



**COMMENTS TO THE STANDING COMMITTEE ON PUBLIC SAFETY AND NATIONAL SECURITY
ON THE GROWING PROBLEM OF CAR THEFTS IN CANADA**

Submitted June 3, 2024

We are writing on behalf of the Shipping Federation of Canada, which is the national association that represents the owners, operators and agents of the ocean vessels that carry Canada's international trade between Canadian ports and markets throughout the world. Our seventy member companies represent over 200 shipping lines whose vessels carry a wide array of imports and exports, ranging from dry bulk commodities such as grain, coal and iron ore – to liquid bulks such as crude oil, oil products and renewables – to containerized consumer and manufactured goods.

We represent the majority of container shipping lines trading between Canadian and overseas ports, all of whom share an urgent concern over the increase in stolen vehicles being loaded onto ships at Canadian ports and a strong interest in preventing and ideally eradicating such activity in the future. Shipping lines face profound and significant consequences as a result of their unwitting and unwilling involvement in this trade, including reputational damage to corporate brands that have been developed over many years, loss of equipment and asset utilization in cases where suspect containers are stopped and seized, loss of revenue due to non-payment of invoices by fraudulent customers, and challenging relationships with customs authorities at recipient ports overseas.

A key point we wish to convey to this Committee is that shipping lines incur these consequences in a context where they have minimal direct visibility into – or control over - the contents of the containers that are loaded on board their vessels, other than through the documentation that is provided by the cargo interest. This is due to the fact that the process of filling shipping containers with cargo occurs at offsite locations such as inland warehouses, transload facilities, etc., BEFORE the vessel ever arrives at the port, and is done NOT by the shipping line, but by the owner / customer of the cargo in question. Indeed, it is only after the container has been filled with cargo that it is transported by rail or truck to the marine terminal, where it is then stored to await loading onto the vessel. This essentially means that the only entity which has true knowledge of the contents of any given container that arrives at a marine terminal is the entity which physically packed the container at the inland facility, and which filled out the documentation accompanying that particular shipment.

Despite the lack of carrier-level visibility that is inherent to the container packing process, shipping lines have developed and implemented a variety of measures to prevent stolen cars from being loaded onto their ships and to pro-actively discourage this practice from occurring altogether. This includes the imposition of stringent documentation requirements for shipments that are identified as used car exports (along with steep financial penalties and booking cancellation for non-compliance), increased scrutiny and vetting of new shippers / customers (including compulsory validation requirements), and a moratorium on accepting used car shipments to certain high-risk locations, which also unfortunately penalizes

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legitimate exporters to these locations. It is worth noting that these measures are most effective at preventing the movement of stolen cars that are identified as used automobiles in their export documentation but are accompanied by fraudulent paperwork, as the problem of preventing the movement of stolen cars that are mis-declared in their export documentation is even more challenging to solve.

Although shipping lines have seen some success in reducing the number of stolen cars being moved on board their ships as a result of these measures, more needs to be done at the federal level to eradicate this practice altogether. In particular, there is an urgent need for increased scanning of containers by the Canada Border Services Agency, which should ideally be done as close to the location of container packing as possible (i.e. at the inland rail ramp in Vaughan or Brampton for Montreal-bound shipments) in order to minimize supply chain disruptions in cases where suspect containers are flagged, with additional resources also deployed at the port to capture suspect containers that have made it to the marine terminal. More also needs to be done to improve CBSA's information sharing capacities, with a view to ensuring that ports, marine terminals and shipping lines have access to information that could help intercept stolen car movements as early in the transportation process as possible. The development of a "trusted trader" or "authorized shipper" program for legitimate exporters of used cars is also an option that should be explored as a means of reducing stolen car movements without disincentivizing the flow of legitimate trade.

Although there is clearly much more to be done to address the issue of stolen cars in Canada, we appreciate this opportunity to add a shipping line perspective to the Committee's deliberations on this very important issue. We are available to provide any other information as required, and look forward to working with the government as a partner and an ally in the effort to develop an effective, long-term policy to combat the theft of stolen cars and their export through Canadian ports.

Sincerely,

A handwritten signature in black ink, appearing to read 'CH Hall', written in a cursive style.

Chris Hall
President and CEO
SHIPPING FEDERATION OF CANADA