

**CAN/AM BORDER TRADE ALLIANCE**  
**MAY 5-7, 2002 OTTAWA CONFERENCE**  
**SUMMARY**

CAN/AM BTA is an organization with a far-reaching beneficial impact on the important issues of Border Management, Trade, Travel and Business between the world's two Largest Trading Partners Canada and the United States.

**CAN/AM BTA 2002 OTTAWA CONFERENCE HIGHLIGHTS**

Conference was held at the beautiful Chateau Laurier (with very positive responses)

*Next Year's May Conference- Ottawa, May 4-6, 2003 at the Chateau*

**Next Can/Am BTA Conference Wash., D.C. Sept. 22-24, 2002.**

Conference Speakers acknowledged CAN/AM BTA's leadership role

*Canadian Deputy Prime Minister John Manley)*

"I am pleased to be speaking to you, the CAN/AM BTA membership, because this is the pre-eminent group of Canadian and American border users, operators and partners that has sought to advance border modernization."

"I commend the CAN/AM BTA membership and private sector for joining us in forging the future and, indeed, helping to show the way forward."

"The solid cross-border relationships which your organization exemplifies gives me confidence that together we'll achieve our common objective of creating a truly smart border that serves both Canadian and American interests."

*(Honourable Elinor Caplan, Minister of National Revenue)*

"The Canadian/American Border Trade Alliance is an important partner to the Canada Customs and Revenue Agency."

*(Paul Cellucci, United States Ambassador to Canada)*

"Can/Am BTA's leadership is appreciated"

*(Bill Heffelfinger, Ass't to Commissioner&North Border Coord, U.S.Customs)*

"Jim Phillips and CAN/AM BTA have a number of key issue papers in Washington and Ottawa with solutions being used"

*(Marc Lortie, Ass't. Deputy Minister Americas, Foreign Affairs & International Trade)* "I pay tribute to CAN/AM BTA for its ideas and effective leadership to improve the border."

(Phil Ventura, Ass't Deputy Minister, Border Task Force, Privy Council Office

"Thank you for the effective job CAN/AM BTA does. Jim Phillips is great at pushing important solutions and I welcome that."

(Hon. Halvar Jonson, Alberta Minister of International & Intergov't. Affairs)

"It is appropriate to recognize the many meaningful contributions of the CAN/AM BTA. From user fees to leading the effort to achieve agreement on the modification of the original Section 110, CAN/AM BTA efforts result in effective common sense outcomes."

## **CONFERENCE SPEAKERS AND THEIR MESSAGE**

**Bob Frazier, CAN/AM BTA Executive Board Chair - Opened Conference**

Requested a moment of silence in memory of the Canadian Forces personnel.

Welcomed attendees on behalf of CAN/AM BTA with its U.S./Canada transcontinental and bi-national focus and activities. Introduced the Can/Am BTA Executive Board and officers Chair, Vice Chair and Treasurer who continue to strengthen and support the activities of the Can/Am BTA. He urged stakeholders to increase their awareness of Canadian/U.S. issues.

## **STRATEGIC DIRECTION OF CANADA/U.S. COOPERATION AND BORDER MANAGEMENT ACTIVITIES FOR A SMART BORDR FOR THE 21ST CENTURY**

**The Honourable John Manley, Deputy Prime Minister**

Provided his perspective on our border challenges: the role of the Smart Border process; the "early harvest" accomplishments to date; what he sees as the way forward and the importance of the extraordinarily valuable dialogue with key stakeholders continuing.

September 11 had immediate impact on our shared border and forced both governments to deal with the border as a priority issue in a coordinated manner. There is "no more fundamental duty" for a government than the protection of its citizens. None work so closely together, nor have their interests so tightly intertwined as do Canada and the United States. Economic and national security are two sides of the same coin. This led to the Smart Border Declaration and its companion 30 Point Plan. Our aim "is not to" return the border to where it was on September 10, but to develop a never before achieved smart border.

The key to our success will be to keep focus on the border in an integrated way to ensure all pieces i.e. infrastructure

improvements, procedural changes or new technologies complement and reinforce one another. Innovative thinking and the analysis derived from border modeling tools, such as those presented here at the Can/Am BTA, are important in identifying the appropriate combination of those pieces required at our key border crossings. The need for government's to maintain momentum is clear. We will need your help to keep us on track. We are dealing with shared threats as well. The challenge is to realize the full potential of our partnership and to ensure that our border serves to facilitate, not frustrate, our objectives.

