

MEMORANDUM D3-6-6

Ottawa, May 1994

SUBJECT

RAIL CARGO - IMPORT MOVEMENTS

This Memorandum outlines and explains specific Customs requirements and procedures for reporting and controlling cargo imported into Canada by rail carriers.

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GUIDELINES AND GENERAL INFORMATION

SECURITY REQUIREMENTS

1. To become bonded, a rail carrier must file \$80,000 of security

with Revenue Canada Customs as outlined in Memorandum D3-1-1, Regulations Respecting the Importation, Transportation and Exportation of Goods.

TRAIN REPORT - INWARD

2. Rail carriers must report trains and cargo to Customs when they arrive at the border. If there is no Customs office at that point, carriers must report to the nearest Customs office along the route.

3. The rail carrier has to present or transmit by electronic data interchange (EDI) to Customs, form A 1, Train Report Inward. Alternatively and with prior permission of the Cargo Policy and Administration Section, the carrier can provide the internal train consist sheet.

4. The train report must show each car's initials and numbers, whether the cars are local or through (in transit), or loaded or empty.

5. For statistical purposes, Customs will number each train report from a sequential series of numbers kept at the Customs office, beginning with number 1 on April 1 of each year.

6. For enforcement purposes, Customs will selectively do train checks when a freight train arrives. If, during a train check, Customs discovers false information or if a car on the train is not shown on the report, the carrier is liable to penalty action. However, if the railway voluntarily reveals a discrepancy before the train check, Customs will not apply a penalty.

7. If Customs has to unload or move a load to examine it, the moving will be done by and at the expense of the carrier.

CARGO CONTROL DOCUMENTS REQUIRED

8. All freight shipments imported into Canada must be reported on an approved cargo control document or transmitted by electronic data interchange (EDI) according to departmentally approved standards set out in the Participant Requirements Document. The carrier can use form A 8A, Customs Cargo Control Document, available at all Customs offices or any privately printed cargo control document. The Cargo Policy and Administration Section must accept the format for privately printed forms. For cargo control document specifications for privately printed documents, see Appendix G of Memorandum D3-1-1, Regulations Respecting the Importation, Transportation and Exportation of Goods. For instructions on how to complete form A 8A, see Appendix I of Memorandum D3-1-1. Carriers who want to transmit cargo control document data by EDI to Customs, must submit a written request to the Project Management Division, Customs Operations Branch.

9. As of January 1, 1992, railway carriers can number cargo

control documents using either the series numbering system or the EDI numbering system. Those using the existing series numbering system must use their carrier code as the first four digits followed by a series of numbers which should not be duplicated for three years.

10. The EDI railway carriers must number the EDI cargo control document transmissions using the EDI numbering system. The cargo control number must have the carrier code (four numerics) + E (for EDI) + the car's initials and number (for non-containerized shipments) or the container's initials and number (for containerized shipments) + the waybill date. The cargo control number should be no longer than 25 characters. If the system fails, EDI railway carriers must present paper cargo control documents to Customs using the EDI format numbering system. Please show the letter P as the 5th character of the cargo control number to indicate that it is a paper transaction.

11. Report empty cars on a cargo control document or by EDI only when the car is a freight shipment (importation) and the railway assessed a freight charge for the movement.

12. The carrier must report all shipments of COMAT (company material) on a cargo control document or EDI transmission.

13. In the case of multi-car shipments of the same commodity from one shipper, consigned to one consignee and moving under one waybill, provide one cargo control document or transmission. The total number of cars must be shown in the "No. of Packages" area. Show a list of all relevant car numbers or a note referring as to a list of car numbers attached in the "Description of Goods" area.

14. In less than carload shipments, where multiple shipments arrive within a single car and are consigned to the same consignee, present one cargo control document or transmission with one cargo control number to Customs. If multiple shipments arrive within a single car, but are consigned to multiple consignees, Customs requires a cargo control document or transmission for each consignee. These cargo control documents or transmissions must show the same cargo control number, however, it will be made unique by the addition of a suffix. The suffix will be composed of two alpha characters starting with the first letter of the alphabet, e.g. AA, AB, AC. The length of the cargo control number and suffix cannot be more than 25 characters. With the suffix, Customs can tell the difference between less-than-carload shipments and abstracts which use alphanumeric suffixes, e.g. X1, X2.

