. A letter of notification stating the reason(s) for suspension or cancellation will be sent to the member following a suspension or cancellation decision. The letter of notification will provide an effective date for the decision, and specify the length of the suspension and the timeframe for reinstatement or the effective date of the cancellation of membership. Cancellation of PIP membership is subject to appeal.

Appeals

46. An applicant or member that disagrees with a denial, or cancellation decision by the CBSA may submit an appeal electronically to: cbsa.trusted_trader-negociants_dignes.asfc@cbsa-asfc.gc.ca

47. Only one appeal will be considered by the CBSA for any particular decision. In order to be considered, the appeal must:

(a) be submitted within 30 business days from the effective date of the decision being appealed

(b) clearly state the appellant's PIP Membership Number and the reason(s) for appeal and

(c) include any supporting documentation

48. The appellant's "denied" or "cancelled" status will remain in effect throughout the duration of the appeal period. No further application processing or administration of program membership will occur until the CBSA has rendered a decision.

49. If the CBSA overturns a decision to deny a program application and accepts the appeal, then the application process will resume. Conversely, if the CBSA upholds a decision to deny an application and rejects the appeal, then the denial will remain in effect and the applicant will be allowed to reapply following the expiration of any prescribed waiting period.

50. If the CBSA overturns a decision to cancel program membership the cancellation will end and program membership will be reinstated. Conversely, if the CBSA upholds a decision to cancel program membership the cancellation of membership will remain in effect.

51. The CBSA will render a decision and a letter of notification will be sent to the applicant/member within 30 business days of receipt of the appeal. The letter will state the CBSA's decision and specify an effective date. All appeal decisions rendered by the CBSA are final.

Reinstatement

52. The CBSA may reinstate program membership following an appeal of a cancellation decision, or following verification of corrective measures implemented to resolve security deficiencies identified by an Action Plan.

Reapplication following cancellation

53. On a case-by-case basis, a cancelled member may reapply following a cancellation decision.

54. The CBSA reserves the right to specify reapplication timeframes on a case-by-case basis, and to disallow reapplication indefinitely.

Post-incident analysis

55. The CBSA may conduct a PIA following an incident or breach of supply chain security. The client will be notified when a PIA has been initiated. The letter will state the reason for the PIA and request the member's participation. The PIA will seek to:

(a) identify the source of the incident

(b) assess the member's response and cooperation with customs regulations and law enforcement (including self-reporting) and

(c) ensure the implementation of corrective measures to prevent future incidents

56. The purpose of a PIA is to assess compliance with PIP program requirements or obligations under the *Customs Act* following a security-related incident and to implement any necessary corrective action. A PIA will not be conducted at the request of another program or agency without grounds directly rooted in PIP program policy.

57. Incidents that require a PIA may include, but are not limited to:

(a) a violation of the *Customs Act* or any of its regulations, or of any legislation enforced by the CBSA or other international customs organization

(b) a violation of the Terms and Conditions or of PIP program policies or

(c) a perceived weakness in a PIP member's supply chain

58. Incidents that require a PIA may be brought to the attention of the CBSA by various means, including:

(a) voluntary disclosure by the member or its authorized representative, in accordance with the obligations set out in the Terms and Conditions of PIP membership

(b) communications with CBSA operations, including BSO

(c) exchange of information with the US CTPAT program, or any other AEO program under an established MRA when authorized by the participant through the CADI

(d) court decisions or legal publications or

(e) information in news media or other open sources

59. At the discretion of the CBSA, membership and related benefits, such as access to FAST lanes entering Canada, may be maintained or suspended throughout the duration of a PIA depending on the severity of the incident.

60. The outcome of a PIA will be determined by the CBSA upon consideration of all findings and pertinent information. Should any indicators of criminal activity be discovered in the course of a PIA, the CBSA will refer the findings to the appropriate law enforcement authority.

61. The outcome of a PIA may consist of:

(a) an Action Plan to outline corrective measures in response to the incident and/or

(b) suspension or cancellation of program membership depending on the severity of the incident

62. If the program member gives an unsatisfactory explanation as to the possible cause(s) of the incident, fails to respond effectively to the incident, and/or is unwilling or unable to participate in a PIA, then program membership may be suspended or cancelled at the discretion of the CBSA.

63. A letter of notification will be sent to the program member when a PIA has been concluded. The letter will state the outcome of the PIA and, in the event of a suspension or cancellation, will provide an effective date. A CBSA suspension or cancellation decision as a result of a PIA is subject to appeal.

Cargo seal requirements

64. All PIP program applicants and members must have a written seal policy in accordance with PIP program MSRs. This must include procedures for proper disposal of used seals in order to mitigate the risk of counterfeit seals.

65. PIP members are responsible for monitoring their supply chains and ensuring seal integrity throughout the life cycle of a shipment of goods, including proper use of high-security seals, in accordance with PIP seal requirements.

