

**Manufacturing Stakeholders Consultation  
Form 21 - Results and Action  
July 12, 2006**

1	<p>What purpose does this serve? The commenters feel that this is a “make work project” and are reluctant to participate as they feel it serves no useful purpose.</p>	<p>The Government of Canada believes the threat from international terrorism to be real and serious. This belief, supported by the findings of our intelligence agencies, is grounded in common sense. Since September 11, 2001, there have been more than a hundred terrorist attacks throughout the world. The Government of Canada is now acting to upgrade security throughout the nation. The Government is giving special attention to materials that could be of use to terrorists. Explosives are the terrorist’s weapon of choice. The Government of Canada has determined that additional controls on explosives are necessary to reduce the risk of terrorist acts and is asking for operational changes from those in the explosives industry in the interest of public safety and national security.</p> <p>Canada is also working to ratify a convention with the Organization of American States to prevent the illicit traffic and manufacture of explosives, and record-keeping and statistics gathering are a large part of the convention that Canada signed in 1997.</p>
2	<p>Why is the "Imported" column narrower than the columns for products that are "Produced," "Exported," etc.? Reporting may be difficult if a column is too narrow.</p>	<p>This form will be available online and will be programmed to be internally consistent and provide the needed amount of space for each field. The form in its paper format is being updated and this comment will be incorporated into its design.</p>
3	<p>What do “F” and “C” mean?</p>	<p>F is a Factory Licence with ERD and C is a Manufacturing Certificate held with ERD.</p>
4	<p>Section 3: “The quantities reported in the above table are accurate to ..... %.” Does this imply that ERD will accept a margin of error? If so, what will be acceptable?</p>	<p>The margin of error will vary depending on the product. ERD will expect as close to 100% accuracy as possible.</p>
5	<p>Will the reported quantities be verified by ERD? If so, what kind of auditing process will be followed?</p>	<p>ERD does not intend to verify every quantity reported by licensees. Sporadic checks may be performed in the future. ERD will ensure that reported products have been authorized by it for a given licensee as permitted by the Factory Licence or Manufacturing Certificate.</p>

6	<p>Will the volume information for the Canadian explosives market that is compiled through this reporting requirement be available to the public, or the explosives industry only? In the interests of security, I would propose that the detailed product volume and storage information not be made available to anyone. However, publication of general volume information would be useful to the industry.</p>	<p>The volume information reported on Form 21 will be given the same consideration with regard to privacy as other information currently received at ERD. A licensee's individual information will not be available to the public; however grouped data, including totals, may be published by ERD and made available through ERD's Annual Report to Stakeholders.</p>
7	<p>Many of the requirements as proposed by ERD for reporting of certain quantities will be new requirements (such as quantities of destroyed explosives). Therefore, some time will be needed to enable industry members to develop systems to track some of these categories; i.e., quantities for the entire year 2006 will not be able to be reported. This must be acknowledged and some flexibility must be allowed in terms of the timing of implementation by ERD.</p>	<p>ERD expects regulations to be in place in 2006 and data to be submitted by March 31, 2007. However, ERD understands that the precision range might be lower in the first year. ERD will review cases as they present themselves.</p>
8	<p>It is our understanding that only explosives with UN numbers are to be declared; hence work in process or explosives produced internally that are not sold but are used to make sub-components are not declared.</p>	<p>For Form 21 reporting, ERD is asking for products that are explosive (products listed under Class 1 are explosives). If a product is a Class 1 explosive, it will have to be reported (by UN number) on Form 21 either in the column for the quantity acquired or the column for the quantity produced.</p> <p>At this stage, volumes of explosives in process (i.e., consumed in process) are not required to be reported; only final products are to be reported on Form 21.</p>
9	<p>In general, the reporting requirements should cover only finished explosive product volumes that are manufactured and acceptable for commercial sale.</p> <p>Lab mixes that are made on a small scale for product development, characterization and safety testing should be excluded from the reporting requirements.</p> <p>In addition, explosives that are produced as ingredients in other processes should be excluded, as should off spec, in process material that is destroyed or reworked.</p>	<p>Products that are produced in the manufacturing process (i.e., lab mixes, in process material) are to be excluded from the reporting. Explosives that are used as acquired ingredients will have to be reported in the appropriate column (i.e., "Domestic Acquisition," "Starting Inventory," etc.).</p>
10	<p>A more complete definition is needed for the "Destroyed" category. Only finished product destruction should be reported in this category, not off spec, in process</p>	<p>Some changes to the definition of "Destroyed" appear on the revised Form 21. The definition of "Destroyed" will be "the quantity destroyed by the licensee either on site or off site, including the quantity of finished</p>

