



Submission to Innovation, Science & Economic Development Canada

Enhancing Trust in Artificial Intelligence Through Increased Transparency
(Transportation & Logistics)

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Written Submission: *Enhancing trust in artificial intelligence through increased transparency
(Transportation & Logistics Focus – Presented by CIFFA CORP)*

Department: Innovation, Science and Economic Development Canada (ISED)

Deadline: September 23, 2026

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Dear Esteemed Officials,

[CIFFA Corp.](#) represents over 14,000 member employees of freight forwarders, customs brokers, freight brokers, drayage truckers, and warehousing firms across Canada. Our association's members manage approximately 80% of the country's import and export trade. Our associate members include air, marine, rail and truck carriers, transportation law firms, technology companies and cargo insurance companies. In short, we represent the full spectrum of Canada's supply chain and logistics sectors.

We thank Innovation, Science and Economic Development Canada (ISED) for allowing this opportunity to once again provide input based on what we hear from across Canada's transportation and supply chain network. CIFFA appreciates the strong efforts taken by the Government of Canada since launching "Canada's National Artificial Intelligence Strategy: AI for All" in June of 2026.

Our organization was pleased to participate in the initial consultation process during the conception phase of this strategy, and [our official submission](#) contained several aspects that we were pleased to see implemented in the federal strategy. CIFFA stands ready to collaborate with ISED officials to help Canada navigate the potential opportunities and challenges we will experience through the continued rollout of the national AI strategy.

Global innovation on artificial intelligence has come under a microscope due to recent events surrounding agentic abuse, potential for AI breakouts from closed systems, privacy concerns and the very real issue of public safety. These issues require a comprehensive response from governments around the world, including Canada. CIFFA shares these general concerns but also approaches this issue through the lens of the transportation, supply chain and logistics sectors. The federal government should consider taking strong, sovereign regulatory actions based on best practices for issues of oversight and compliance to govern AI where critical infrastructure management is vital.

To improve transparency around AI-generated content the government must consider instituting stronger measures. Image, video and audio content must be clearly demarcated when it is created or modified by AI. AI-generated content is a major risk to public safety and commerce. In the logistics sector, criminal enterprises are utilizing technology and AI to create artificial customs and other trade documents to perpetrate fraud. At the public use level of the internet, including social media, AI is used to spread misinformation and disinformation with little to no ability by unsavvy users to detect the difference between "real" and "fake".

To promote better user knowledge around these instances of concern, it is appropriate for the federal government to consider regulating the use of AI with the use of visible watermarks, disclaimers and

provenance metadata. In addition, we must consider the full scope of liability across the AI value chain to include developers, deployers and others to ensure as much transparency as possible is engrained into Canada's regulatory response to the surging AI spectrum. This is a difficult task given that existing market practices and legal frameworks are being developed in a parallel timeline to AI's continued advancement. Just as we adopt new measures and frameworks, new innovations and updates to AI systems create new issues to interpret and act upon. This will require a flexible, fast acting regulatory oversight environment in Canada.

Ciffa applauds some of the steps already taken by the federal government to address these realities. For example, the recent National AI Literacy Initiative launched by the Hon. Evan Solomon, Minister of Artificial Intelligence, is designed to provide free, practical AI learning for students, educators, workers and communities across Canada. This type of literacy initiative is a welcome measure that should help assist in better education Canadians who are beginning to utilize AI more commonly in their day to day lives.

This program can help people better understand when they are interacting with an AI system. In the supply chain and logistics sector, it is important to recognize the need for transparency protocols as more AI systems are brought online by firms that are responsible for helping trade flow in Canada and globally. That's why we must think about how we can demarcate AI use in the logistics field, just as is being done at the user level for general AI consumers. Once again, a holistic approach that captures the full AI value chain must be considered to have the necessary impact.

Canada's approach of developing a regulatory framework with a strong Canadian focus is essential, especially as we see other jurisdictions failing to address legitimate concerns on the rapidly advancing AI capabilities that have recently received media attention worldwide. It is clear: much more effort must be expended on working towards closing the gaps that exist in regulatory measures, guidance and codes of conduct, standards and technical solutions, research and development, literacy initiatives, and procurement requirements. Ultimately, it is likely that Canada's sovereign AI position will require codification into law through legislation, as foreign jurisdictions like the European Union have done.

A multifaceted approach must be utilized when it comes to improving the transparency of AI system capabilities, limitations, and governance practices. For novice AI consumers and experts alike, a strict regime must be in place to ensure awareness protocols exist that explicitly notify the user when there is an interaction with AI, whether interacting with agentic AI or consuming any form of content generated by AI, including audio/visual/text notices, watermarks and system-level labels.

However, the focus must not only be on disclosure to users. Technical explainability and verification protocols must be built into the regime overseeing AI use by Canadians. Data lineage tooling must be enhanced to improve software that can trace various elements of AI programing, including training data, right back to the original sources systems. This would seem especially critical now that there are increasing engineering stories of AI breakouts overcoming firewalls to perform malicious actions. The verification aspect must include enhanced forms of auditing processes, among other logging and assessment protocols.

In lieu of advancing discussions around the aspect of risk and liability from AI, greater transparency surrounding AI incidents must be a key priority moving forward. The public does not have enough information about the current risk levels associated with AI, as this information has only just started to come forth in the public sphere. However, this is a catch-22 as enhanced awareness may create undue

anxiety, tension and fear about AI that deters the public from supporting important measures and actions related to the ongoing development and rollout of the federal AI strategy in Canada. The government's focus in this regard should be around public awareness campaigns to deter misinformation and disinformation and to promote better overall efficacy about AI issues.