General seal requirements for all PIP members

66. PIP members must ensure that a high-security seal is affixed to all loaded containers and trailers that cross the border in either direction, including shipments that cross the border while in transit to a domestic location.

67. For PIP program purposes, high-security seals are classified as meeting or exceeding the ISO/PAS (International Organization for Standardization / Publicly Available Specification) 17712 standard for mechanical freight container seals.

68. PIP members must:

(a) ensure that seals are affixed to all shipments by an authorized individual who is appropriately trained in the proper application and use of high-security seals

(b) acquire seals from a legitimate manufacturer and obtain the manufacturer's test report to be kept for future reference and verification that seals meet the ISO/PAS 17712 standard

(c) have clearly defined written procedures that stipulate how high security seals are controlled. This includes access, inventory, distribution, tracking and procedures for seal discrepancies. Seals must be controlled and secured by authorized personnel

(d) inspect seals on all cargo-laden containers and trailers. The receiving party is responsible for verifying seal integrity at each transfer of custody

(e) report any seal discrepancies or evidence of tampering to a BSO at the point of entry into Canada, or to an appropriate law enforcement authority such as local police. All discrepancies and instances of tampering must be noted in the cargo documentation

(f) oversee and advise their supply chain partners to ensure that pertinent security measures are in place, including proper use of high-security seals, from point of origin through to final destination and

(g) document all requirements they impose on their supply chain partners with regard to the application and verification of high-security seals

Specific seal requirements by line of business

69. If a PIP-approved carrier in any mode takes possession of a container or trailer that has not been sealed, the onus shifts to the carrier to seal the container/trailer and to record the seal number on the bill of lading.

70. **Highway carriers** – responsible for inspecting the condition of seals and for comparing each seal number against the shipping documentation. If a seal has been broken, highway carriers must report to their dispatcher the name(s) of the person(s) responsible as well as the number of the new seal that is placed on the container/trailer.

Note: In the highway mode, an empty container/trailer does not require a high-security seal to cross the border into Canada. However, a container/trailer containing dunnage without cargo on board is not considered to be empty and therefore requires a high-security seal.

71. **Rail carriers** – responsible for affixing a high-security seal to all loaded rail cars and intermodal containers that are transported by rail and destined for Canada. Rail cars crossing the border into Canada must comply with seal verification rules and seal anomaly reporting requirements.

72. **Marine carriers** – responsible for inspecting seals and documenting their condition before containers are loaded onto a vessel.

Note: In the marine mode, all containers bound for Canada must be visually inspected and sealed, even when empty.

73. **Air carriers** – responsible for overseeing all cargo loaded on board an aircraft in a manner pursuant to applicable laws and regulations. When an air carrier contracts supply chain partners to control a specific element of the cargo transportation service (such as an airport terminal, a unit load device, the direct handling of cargo containers, or any process subject to seal requirements), the air carrier must work with its supply chain partners to ensure that pertinent security measures are implemented and followed.

74. **Importers and warehouse operators** – must inspect all seals prior to removal and note any discrepancies between the seals and the information listed in the cargo documentation. Any indicators of illicit activity must be reported to the CBSA or an appropriate law enforcement agency.

75. **Exporters and freight forwarders** – responsible for sealing all containers/trailers until the carrier assumes control, and for ensuring that all seal numbers are recorded on the bill of lading.

Seal exceptions, replacements, and noncompliance

76. Shipments that are **less-than-truck-load (LTL)** or less-than-container-load (LCL) may use high-security padlocks or similar locking devices instead of high-security seals when the pick-up or delivery of local freight involves multiple stops. However, LTL and LCL carriers must (at the very least) use a high security padlock or a similar appropriate locking device when picking up local freight in an international LTL or LCL environment. At the last pickup site prior to crossing the border, the carrier must seal the load with an ISO 17712 compliant high security seal. In such cases, PIP members must implement strict controls to limit access to padlock keys or combinations.

Note: If a consolidation hub is used, the seal number(s) may be recorded on the consolidated lead sheet rather than the individual bills of lading. The seal number(s) should be listed on the documents presented to a BSO.

77. Some commercial loads and conveyances are not suited to accommodate high-security seals or padlocks (e.g., tank trailers, bulk or open-top loads, dump trailers, tractors, open or soft-sided trailers, step decks, flatbeds, livestock trailers, and other types of open trailers or oversize loads for which a seal will not detect access). In such cases, PIP members must demonstrate documented procedures to ensure cargo integrity during transit. For example, cargo access could be detected by using tamper-evident tape or by undertaking more thorough and/or frequent documented inspections.