	<p>material that is destroyed through burning or consumed by being reworked into first grade finished product. Product that is destroyed through destructive testing should also be excluded.</p>	<p>returned products sent by retailers for destruction. The quantity is of finished product only and does not include off spec, in process or reworked material that is destroyed, nor does it cover product that is destroyed through destructive testing.” The definition of “Destroyed” will not include off spec, in process or reworked material that is destroyed.</p>
11	<p>Our processes do not permit us to give the type of detail requested on the form.</p> <p>It is impossible to separate by product the quantity of explosive destroyed in the elimination devices of this explosive material.</p> <p>Because of the significant quantities of explosives manipulated in the machines, exact percentages cannot be determined. This report will be difficult to submit in its current form.</p>	<p>ERD will only require reporting of finished product in the “Destroyed” column (listed by UN number).</p>
12	<p>This company produces explosives as ingredients in other finished products.</p> <p>These should probably be dealt with separately from the reporting of finished product quantities.</p> <p>Otherwise, there is the possibility of double reporting of the explosive quantities—in the ingredient form and the finished product form.</p>	<p>These products are Class 1 explosives. They will have a different UN number than the finished product and all will need to be reported on Form 21.</p> <p>The products will not be double-counted because the UN number is used (along with the product name).</p>
13	<p>Consideration needs to be given to shared licences, and to which party in a shared licence will be responsible for the reporting requirements.</p>	<p>In a shared licence, the holder of the licence with ERD allows another party to store in their facilities. For the purposes of Form 21 reporting, the manufacturer licensed (F or C) with ERD will be the one responsible for reporting the data and will only report their own product (and not the product of the company who is sharing the licence for storage purposes).</p>
14	<p>Does this reporting requirement apply to all licensed explosive industry participants?</p>	<p>The data collected on Form 21 applies to all Factory Licences and Manufacturing Certificates. Those who import explosives into Canada report data on Form 16.</p>
15	<p>We feel that the explosives are already very tightly controlled by your department:</p> <ul style="list-style-type: none"> <li>- Audits</li> <li>- Annual contract renewal, as well as follow-up visit; many revisions and many new requests for additional security items usually required</li> <li>- Reporting to NRCAN on form F16 after each shipment of any imported explosives</li> </ul>	<p>ERD is removing the column on imports from Form 21 and will obtain the data from Form 16 (Importer’s Information Report) to reduce the burden on the stakeholder.</p> <p>An import permit is required under the <i>Explosives Act</i> to ensure the safety and security of Canadians with respect to international trade in explosives.</p>

	<p>- Delivery verification certificate requested from Dept. of Foreign Affairs after every import</p> <p>- Import Licence</p> <p>Therefore, we really feel that this new report only represents additional paperwork that should actually be covered by the other reporting that we do for the above items. We really think that this new requirement may not be necessary.</p>	<p>With the removal of the column on imports from Form 21, stakeholders will only be required to report their import volumes once (Form 16 – Importer’s Information Report, for those with Annual or General Import Permits).</p> <p>Explosives are dangerous products and the Explosives Regulatory Division of NRCan is mandated under the <i>Explosives Act</i> to ensure the safety and security of the industry and of Canadians. Regulation and reporting are needed to ensure this safety and security.</p>
16	<p>At present, this company reports all imports into Canada on a monthly basis. We do not see the need to repeat this reporting by producing a summary on a yearly basis. We feel that the regulations should stipulate an either/or type of situation i.e., report on either a monthly basis or a yearly basis.</p> <p>Other than this comment, we do not have any problems with yearly reporting.</p>	<p>Form 21 collects data on the manufacturing of explosives in Canada and asks for information beyond that on imports alone (production, exports, loss and destruction). Form 21 is an annual report due only once a year, by March 31.</p> <p>ERD is removing the column on imported quantities from Form 21 and will obtain the data from Form 16 reports on a monthly basis to reduce the burden on the stakeholder.</p> <p>However, a “Domestic Acquisition” column will be added in order to allow for more accurate record-keeping.</p>
17	<p>There are no columns for the ISSUE or RECEIPT of energetic materials from within Canada.</p> <p>We receive rounds of ammunition from Canadian manufacturers for testing and various energetic items from other Canadian manufacturers for disposal. Ammunition not used in testing is returned to the plant of origin.</p> <p>We believe the additional ISSUE and RECEIPT columns would allow for more accurate record-keeping.</p>	<p>Product acquired for testing should be listed under the “Domestic Acquisition” column.</p> <p>A column for issued materials would not apply to most stakeholders and the ERD is making Form 21 sufficiently general for all F and C licence holders to complete it.</p>
18	<p>This company does not produce explosives, but makes products that are already mixed. The company does not import, export or make explosives (but it does purchase domestically). The company does not see how the form applies to it and does not see the usefulness of its completion.</p>	<p>The columns that do not apply to the licensee should be completed with an “N/A” and this will be stated in the regulations and on Form 21.</p>
19	<p>Is ERD looking for volume of guns in addition to charges manufactured in Canada? This would seem like a double count to me. Suppliers would already have</p>	<p>Because perforating guns have a different UN number than the components from which they are made, it will not be considered a double count by ERD.</p>

