

CAN/AM BORDER TRADE ALLIANCE

MAY 1 - 3, 2011 OTTAWA CONFERENCE SUMMARY

“HIGHLIGHTS”

CAN/AM BTA is an organization with beneficial far-reaching impact on the important issues of Border Management, Trade, Travel and Business between **The World’s “2” Largest Trading Partners - Canada and the U.S.**

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|--------------------------------------|---------------------------|------------------|
| <u>Future Can/Am BTA Conferences</u> | Portland, OR (with PNWER) | July 19-22, 2011 |
| | Washington, D.C. | Oct. 2-4, 2011 |
| Corridors, Gateways & Economies | Niagara Falls, Ontario | Nov. 6-8, 2011 |
| | Ottawa, Ontario | May 6- 8, 2012 |

Highlights of the Conference included:

Excellent Speakers provided current insights and areas of concern with planned present and future actions.

**Reception held at the U.S. Ambassador’s Residence
Hosted by Ambassador David Jacobson**

Speakers acknowledged **CAN/AM BTA’s** leadership role:

Ambassador David Jacobson

“The Can/Am Border Trade Alliance is my partner: to expedite low-risk; to assure required security; to educate that we do not have to make a choice between Efficient Economic Trade and Public Security (we must have both); to articulate the facts to counter inaccurate perceptions.”

Gord Brown M.P., Co-Chair Canada-U.S. Inter-Parliamentary Group

“Can/Am BTA does extraordinary work.”

Hon. Perrin Beatty, President and CEO, Canadian Chamber of Commerce

“Can/Am BTA does excellent work at improving the efficiency of the Canada/U.S. Border and provides important leadership.”

Len Mitzel, Member of the Alberta Legislature

“Can/Am BTA continues to do valuable work.”

Ron Moran, National President Canada Customs and Immigration Union

“Can/Am BTA does real work behind the scenes Cooperatively, Objectively and Effectively.”

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CONFERENCE SPEAKERS AND THEIR MESSAGE

Welcome to the CAN/AM BTA 2011 Ottawa Conference!

Can/Am BTA has again put together a program for this Conference with noted Speakers discussing Issues and efforts that are timely, relevant and truly matter.

VIEW FROM THE BRIDGES

Brent Gallaugher, Agency & Security Manager, N.F. Bridge Commission

Stan Korosec, Vice President Operations, Blue Water Bridge

Rik Saaltink, General Manager, Seaway Bridge

Provided excellent insight into the needs, issues and concerns requiring resolution. Gave a detailed presentation of the numerous and meaningful infrastructure improvements at each of the bridges and tunnel crossings of the Public Bridge Operators Association. Of particular note: U.S. funding for large projects (\$100 Million plus not available); cited Bridges desired to provide funds to the U.S. Government but there is no methodology to do so. Recent U.S. special infrastructure funds were restricted to non GSA Land Border facilities so the large high volume crossings were excluded. Cited CBSA staffing shortages as manifested over the Easter Holiday and concerns for this summer entering Canada with both Truck and Passenger Vehicle volumes already increasing. Voiced concern that Canada Primary Inspection Lanes, other than current designated NEXUS Only Lanes, do not have Vicinity RFID Readers to take advantage of reducing wait times also preventing the expansion of NEXUS lanes.

US-CANADA COOPERATION FOR A BRIGHTER FUTURE

Hon. Perrin Beatty, President and CEO, Canadian Chamber

An extremely insightful and thoughtful view of the Canada/U.S. relationship was provided. "It is time to take stock of where we are and where we want to go." "We must not take our unique relationship for granted." "3 million jobs in Canada and 8 million jobs in the U.S. depends on the success of our Trade relationship. That success depends upon the flow of goods and services across the Canada/U.S. Border." If the ambitious goal of doubling of U.S. exports is to be achieved in the next 5 years, Canada will be one of the main reasons. Make the right decision and build the New International Trade Crossing (DRIC). "The Border of the future is a process, not a place." An inefficient Border has serious economic costs, especially given the integrated nature of our supply chains. To be successful we have to work together on enforcement efforts, sharing intelligence and the protection of our critical infrastructure. The Border between Canada and the U.S. will never disappear, but we must improve how it functions and look to the recently announced Beyond the Border Perimeter Vision. Canada is a huge source of reliable energy to the U.S. As an example, the Keystone Pipeline project alone could reduce America's reliance on Middle Eastern oil by 40%.