15. When the cargo is carried under the shipper's load and count contracts, the cargo control document or transmission must clearly be marked "shipper's load and count" and all units must be sealed by the shipper before transferring to the carrier.

16. In the case of car, container, or trailer-on-flatcar load lots

(one type of commodity), show the actual number of cartons, cases, barrels, etc., of the commodity.

17. Show bulk cargo as one carload, container load, or trailer load in the "No. of Packages" area.

18. If cargo is to be released at an inland Customs office, the notation "in bond" must be stamped or preprinted on each copy of the cargo control document.

CARGO REPORTING AND CONTROL PROCEDURES

For Non-EDI Rail Carriers

19. At the point of importation, the railway agent must provide Customs with a cargo control document for each shipment.

20. Customs will compare the cargo control documents to form A 1, Train Report Inward, to ensure that there is a cargo control document for every railcar listed as loaded. If there are any discrepancies, Customs will notify the railway agent immediately to arrange for the agent to provide all missing documents.

For EDI Rail Carriers

21. Before the goods arrive in Canada, the rail carrier must transmit by EDI to Customs cargo details for each shipment destined for Canada. The Customs local area network (LAN) will receive the cargo details and edit the data. If Customs finds discrepancies, the carrier will receive a reject message. If Customs accepts the data, Customs will store it in its EDI database pending arrival of the goods. Before or upon arrival of the goods in Canada, the rail carrier transmits by EDI, form A 1, Train Report Inward, identifying shipments (CCNs) for which Customs have received and accepted cargo details.

22. When the in-bond freight arrives at its final destination (rail sufferance yard), the railway agent must endorse the Longroom and Customs Delivery Authority's copies of the cargo control document. Customs does not need this endorsement if a car is left on an authorized private siding or in the case of EDI-transmitted cargo control documents.

23. The railway agent then must present a copy of the document to the consignee or broker to advise them of the arrival of the shipment. The consignee or broker must file these documents with Customs when he or she presents the release document.

24. Shipments that cannot enter Canada due to Customs prohibitions or the regulations of other departments, such as Agriculture and Agri-food Canada, must be returned immediately to the United States. Customs will process the cargo control document or transmission, as usual, and then cancel it by reference to the

number of form A 5, Train Report Outward.

25. If Customs must refer shipments to the Department of Agriculture and Agri-food for inspection, Agriculture and Agri-food will stamp the back of the Longroom copy of the paper cargo control document or of the EDI white paper manifest when the importation is authorized.

26. If Customs is releasing the goods from a railway-operated sufferance warehouse or team-track, the stamped and initialled Customs Delivery Authority copy or white paper manifest is the agent's authority to release the shipment to the consignee.

27. Customs does not need this authorization if the importer holds a licence for a type PS (private railway siding) rail sufferance warehouse for full carload lot shipments. In such cases, the carrier can deliver the car and its load directly to the consignee's premises. It is the consignee's responsibility to ensure that the seals are not broken and that the goods have not been removed before Customs has authorized its release.

28. When Customs authorizes the release, the releasing inspector will initial the Customs Delivery Authority copy or a copy of the EDI white paper manifest and stamp "release" on it, to be returned to the railway carrier. In the case of EDI, Customs will also transmit an electronic release message (CUSRES) to the rail carrier authorizing the release of the goods.

INTERLINE TRANSFERS

29. Post-audit rail carriers can transfer goods in bond to a second bonded rail carrier to take to a destination under the post-audit carrier's original cargo control document without liability to Customs. However, the final destination must be indicated on the original cargo control document and the transfer must be covered by an in-bond interline transfer document that meets Customs requirements. For more information on interline transfers, refer to Memorandum D3-1-1, Regulations Respecting the Importation, Transportation and Exportation of Goods. The transferring carrier will give the Longroom and Customs Delivery Authority copies or white paper manifest copies to the delivering carrier who will, in turn, give them to the importer at the destination.