## **CANADA CUSTOMS AND REVENUE AGENCY CANADA CUSTOMS STRATEGIC PLAN AND MAJOR INITIATIVES**

The Honourable Elinor Caplan, Minister of National Revenue

Canada Customs enjoys an excellent relationship with U.S. Customs. We all want to facilitate the smooth and efficient flow of goods and people across our shared border and to do so in a way that ensures the security of our people both in Canada and the United States.

Described thoughts on how we can best achieve these objectives: Launching of the Customs Action Plan; risk analysis management; public/private cooperative approach; introduce solutions that make practical business sense; strengthen working relationship with the United States on border issues; invest more in technology; introduction of Customs Self Assessment (CSA) and implementation of the Smart Border 30 point Plan.

Discussed CANPASS both air, boat and implementation of Expedited Passenger Processing System (EPPS) for low risk pre-approved frequent air travelers utilizing kiosks and the joint NEXUS system to be rolled out border-wide.

Our shared border must continue to be the healthy symbol of prosperity, security and friendship for both of our countries.

## **PRIVATE SECTOR PRACTITIONER PANEL - PRESENTING SECURE AND EFFICIENT BORDER CROSSINGS AND TRADE CORRIDORS ISSUES**

### **CAN/AM BTA EXECUTIVE BOARD MEMBERS**

Tom Garlock, General Manager, Niagara Falls Bridge Commission  
Pat Whalen, Division Manager, FSI (A UPS Company)  
Greg Dandewich, Vice President, Economic Development Winnipeg  
Jerry Nagel, President, Northern Great Plains Inc.

Presented the Bridge and Tunnel Operators 7 Point Plan to enhance security of the facilities and facilitate the inspection process. Clearly delineated the difference between crossing lane and plaza capacity constraints and highlighted the long standing

lack of adequate U.S. Customs and INS inspection staffing on the Northern Border to utilize existing primary booth facilities at peak periods.

In implementing improvements we are often a victim of our own success. Pre Arrival Processing System (PAPS) a great success in Buffalo yet "hidden" (under a basket) it seems and not "rolled out" nationwide in high profile by U.S. Customs. Joint facility at Coutts/Sweetgrass no success without required Canadian Legislation to place and operate it optimally.

TEA 21 was a real beginning for Trade Corridor cooperative approaches. British Columbia/Washington State "got it right" early on. New York/Ontario until recently were suffering from a disconnect. The problem splinter groups form and break off in conflicting directions. Local groups should instead work through the Can/Am BTA to form one effective voice.

Importance of regionalism highlighted. Free Trade underpins increased economic development activities and should have bi-national approaches for optimum benefit to the region. The question we must ask and develop the answer to is how can local communities play a larger role in policy? Focus on Mayors. Regions also require the ability to effect their own future.

Border solutions must enhance both security and efficiency for processing low risk activity and have a joint U.S./Canada approach. The economic importance of bi-national regionalism was profiled by the achievements of the region of Manitoba, Saskatchewan, Minnesota, North Dakota, South Dakota, Nebraska and Iowa. During the period of '92 to '97 while imports into the region doubled and exports out of the region also doubled, trade solely within the region increased a phenomenal 7 times to \$356 billion. The formation of economic sector clusters was described.

## **CURRENT U.S./CANADA BORDER PROBLEMS, NEEDS AND PRIORITIES**

Mike Dahm, District Manager, A.N. Deringer, Inc.  
Bruce Agnew, Director, Discovery Institute  
Lynne Worden, Manager Trade Administration, General Motors Canada  
Hon. Halvar Johnson, Alberta Minister of International & Intergov't. Affairs

The tragic events of 9/11 resulted in elected officials becoming aware of the U.S. Northern Border. Long overdue requests for funding and staffing became appropriated. Strengthening our perimeter and supply chains and offshore interdiction all contribute to the effort to insure the "bad guys" don't win. We must proceed with realistic and effective measures and solutions and avoid "knee jerk" and "over" reaction.

Described positive impact of TEA 21 and needed priorities of "firewalls" for gateways, Federal Highway Seaport initiatives and secure trade corridors.