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EMERGING AVIATION ISSUES AND TRENDS FOR U.S. AND CANADA

Solomon Wong, Executive Vice President, InterVistas Consulting
Can/Am BTA Executive Board

Provided an extremely enlightening view of the exciting paradigm changes in aviation travel, passenger processing and infrastructure. Described increased plane size and global reach dynamics, global air traffic and international air cargo recovery, international tourism and air travel is at 880 Million people in 2010 and provided a video of new technology including: remote processing; automated Border clearance; Trusted Traveler Programs, integrated NEXUS lines at Canadian Air Transport security Agency (CATSA); integration of Supply Chain Border and Transportation Security, new Terminal designs and the new Smart Gate Kiosk System eliminates the classic Custom Line Processing.

CANADIAN AIRPORTS COUNCIL

Daniel-Robert Gooch, President, Canadian Airports Council

Presented an excellent overview of their membership that includes all National Airport Systems Airports, the leadership and the Committee Structure. Discussed "Passenger Leakage" citing a recent study that 21% of Canadian leisure travelers travel by car to a U.S. Airport to utilize less expensive airline tickets and an additional 11% indicated they might do so in 2011 for the first time. The leakage amounts to 4.6 Million passengers of which 1.9 Million utilized the Buffalo Niagara Airport.

LUNCHEON KEYNOTE SPEAKER

Len Mitzel, Member Alberta Legislature.

Presented an impactful view of the Canada/U.S. long standing relationship as allies, friends and Trading Partners spanning culture to commerce.

The Border should be a boundary not a barrier. 85% of Alberta's exports come to the U.S. Doubling the Keystone Pipeline to 1.1 Billion Barrels/Day is a major benefit to the U.S. with a win/win for the U.S. and Canada. Discussed the critical importance of the Alberta Oil Sands being the secure and stable supply of energy to the U.S. Described the Mega Loads transiting Idaho and Montana. The importance of the Wild Horse Border Crossing to servicing the equipment supply needs of the Oil Sands and the need to expand the hours of operation. Thanked the Can/Am BTA for its commitment. Looked forward to future effective collaboration focusing on Key Issues.

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VIEW FROM RAIL

Bruce Burrows, Vice President, Pub./Corp. Aff., Railway Assoc. Canada
Mike Tamilia, Senior Manager Customs, CN

Collectively provided an excellent understanding of the reality of rail use in Trade and Border Crossing issues to meet the needs of the North American Economy. The role of the Canadian Railway Association representing the 55 freight, commuter, intercity and tourist railways also affiliation with more than 500 rail industry suppliers was discussed and a map of the continental reach presented that handles over 4 Million carloads / containers and moves 60% of Canada's total exports. Transborder and U.S. makes up 47% of the 2009 freight revenue. Reviewed Rail Freight Logistics Supply Chains, trends and demand. Outlined need for Cross Border harmonization with the U.S. CN provided a meaningful Rail Perspective of its Transborder Operations handling 900,000 shipments/year including: Border Environment; Container Security; Customs Inspections; CBSA Advance Commercial Information; Regulatory Issues and A Look Ahead.

eMANIFEST ACI VIEW FROM TRADE

(Overview) Larry Hahn, Director Reg. Affairs, Livingston International
(AIR) Renate Jalbert, Managing Director Reg. Aff., FEDEX Canada
(Highway) Michel Vallee, Vice President Customs/Compliance, UPS-SCS

Can/Am BTA is proud to have these 3 members speak since they have the ultimate level of knowledge and experience on this critical initiative by CBSA. They have all held important support roles in its development.