30. When cars arrive at the destination in the services of one railway but are interchanged with another railway for local switching, it is the original carrier's responsibility to give the copies of the cargo control document to the importer or broker and to ensure that Customs has released the goods before the interchange. In-bond cars given to importers who have bonded private siding privileges can be delivered immediately.

31. When in-bond goods are transferred to rail after arriving in Canada by another mode of transportation, the rail carrier must

re-manifest the goods at the intermediate point unless, if the goods arrive by vessel, the marine carrier is authorized to use the overland movement procedure. For more information on overland movements, refer to Memorandum D3-5-2, Marine Cargo Import Movements.

IN TRANSIT SHIPMENTS FOR EXPORT BY MARINE

32. In-bond rail shipments transiting Canada intended for transfer to a marine carrier for export from Canada must be documented as follows:

(a) There has to be one cargo control document or EDI transmission for each container.

(b) The cargo control number on the cargo control document (non-EDI) should have an EX suffix to identify the shipment as in transit for export by marine. The EDI transmission should have a designated code indicating the shipment as in transit for export by marine.

(c) The "Number of Packages" area must show "1", representing one container, and the actual number of packages (piece count) must be shown in the "Description and Marks" area.

(d) The exporting marine carrier or agent must be identified in the "Description and Marks" area.

33. Carriers who do not use EDI must give the Mail and Station copies of the rail cargo control document to Customs at the point of importation with form A 1, Train Report Inward. The rail carrier must give the Longroom and Customs Delivery Authority copies to the marine carrier, or agent, for Customs with the vessel outward report. Customs will return the Customs Delivery Authority copy to the rail carrier after processing.

34. Carriers who use EDI must transmit the cargo control data to Customs by EDI along with the EDI form A 1. The carrier must give two copies of the white paper manifests to the marine carrier, or agent, to give to Customs with the vessel outward report. Customs will return one copy of the white paper manifests to the rail carrier after processing.

35. Under this procedure, Customs will contact the marine carrier for information on any shipment that has not been reported outward within 60 days after the date of the initial report.

TRAILER-ON-FLATCAR/PIGGYBACK SYSTEM

36. In-bond goods carried on behalf of a highway carrier under piggyback (trailer-on-flatcar) systems must be reported using the type of cargo control document that applies to the freight charges on the individual shipments. That is, if the highway carrier is responsible for this collection, that carrier will prepare form A

8A, Customs Cargo Control Document, for each individual shipment and provide the station and mail copies to the rail carrier to present to Customs at the point of importation. In the case of a highway carrier operating under post-audit procedures, the rail carrier will only receive the Mail copy.

37. If the goods are covered by highway cargo control documents, neither the trailer nor the goods should be documented on a rail cargo control document. However, if the highway documents are not on hand when the trailer arrives at the point of importation, the rail carrier has to prepare a rail cargo control document showing the total number of packages in the trailer and the highway carrier as the consignee. At the Customs office at the destination, the highway carrier will receive the Longroom and Customs Delivery Authority copies from the railway and file them with Customs along with the Station and Mail copies of the highway cargo control documents for the individual shipments. Each of these documents must refer to the previous cargo control document (rail document).

38. If the rail carrier reported goods on highway documents, the highway carrier's probill numbers have to be recorded on the rail waybill.

39. If the railway has to collect charges on the individual shipments, the cargo must be documented on rail cargo control documents.

FREIGHT EX-VESSEL (Transportation of Marine Containers)

40. The following procedures will apply except if the marine carrier is using overland movement and form A 6, General Declaration, under security of the shipping agent's or marine carrier's bond.

41. At the seaport of initial discharge, the rail carrier uses a rail cargo control document (re-manifest) to report each marine shipment ex-vessel going to a point in Canada or for in-transit movement to a point outside Canada. The document must show the same information as that shown on the relative ocean bill of lading and bear a reference to the name of the vessel, agency code number, inward report number, and ocean bill of lading number.