Cited the experience and anticipated benefits of participating in CSA. The cooperation of U.S. Customs and CCRA and their progress on finalizing and implementing the 30 Point Plan was recognized, rightfully praised and applauded. The need for enhanced security was discussed with importers encouraged to join Customs Trade Partnership Against Terrorism (CTPAT) in the U.S. and Partnership in Protection (PIP) in Canada. It is anticipated that these two programs will shortly become harmonized so that we have like-approaches going in either direction. Government officials are reminded that traffic "streaming" access to primary customs booth processing for low risk trucks in the various programs and NEXUS passenger car participants is essential to the success and recruiting of participation in the low risk programs so that we may then rightfully focus on the unknown segment which contains the high risk elements.

Minister Jonson recognized and stated appreciation to Minister Manley and the Federal Government of Canada for the extensive progress on border issues made to date. Alberta's security initiatives were described as well as the tremendous economic growth and cross border activity increases essential to the regional and national economies. Discussed the 1 billion dollar highway corridor construction project to the border. Described the need for a coordinated common "permitting" of standard maximum weights on the entire Canamex Corridor highway.

## **THE AMERICAN PERSPECTIVE**

**Paul Cellucci, United States Ambassador to Canada**

Canada is the United States' most important relationship in the world. It is the "largest energy supplier" to the U.S. The U.S./Canada connection is broad and deep. We share common values and an extraordinary relationship. Stated a heartfelt thank you to Canada for its help and for being there now and many times in the past. Especially grateful to the Canadian forces, the government and the people. Trade activity depends on the smooth flow of low risk goods and people. The Smart Border process will take the low risk out of lines and focus on the rest. There is enormous focus by the U.S. and Canadian governments together on improving border management and practices. Highlighted coordinated information sharing, great progress on the 30 Point Plan development, port security, container targeting, a harmonized goods processing system, CTPAT, technology, process improvements, infrastructure and transport systems improvements as long term keys. Reiterated the essential importance of the border focus as millions of jobs and our way of life is at stake. Stated the support for free trade in the

hemisphere with democratic institutions.

## **SHARED BORDER ACCORD / BORDER VISION / BORDER MANAGEMENT SMART BORDER 30 POINT PLAN PROGRESS**

Joan Atkinson, Ass't. Deputy Minister, Citizenship & Immigration Canada  
Mike Cronin, Ass't Commissioner, U.S. Immigration & Naturalization Service  
Bill Heffelfinger, Ass't to Commissioner & North Border Coord U.S. Customs  
Denis Lefebvre, Ass't Commissioner, Canada Customs & Rev. Agency

The common objectives, priorities and importance of the shared border and the progress being achieved reflects the synergy of the 4 border agencies. Convergent Visa policies and information sharing efforts are progressing. "Third country safe" requires orderly management of this situation and a front-end security process for refugees. New legislation will give important tools. Cooperation, intel capability and shared information are the keys.

The Data Management Improvement Act (DMIA) of 2000 entry/exit appointed task force operation was described. The task force is fully informed and will monitor INS progress toward accomplishment and provide recommendations. Jim Phillips serves on the task force and is co-chair of the Northern Land Border sub-committee. There are four sub-committees: air; sea; southern land border and northern land border. Air is well along, sea and land each more challenging. NEXUS at three crossings between British Columbia and Washington State will be operational as the first phase. Center for applications will open in June and the equipment and technology installation begun. Overtime-demands and other law enforcement opportunities in the U.S. Federal Government are causing above normal levels of attrition in the INS increasing need for additional recruitment and training.

The U.S. Officials thanked the Canadian people and recognized their truly great friendship. They also commented on the exceptional team Canada sent to negotiate and cooperate with the United States. The 30 Point Plan timeline is forcing action and timely results. In June we will know where we are. "We are going to do the 30 points."

"Improvement at the border is going to happen. We are going to achieve fluidity at our shared border." In the past expediting and security were a contradiction. Now facilitation of low risk goods / people and security are mutually supportive. Cooperation is truly being achieved with a "can do" attitude prevalent. Very promising!!