Collectively they provided excellent understanding of the initiative imparting specifics on; what you need to know; an eManifest overview including phases and implementation timelines; Importer requirements; a look ahead thru 2013. eManifest Air was detailed including where we are, what's next and how we get there including compliance, outstanding issues and what you can do. The Highway Carrier process, timelines, notification tools, eManifest support tools and what comes next were all described. Noted 19,000 U.S. Carriers need to get their own Carrier Code assigned from Canada Border Services Agency.

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CANADA/US PERIMETER BORDER VISION ISSUES BRIEFING

Jim Phillips President & CEO, Can/Am Border Trade Alliance

Presented graphics of the 2002 Perimeter Clearance Strategy and the 2007 updated Coordinated Clearance – Point of Departure Determination. Both were designed and developed by the Perimeter Clearance Coalition/Canadian/American Border Trade Alliance. The principles and approach specifics recommended in these two strategies reflect a foundation for the Canada/US Beyond the Border Perimeter Vision currently being developed.

Economics will be determining Border Management as FY 2012 Budgets are announced. Security efforts are not likely to be reduced thus: COMMON SENSE and REALITY are needed to MORE EFFECTIVELY, WITH LESS COST TO GOVERNMENT AND TRADE STAKEHOLDERS EXPEDITE KNOWN LOW-RISK TRUSTED TRADER SHIPMENTS AND TRUSTED TRAVELER CROSSINGS BETWEEN THE U.S. AND CANADA.

Provided a very clear and effective overview of what must be done to change the Border Management Paradigm to achieve cost effective processing of low-risk goods and people while enhancing necessary security detailing the following 8 specific recommendations with solutions provided to Canada and U.S. Beyond the Border Perimeter Vision teams:

ENTRY-EXIT Canadian Entry at the land border become US Exit match and vice versa. Save \$ billions versus US Exit Booth construction and staffing. Avoid major U.S. Exit Grid Lock (2.8 million hours). U.S. provide Readers to PIL's.

EXPEDITE LOW-RISK Upgrade FAST to Modified Green Lane Trusted Trader (CSA, C-TPAT, PIP) access to Primary Inspection. Eliminate duplicate Inspection at Land Border by risk targeting at departure.

PEACE BRIDGE Truck Pre-processing Canadian Side - Pre-process not Pre-clear by US. Early deliverable SAVES \$300 Million. Full descriptive Slide Deck given.

BIOMETRIC CHECK of foreign visitors prior to boarding offshore so NO non low-risk people can reach US or Canadian soil.

Issue RFID Vicinity CANADIAN PASSPORT COMPANION CARD for land border crossing. Saves 24 seconds per person inspection time. Equates to saving 200,000 hours wait time by Canadian cardholders and 200,000 hours reduced Officer inspection time EACH for CBSA and CBP Primary Inspection Booth time.

Develop JOINT or Cross Designation for 2 WAY INSPECTION at low volume rural crossings. Initially One U.S. and One Canadian Officer in a single 45 degree angle all weather Primary Booth on the border line clearing in both directions.

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STREAMLINE EXCESSIVE Border Regulations in Partnership with Industry.

TSA RECOGNIZE NEXUS at US AIRPORT PASSENGER INSPECTIONS
NEXUS is proven low risk traveler and should use crew lines for expedited access as CATSA does at Canadian major airports.

FREIGHT TRANSPORTATION

Bruce Agnew, Director, Cascadia Center, Seattle, Washington
Member Committee for Environmental Cooperation (CEC) Advisory Group
Can/Am BTA Executive Board

Presented a comprehensive and effective analysis of the “Destination Sustainability – Reducing Greenhouse Gas Emissions from Freight Transportation in North America Report by the CEC.” The presentation included Truck Stop Electrification and detailed Smart Way Upgrades for tractors and trailers that portrayed each with description, estimated cost and the resulting savings from installing each.

Cited the 18 months study of Diesel Emissions from all published data. Discussed integrating Intelligent Technology, incentivizing investment in new truck purchases, modernizing infrastructure and reducing “empty back-hauls”. Advised of the planning for the 2012 CLEAN-GREEN-SMART and FAST Conference.