78. If a seal is removed while en route to Canada, even by government officials, it is the carrier's responsibility to replace the seal and document its particulars, including the new seal number, on all pertinent cargo documentation. The carrier is not required to reseal loads examined by the CBSA if a BSO affixes a high-security seal supplied by the CBSA after examination. In the event that the construction of a conveyance, trailer or container prohibits the application of the CBSA high-security ISO 17712 seal following the CBSA examination, the carrier may apply their own ISO 17712 compliant high-security seal. In such cases, PIP program members must have documented strict controls to limit access to seals in line with the requirements outlined in section 73 of D23-1-1. Namely, the rigorous requirements surrounding acquisition, control, tracking and application of said seals.

79. Depending on the frequency and/or severity of occurrence, non-compliance with PIP program seal requirements may result in:

(a) placement on an Action Plan to address security deficiencies and/or

(b) suspension or cancellation of program membership. Before cancellation, a CBSA officer will conduct a follow-up to give the business an opportunity to rectify the situation

Additional Information

80. For additional information or clarification on the PIP program, e-mail pip-pep@cbsa-asfc.gc.ca or call the Border Information Service (BIS) line at **1-800-461-9999**. If you are calling from outside Canada or the United States you can access BIS by calling 204-983-3500 or 506-636-5064 (long-distance charges will apply). Agents are available Monday to Friday 7 am to 8 pm EST (except federal and statutory holidays). TTY is also available within Canada: **1-866-335-3237**.

Appendix A – Letter of authorization

Sample only

Business letter head

Date

To: Canada Border Services Agency

Subject: Letter of authorization

This is to advise you that:

Name of representative:
Address:
City/Province/State:
Postal/Zip-code:

Is authorized by:

Name of business:
Address:
City/Province/State:
Postal/Zip-code:

To provide information to the Canada Border Services Agency (CBSA) on behalf of the business as required in relation to the Partners in Protection (PIP) program.

(Business name) acknowledges that by authorizing the above noted representative, it assumes full liability for all information provided to the CBSA by their representative.

This authorization is valid until further notice.

Authorized Signature:

Title:

Telephone Number:

Appendix B – Minimum security requirements categories

Physical security and access controls
Applicants must implement measures that assure the security of buildings, as well as those that monitor and control exterior and interior perimeters. They must also implement access controls that prohibit unauthorized access to facilities, conveyances, loading docks and cargo areas. Cargo handling and

storage facilities in domestic and foreign locations must have physical barriers and deterrents that guard against unauthorized access. Access controls prevent unauthorized entry into facilities, maintain control of employees, visitors and individuals, and protect company assets. Procedures must be in place to prevent, detect and deter unmanifested material and unauthorized personnel from gaining access to conveyances and facilities. PIP applicants should incorporate the physical security criteria in this section throughout their supply chain, as applicable.

Procedural security

Measures must be in place to ensure the integrity and security of processes relevant to the transportation, handling, customs clearance and storage of cargo in the supply chain. Applicants must ensure that business partners develop security processes consistent with PIP security criteria to enhance the integrity of the shipment at its point of origin up to its point of final destination. Periodic reviews of business partners' processes and facilities should be conducted based on risk. These processes and facilities should maintain the security standards required by the PIP member.

Container, trailer and rail car security

Security must be maintained on all containers, trailers and rail cars used to import or export goods to protect them against the introduction of unauthorized material and/or persons. At the point of stuffing/ packing, procedures must be in place to properly seal and maintain the integrity of the shipping container, trailer or rail car. Companies should maintain an open dialogue with the CBSA on areas of common concern to collectively benefit from advancements in industry standards and container integrity technologies.

Data and document security

A well-defined physical security policy and system controlling access to any office or secure area must be in place to ensure that there is no unauthorized access to computers and equipment. Measures must be taken to protect electronic assets, including advising employees of the need to protect passwords and computer access.

Personnel security

Personnel security programs must incorporate the screening of employees and prospective employees. These programs should include periodic background checks on employees working in security-sensitive positions and the noting of unusual changes in an employee's apparent social and economic situation.

Security training and awareness

A security awareness program should be in place to inform and regularly remind individuals of security responsibilities, issues and concerns. The security awareness program provided to employees should include recognizing internal conspiracies and fostering awareness of the threats posed by criminal and terrorist elements in the supply chain.

Business partner requirements

When a company contracts out elements of its international supply chain, it is vital that the company works with its business partners to ensure that sound security measures are in place and adhered to in order to achieve an effective secure supply chain globally. Business partners that are not eligible for PIP must be subject to a verification of their compliance with PIP security criteria by the company through a documented risk-assessment process.

Supply chain security planning
Policies and procedures should be in place for companies to undertake a risk assessment of their supply chain, identify gaps and weaknesses, and implement strategies to mitigate risks.

References

Issuing office

Trusted Trader Programs Unit
Trusted Trader Programs Division
Commercial Program Directorate
Commercial and Trade Branch

Headquarters file

Legislative references

Customs Act
Criminal Code

Other references

D1-8-1, D3-1-1, D17-4-0

Superseded memorandum D

D23-1-1, December 18, 2020