## **PERIMETER CLEARANCE STRATEGY PRESENTATION**

Allan Cocksedge, CAN/AM BTA Executive Board Vice Chair  
Presented the concept and described the elements of the

effective and comprehensive Perimeter approach to the efficient management of cross border activity. Off shore shipments and visitors are processed at their source or point of first arrival. Low risk goods and people are identified and expedited in crossing our common internal U.S./Canada border. Benefits accrue to the wide array of users including: enhanced security; increased efficiencies in logistics; just in time manufacturing; substantial reductions in congestion; border processing delays; transportation costs; lower fuel consumption and environmental discharges. All of the elements contribute to the stimulation of trade and travel.

Described the risk assessment based "traffic streaming" design which provides direct access to primary processing for low risk trucks and passenger vehicles without queuing behind those "not participating or properly prepared". Reviewed the flow chart designs for International Goods, Low Risk Goods, High or Unknown Risk Goods, the integrated information system for International Travelers to enter either the U.S. or Canada, or to both the U.S. and Canada, for travel between the U.S. and Canada and for Outbound International travel. Order of magnitude savings were presented from implementation of the Perimeter Clearance Strategy.

Specific needs were discussed with the current status of progress toward each provided and a detailed action plan with target dates to conform to the Smart Border 30 Point Action Plan timetable. This major concept approach and design is the product of the Perimeter Clearance Coalition initiative. It has been presented to the decision makers in both the U.S. and Canadian governments and interaction is ongoing for inclusion in the development of the Smart Border for the 21st Century.

## **CANADA - UNITED STATES RELATIONS**

Marc Lortie, Ass't. Deputy Minister Americas, Foreign Affairs & Int. Trade

Presented a most comprehensive and meaningful description of the attitudes, mood, situations and trends of the United States/Canada relationship.

The "political will" was not there until 9/11. Now focused and prioritized, we are in the process of modernizing the border. Tremendous positives and effective cooperation is present between Canada and the U.S. in both border and military initiatives.

Currently there are some negatives on trade i.e. softwood lumber, farm bill and energy bill causing concern in the view of management of the U.S./Canada relationship. The Alaska pipeline and a floor price on gas destabilizing the gas market, the farm bill encouraging the EU to subsidize and retaliate and the softwood lumber 30% tax. Canada is "the largest supplier of

electricity, gas and oil" to the U.S. Some have suggested Canada should link energy to the other issues for leverage. This is not the way to go. Instead establish a rules based system between Canada and the U.S.

Posed the rhetorical questions Where Should Canada Go? More integration with the U.S. (Canada's openness enhances this and leads to more cooperation). Pragmatic common sense approach with the U.S. How Do We Deepen NAFTA? Trade discipline approach. Some urge Canada take a North American approach (one size fits all). Canada said no and proceeds on bi-lateral approaches.

We must overlook the negative trade implications mood of today and find a way to enhance the bi-lateral trade relationship with discipline with no linkages.

### **DECEMBER 2001 BUDGET AND BEYOND FOR BORDER AND SECURITY**

Larry Dickinson, Ass't Secretary of Security and Intelligence, Privy Council  
Phil Ventura, Ass't Deputy Minister, Borders Task Force, Privy Council

Described why the budget is relevant and how the Privy Council Office works. Role is to be a "coordinators coordinator" and deal with and work through "tricky issues" Discussed the formation of the Ad Hoc Committee of Ministers on Security and the cohesive and coherent approach to security and protection of Canada and that of the United States. Principles are: identify and expedite flow of low risk goods and people; prevent chemical, biological, radioactive and nuclear weapons of mass destruction; keep terrorists out; if in country remove terrorists; effective counter terrorism capability and protect infrastructure.

The December 2001 budget contains \$7.7 billion (\$6.5 billion for security and \$1.2 billion for the border). Successes include funds for: equipment and technology; legislation packages (bills C-36, 42,55); Smart Border; security and stopping terrorist funding.

Security for: water systems; energy facilities; communications; transport and infrastructure is essential. Results must be efficient and effective.

Reviewed the Smart Border Agenda and Progress. Described the challenges, objectives, criteria and most important next steps. After the June announcements of the 30 Point Plan specifics comes implementation and the effort and political priority to actually "get it done".

Challenges include: volume and growth of trade; visitor activity; doubling of commercial trucks; dealing with vehicles systematically; getting Canadian and U.S. infrastructure

investment and policy up to par.