FROM VISION TO ACTION: ADVANCING THE CANADA-U.S. PARTNERSHIP

Sam Boutziouvis, Vice President, Canadian Council of Chief Executives

Presented a comprehensive and very specific points of view of the 150 Chief Executive Officers that comprise the Canadian Council of Chief Executives. It is time to update regulations and the Border Processes through the new Vision. Toward that end the outcome must be different, bold and results attained quickly. The Council provided its recommendations to the Vision Team in Four categories: Promoting Growth and Expediting Trade; Building Trust; Regulatory Compatibility and Energy Security and Co-operation. Individual recommendation examples: 24/7 all Agencies inspection at the top 10 Land Border Ports; Perimeter Approach for Cargo; Entry Exit Joint Information Sharing; Bi-national Border Enforcement; Smart Co-Management of Land Border Ports; Joint Facilities; Customs Pre-clearance; Align Passenger Inspection and Build the new DRIC Bridge (Detroit-Windsor). The Canada/U.S. relationship is unique and will benefit from stability for the next 4 years that resulted from the just held election.

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CANADA BORDER SERVICES AGENCY

Jim Phillips, President & CEO, Can/Am Border Trade Alliance

Shared statistics outlining the impressive results of a weeks activity by CBSA. Presented a very brief overview of the BCCC/CBSA Sub-committee Wait Time and Delay Time Task Force, that he co-chairs, that is very active and effective entering its second year of operation.

Ron Moran, National President, Canada Customs Immigration Union

Provided an excellent view from the front lines of the reality of customs inspection activities. Described the importance of Officer Judgment in making “cold hits” and intelligence led enforcement. Described positive CBSA Border past year developments: Officer authority beyond the Ports of Entry; interchangeability of resources; development to some degree of a Border Patrol effort; Shiprider; sharing biometric data; NEXUS FAST volumes increasing; facial recognition important and news of the Canada/U.S. Perimeter Vision all very positive to find common approaches. Highlighted Immigration Rules very difficult and Criminal removals very involved. Described specifics that yet need to be resolved: CBSA not yet fully engaged in Border Patrol; need BIOMETRIC Lookout System; Security Cameras need to be high-resolution; CBSA is not yet a named Agency in the Shiprider Program; informants work better locally than when centralized. Described a number of priorities and specifics that can be achieved under a Canada/U.S. cooperative, joint and shared vision that result in efficiencies with improved effectiveness that are consistent with the work Can/Am BTA has done or is doing to provide critical content with meaningful substance to the Beyond the Border Vision.

CANADA/US INTER-PARLIAMENTARY GROUP

Gord Brown, M.P., Co-Chair Canada-U.S. Inter-Parliamentary Group

Related the meeting Can/Am BTA had with the Canada/U.S. Inter-Parliamentary Group Executive Committed to demonstrate the **Vicinity RFID new chip for a Canada Passport Companion Card** and EDL’s that only send a signal when touched and therefore fully acceptable to the Privacy Commissioner. The benefits for Canadian’s to reduce inspection and wait time is substantial. Acknowledged Can/AM BTA’s request to engage Passport Canada to initiate a Companion Card.

Provided excellent insight / understanding of the extensive activities of the Group to share with colleagues while interacting with U.S. elected Officials highlighting bilateral relations and interests. Specifically: the Council of State Governments; National Association of Governors; the major meeting in Washington with members of the U.S. Congress both Senate and House. Discussed health care, Diplomatic Corps issues, and economic interdependence involving Trade plus Integrated Supply Chains with Canada for which 8 Million U.S. jobs depend on.

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Stated the high level excitement about the February 4th Perimeter Vision and Regulatory Simplification. Provided a forward look at this year's Joint Meeting with the U.S. counterparts in Newfoundland to commemorate the 10 year Anniversary of their welcoming all the planes on 9/11/01 at Gander and the other area airports. Looking forward to being with us at the Washington Conference in October.