	<p>reported the volume of charges, prima cord and detonators brought into or made in Canada. There would be exceptions for those who make their own product lines. Including guns in the tally would represent a recount of the same product.</p> <p>Units of perforating guns will give ERD no information on volume of explosives. It would make more sense to use quantity of shaped charges. Most service companies would import very few and everyone is already tracking their inventories.</p>	
20	<p>What is ERD looking for when they say “units for detonators” and “units for perforating guns?” How many guns, how many charges, how long?</p>	<p>ERD would like to obtain data on products in a consistent manner, with the appropriate units of measurement. For this reason, Form 21 asks for different units of measurement depending on the product. Detonators and perforating guns (total number of detonators, total number of perforating guns etc.) are to be reported in units and by UN number. Detonators are used by many different stakeholders, not solely in the production of perforating guns.</p>
21	<p>If anyone should be completing this report, it should be the gun and charge supplier.</p>	<p>ERD can only ask for data from those licensed by it, and Form 21 data is to be gathered from Factory Licence (F) and Manufacturing Certificate (C) holders. ERD collects data from the supplier through the Importer’s Information Report (Form 16).</p>
22	<p>Does this mean that a “Form 10” Magazine Licence holder does not need to keep track of explosives used?</p>	<p>Form 21, the Annual Information Report Form, is to be used by manufacturers who hold a Factory Licence (F) or a Manufacturing Certificate (C) with ERD. All licence holders need to keep track of inventory as required by the conditions of their Magazine Licence.</p>
23	<p>There is no place on the form where we are asked to account for the amount of explosives used since it is tracking lost/stolen explosives and the total on hand at the end of the year. Knowing how much is used annually may be useful to the agency.</p>	<p>The ERD does not have the regulatory power to govern the use of explosives except for fireworks.</p>
24	<p>It is typical that we would be asked for information that dates back three months. We do not keep these types of records. We only track procurements and disposals.</p>	<p>The requirements of Form 21 will be a part of the Explosives Regulations, and companies will have to track and submit this information in addition to procurements and disposals (i.e., domestic acquisitions, exports, start/end inventories).</p>
25	<p>We have concerns about the product section. Are we going to have to list each type of charge individually and then list the amount of assembled perforating guns we use? I can see this becoming another</p>	<p>The products are to be listed to the UN number level. If the licensee has different charges with the same UN number, they can be grouped together.</p>

	paper trail with no rhyme or reason. I believe that providing proof through our vendor supply inventory should be sufficient, but if we are tracking each and every type of charge we consume, I will be filling out another "Form 7" type of list.	
26	I think distribution companies like ours are being left out of the equation. We import shaped charges and re-sell them. We also have inventories in our storage magazines. We do not have a manufacturing licence, and we would like to keep things that way. Information on imported quantities is collected from everyone else, and inventory quantities are not particularly useful if companies like ours are not part of the reporting.	At present, Form 21 only applies to Factory Licences (F) and Manufacturing Certificates (C). ERD is not asking for Form 21 from holders of X, P, U or V licences at this time. Import data is collected though Form 16 reporting.
27	Suggestion: Add a column to the table for "Start-of-Year Inventory" (at least for the first year) in order to balance the count. For example, we keep explosives in storage for 15 years; these will not appear as purchased, produced, imported or exported products and should appear in the "Start-of-Year Inventory" when Form 21 comes into force. That way the "Year-End Inventory" will become the "Start-of-Year Inventory" for the next year.	ERD agrees to add this column to Form 21. The burden would not be too high because the end-of-year inventory would become the following year's starting inventory, and would account for stored product that was not moved (purchased, imported, etc.) during the reporting year.
28	We fill a very similar form out now internally, so I have no issues with Form 21.	Positive comment on Form 21.
29	I talked to our inventory/production clerk and she feels that there will be no problem with the form.	Positive comment on Form 21.
30	This licence holder sent ERD a completed Form 21, so this reply is taken as a non-complaint.	Positive comment on Form 21.