42. The rail carrier prepares these documents for the actual quantity forwarded, and if this amount is less than the ocean bill of lading quantity, the documents must be prepared as follows:

8 cases

Part lot of 10 (actual bill of lading quantity)

43. The vessel inward report will be partially acquitted by the railway cargo control document. The master of the vessel or the agent has to account for the missing goods under normal procedures, as outlined in Memorandum D3-1-1.

44. Containerized freight landed at US ports for transport to Canada are to be manifested by the rail carrier based on ocean bill of lading information. Each ocean bill of lading has to be covered by a separate cargo control document. If a bill of lading covers a multi-container shipment, each container load will be manifested except where all the relative containers arrive in Canada on the same train. For more information on freight ex-vessel, refer to Memorandum D3-5-2, Marine Cargo Import Movements.

45. The cargo control document has to show the container and seal numbers (when available from documents in the carrier's possession).

DANGEROUS COMMODITIES

46. The Canadian Transport Commission and the United States Department of Transport have developed safety standards for transporting dangerous commodities such as chemicals, poisonous materials, radioactive goods. Commodities can be transported into or through Canada only if they are packaged, marked, labelled, loaded, and otherwise comply with the US's Dangerous Commodities Regulations for rail transportation.

47. In all cases, the rail cars must have a coloured placard attached showing the types of goods and the degree of danger. There is no permit required, but carriers should have the shipping documents showing that American authorities have approved the movement.

48. Under these arrangements, Customs will not detain such shipments unless the shipping documents are not in order or the examining Customs inspector suspects that something has occurred en route making the cargo unsafe for transportation in Canada.

DERAILMENTS AND WRECKS

49. Cargo control documents or transmissions and waybills that cannot be properly acquitted at the receiving Customs office due to a railway derailment or wreck should be referred to the Customs office where the rail carrier originally reported the wreck. The responsibility to ensure correct acquittal of waybill quantities, and the merit of any application to account for damaged goods rest with the Customs office so notified.

DELIVERY REQUIREMENTS AND TRANSFERS TO SUFFERANCE WAREHOUSES

50. Cargo arriving by rail service for transport inland under a rail cargo control document should be reported to the rail sufferance warehouse unless exempted from this requirement. There is a list of exemptions in Memorandum D3-1-1.

51. Cargo can be transferred to another sufferance warehouse after presentation of a re-manifest. This applies only if the warehouse is licensed to receive the freight.

52. The rail carrier can transfer consolidated shipments consigned to a bonded freight forwarder to the freight forwarder's type CW sufferance warehouse (or agent thereof) after the freight forwarder presents the housebills, providing the warehouse has been licensed to receive the freight.

53. The rail carrier can deliver cargo arriving by air, highway, or marine service for transport in bond under a rail cargo control document directly to the rail terminal.

54. The rail carrier can deliver intact containers arriving under a rail cargo control document for transport in bond for export to the exporting carrier's sufferance warehouse, if the rail cargo control document shows that the goods are for export.

55. Cargo arriving by piggyback or container service under a highway cargo control document must be delivered to the highway sufferance warehouse.

PENALTY INFORMATION

56. For more information on penalties, refer to Memorandum D3-8-1, Cargo Control Contraventions.

ADDITIONAL INFORMATION

57. Please send all correspondence to:

Revenue Canada Customs, Excise and Taxation
Ottawa, Ontario
K1A 0L5

Attention: Transportation Division

REFERENCES

ISSUING OFFICE
Transportation Division

LEGISLATIVE REFERENCES

Customs Act

HEADQUARTERS FILE

7730-1

SUPERSEDED MEMORANDA "D"

D3-6-6, January 31, 1992

OTHER REFERENCES -

D3-1-1, D3-5-2, D3-8-1

SERVICES PROVIDED BY THE DEPARTMENT ARE AVAILABLE IN BOTH OFFICIAL LANGUAGES.

THIS MEMORANDUM IS ISSUED UNDER THE AUTHORITY OF THE DEPUTY MINISTER OF NATIONAL REVENUE, CUSTOMS AND EXCISE.

April 22, 1994