THE AMERICAN PERSPECTIVE

Jim Phillips, President & CEO, Can/Am Border Trade Alliance

In respect for the Canadian Election timing the U.S. Embassy refrained from speaking and so this opportunity has arisen for me.

My remarks focused on 4 specific areas: Trade; Energy; Economy/Finance and the Canada/U.S. Beyond the Border Perimeter Vision.

TRADE: Basic reality is that the U.S. and Canada produce things together. Regulators and Elected Officials need to get that message. The priority now given to double Exports in the next 5 years is good for our Number One Trading Partner Canada.

The American Public must be educated on the true benefits of Trade! With the positive creation of good paying U.S. jobs it provides. The U.S. Administration must focus on Canada as a priority if we are to reach the U.S. Export objective.

ENERGY: CANADA is the LARGEST AND MOST SECURE SUPPLIER OF OIL TO THE U.S. (Global Oil turbulence abounds). The Japanese Nuclear situation has tremendous consequences dampening current and planned Nuclear energy projects. This reaction may bode well for Natural Gas. U.S. Directional Drilling and Fracking Technology are creating a major "sea change" in the global energy supply and balance. The beauty of this new Shale Gas success is that many mature deeper oil well areas, that are on the decline side of production, often times were drilled thru a shale strata that the gas at far less depth. Also these new wells are yielding large amounts of oil now allows horizontal drilling to be used to recover with the shale gas. Supply far exceeds demand currently thus prices are down substantially from just several years ago. Liquefied Natural Gas (LNG) is the next step as it can be exported to Japan for fuel replacement of their lost nuclear generation. Further LNG can be exported to Europe and Asia, both huge importers of Natural Gas. CN is currently developing LNG propelled locomotives. Canadian Oil Sands is getting generally a more positive view by the American Public. Please read the fact booklet provided in the Conference Book. American Petroleum states that the majority of Oil consumed in the U.S. is now supplied from North America (U.S., Canada, and Mexico). We need to build the Keystone XL Pipeline.

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ECONOMICS AND FINANCE: the Gorilla in the room “DEBT & SPENDING” must be dealt with. U.S. Economic activity is strengthening. Job creation is lagging. The 10%+ price increases at the grocery store, gas at \$4 a gallon & rising have got the American Public’s attention. Near shore and on shore opportunities are increasing as Globe crossing transportation fuel costs take center stage.

CANADA/US BEYOND THE BORDER PERIMETER VISION: Canada and the U.S. are in this together and to a large degree in concert understanding we are 2 Sovereign Nations with difference that can work jointly if we put our minds to it. Common sense and reality must change the paradigm of Border Management so that for the first time we truly expedite lawful economic activity while stopping unlawful. CBP Commissioner Bersin gets it stating Security and Expediting Lawful Economic Activity are a single phenomenon. No trumping. MUST HAVE BOTH.

Today I stand here having had an opportunity to present and discuss specifics with both the Canada and U.S. Beyond the Border Perimeter Initiative Teams, awaiting the announcement of the selected Beyond the Border focus and details to be announced by the President and Prime Minister that will be forthcoming. I believe this time we will collectively deliver common sense, realistic and major new approach actual changes to current Border Management achieving both Public Security and for the first time Cost Effective Economic Security to vastly improve Canada-U.S. Global Competitiveness. FOR ALL OUR SAKES WE BETTER!!!

SUMMARY REMARKS

**Bob Perkins, Vice President U.S. Brokerage Strategy, Livingston Int.
Can/Am BTA Executive Board**

The Canadian American Border Trade Alliance is a key forum. It provides the opportunity to talk/interact regarding vision, needs, issues and action. It provides latitude of ideas and a diversity of involvement. The Conferences provide a broad spectrum of valuable information. Can/Am BTA has a proven track record of obtaining meaningful results and improvements. Urged continued support for Can/Am BTA. Reminded all in attendance that they bring value by sharing their knowledge and experience. Thanked all of the speakers for their excellent timely discussions and the participants for making the CONFERENCE A SUCCESS.

Future Can/Am BTA Conferences

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