Objectives are investment support, Smart Border implementation by meshing: 1) short term improvement of efficiency of existing procedures;  
2) medium term capacity enhancements and systems linkages, inter-modal;  
3) longer term infrastructure on line, holistic view.

The Criteria is 70 percent of commercial occurs at 6 border crossings. We will focus on them. There will be some regional priority focus as well.

## **TRANSPORTATION - SECURITY AND BORDER RELATED ISSUES**

**Louis Ranger, Deputy Minister of Transport**

In his introduction Jim Philips asked Louis to convey to Margaret Bloodworth, who has now become Deputy Minister of National Defence, CAN/AM BTA's congratulations and extend our appreciation for the long standing relationship we have enjoyed with her. Margaret Bloodworth's many contributions to the improvement of transportation and the border have made positive differences.

Reported on the governments efforts in transportation related activities and stated they were using the Coalition report with the recommendations. Advised that the Smart Border Declaration was a watershed event. It will shape the future for many years to come. Transport is dealing with: air; infrastructure; ITS; infrastructure protection and aviation security. Described the 1995 Air Pre-clearance as yet unfinished but almost finished with the in-transit process and U.S. officers in designated areas. Discussed infrastructure, the \$600 million Transport received of which \$65 million has been allocated to border related and approach projects such as in B.C., Que., and On., Discussed NEXUS, expedited commercial processing and inter-modal. Also cited the additional Infrastructure \$600 million in the 2001 Budget that Deputy Prime Minister Manley is administering and the border modeling initiative techniques now beginning to be employed.

Related that ITS had been pioneered in Canada and was now a major cooperative effort with USDOT. Described the \$1.5 million Cascadia Automated Traveler System project. In aviation security, Canada is coordinating with the U.S. to set recognized standards, pre-board screening of passengers and bags utilizing certified screeners, security standards and purchasing security equipment. Working on the development of a Smart Border process for Rail.

Advised that there was now a Canada/U.S. Transportation

Border Working Group of sixty people working together (U.S., Canada, States, Provinces).

## **SUMMARY AND CLOSING REMARKS**

Allan Cocksedge, CAN/AM BTA Executive Board Vice Chair

You will recall that Can/Am BTA met at its annual Washington, D.C. just twelve days after 9/11 wondering what would really happen in the days to come. We are extremely proud and very satisfied with the public response and political actions which were exceptional and unprecedented since the 9/11 horrific events.

Deputy Prime Minister Manley, highlighted that "security and efficient economic activity" are two sides of the same coin and a key focal point of Canada with a very complex file,. Commitment is in place to go to the next phase beyond the 30 Point Plan announcement in June.

Minister Caplan stated the duality of security and speed, strengthen the external borders and free up the shared internal border / highlighted the "can do" attitude.

The two panels of Board members and others provided meaningful insight into the realities of the border, regional dimensions, economic impacts and the Bridge and Tunnel Operators priorities. They further highlighted improved agency cooperation and the importance and magnitude of economic activity within regions.

Ambassador Cellucci emphasized two key points 1) Canada is the United States' most important relationship in the world 2) free trade overcomes poverty.

The Accord Coordinating committee provided insight into the very meaningful progress, cooperation and harmonization that is occurring and the work to come.

Marc Lortie provided insight into the current clouded Trade Agenda urging that we continue to positively enhance the bi-lateral trade relationship finding ways to maintain a level playing field.

Larry Dickinson, Phil Ventura and Louis Ranger provided excellent meaningful views of budget, Border related and Transport activities critical to the objectives of a Smart Border.

**CHALLENGE IS TO MAKE IT HAPPEN, WITH  
PRACTICALITY, GET IT RIGHT**

**CAN/AM BTA THANKS THE SPEAKERS and PARTICIPANTS**

**FOR MAKING THIS A MOST MEANINGFUL AND RECORD  
BREAKING CONFERENCE**

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THE OTTAWA 2002 CONFERENCE SPONSORS

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**CAN/AM BTA DEPENDS ON THE PARTICIPATION /  
FUNDING PROVIDED BY MEMBERS TO ACCELERATE  
MOMENTUM AND ACHIEVE RESULTS.**

**The Washington, D.C. CAN/AM BTA CONFERENCE 2002  
IS SEPT. 22-24, with Monday Evening Reception, Canadian  
Embassy**

Jim Phillips, President & CEO