This also points to the urgency for strong action now, to avoid later catastrophic incidents and scenarios in key sectors including transportation and logistics, energy production, and military/defence applications of AI. The risk factor is rising, and it will take a considerable amount of effort from the government to ensure its response adequately addresses the inherent risk surrounding AI innovation.

In this critical period of AI development, there is an ongoing debate around definitions and roles; how should a serious AI incident be defined, and who would be best to provide the information around these incidents and to whom is this information shared as an authoritative body. These roles among developers, deployers, regulatory bodies and sectoral nonprofits will require dedicated understanding of the risks and rewards, but also an ability to not take undue risk that could rapidly become a major liability to public safety. This is a critical piece of the AI puzzle and Canada needs to work with allies to ensure our approach is based on recognized best practices while also remaining appropriately scoped to our own sovereign needs. That said, steps must be taken to ensure any collective biases do not supersede public interests by having developers and deployers actively involved in these processes.

This is all easier said than done. In the transportation and logistics sphere, we are already seeing increases of AI-based cybercrime issues and the potential for shutting down major infrastructure highlighting the necessity of massively increasing transparency and governance over the security apparatuses that must be built around AI innovation.

From the perspectives of the public and also the broader logistics community, use of agentic AI is here to stay due to the immense opportunity it creates for its users. However, it also creates great risk that is still poorly understood by too many people, for example scenarios where AI programs are getting past built-in security guardrails. Beyond the use of agentic AI by small and medium sized enterprises, which is already quite pervasive across the supply chain, the real risk is from agentic AI use by unscrupulous and criminal actors.

It is important to continue to build up efficacy for SMEs using AI agents, as businesses tooling up their AI use are likely not at an appropriate level of understanding of the potential liabilities that unsanctioned data leaks to agentic AI can mean for the privacy operations of their business, while at the same time creating a better understanding for law enforcement about the actions being taken by criminal actors using AI against businesses themselves.

It is essential that current levels of operational oversight through regulatory measures, standards and technical solutions and literacy initiatives all be strengthened for better understanding of agentic AI and other AI platform use. This is especially important considering that popular AI products most used by businesses utilize agentic capabilities that allow these AI programs to perform functions on a user's behalf that ultimately extend their role beyond providing information and advice – something the root user will often not be aware of.

Working towards multilateral AI alliances, such as demonstrated in the recent agreement between the Government of Canada and the Federal Government of Germany in [LawZero](#) to develop a new form of advanced AI pre-designed to be fundamentally safer, are also welcome developments. Beyond the

LawZero announcement, there may be additional opportunities to adopt further “best practices” from jurisdictions around the world, such as the European Union, who have a regulatory regime that is

considered among the most comprehensive globally for AI oversight across the transportation and logistics sectors. Strict compliance and data governance measures that cover freight routing and logistics networks, for example are covered under the EU AI Act.

There are already strong synergies between Canada’s approach as laid out in the National Artificial Intelligence Strategy – AI for All and the EU’s approach, which may form the basis for necessary legislative action by Canada to move beyond a simple voluntary code of conduct. This would help enhance Canada’s approach on sovereign AI by encoding basic necessary oversight and compliance mechanisms into law along with sector specific directives possible for the transportation and logistics sectors. However at the same time we must take care to avoid the burdens of overregulation and bureaucracy: As an example, under compliance mechanisms through the EU AI Act, AI tools managing automated warehousing, dispatch routing, and customs declarations must prove safety compliance or face fines up to €35 million or 7% of global turnover. Canada must take care and utilize the carrot and stick approach in developing our own legislated guidelines around oversight and compliance that ultimately help companies to safely innovate on the AI file while remaining globally relevant in the historic AI arms race taking place right now.

In closing, Ciffa again thanks ISED for this opportunity to share input about enhancing trust in AI through increased transparency. We feel our role across Canada’s supply chain helps us to articulate the strong need for the government to decisively act in their next steps in developing the most comprehensive system of oversight possible for artificial intelligence when it comes to critical infrastructure management for the transportation and logistics sectors. We support the need for enhanced oversight and compliance with consumer-level Agentic AI and point out that AI use in the logistics sector is high-risk, requiring strong compliance measures, data governance and human oversight. Focusing on AI literacy with SMEs and the public is a well-founded strategy that Ciffa supports – and would call to see this strategy enhanced moving forward. Ciffa also supports the actions of the government in moving forward in collaborative multilateral alliances around AI and technology such as the recently announced LawZero partnership with Germany, among other multilateral projects. Working towards better oversight and compliance levels through best practices already adopted in other jurisdictions that Canada is closely aligned with in terms of values and objectives is also important, and there appears to be a strong fit with the EU in this regard, especially when it comes to oversight and compliance of AI use throughout the supply chain, where critical infrastructure could be impacted in the instance of a catastrophic scenario.

Thanks to the strong leadership of the Prime Minister and the Minister of AI, in addition to the innovation and strength of Canadian thought leaders and companies leading the AI revolution, Canada has the opportunity to lead not only in AI innovation, but also in the development of trustworthy, sovereign AI systems. For logistics and transportation—sectors where safety, efficiency, and competitiveness are deeply interconnected—the next AI strategy should safeguard Canadian control over critical data resources, establish dedicated AI legislation, and enable the safe, scalable adoption of AI across industry. Ciffa Corp. welcomes the opportunity to work with government, industry, and international partners to ensure Canada’s AI future advances national interests and strengthens our global competitiveness.